



**MANAGEMENT AND ORGANIZATIONAL STUDIES**  
**CORPORATE FINANCE – MOS 3310A 550 551**

**Course Outline**

**Fall 2018 September-December 2018**

**CONTACT INFORMATION**

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**Timetable:**

550	Tuesday	2:30-4:30	A1	Thursday	2:30-3:30	A1
551	Tuesday	11:30-1:30	W12	Thursday	11:30-12:30	W12

**Course Prerequisites:** Business 2257 and enrolment in the BMOS Program or Major in Finance

**Course Materials:**

Brealey, R. Mayers, C. Marcus, A.J. Manes, E.M. and Mitra D. Fundamentals of Corporate Finance, Sixth Canadian Edition, Toronto, McGraw-Hill, ISBN: 13: 978-125902496-2

**Supplemental Materials (on-line and/or library)**

Periodicals: Wall Street Journal, Financial Times, Bloomberg Business Week, Economist, etc..

**Finance Related Web Sites (for reference and research)**

Government

- Department of Finance Canada [www.fin.gc.ca](http://www.fin.gc.ca)
- Bank of Canada [www.bankofcanada.ca](http://www.bankofcanada.ca)

Finance

- Bloomberg [www.bloomberg.com](http://www.bloomberg.com)
- Thomson Reuters [www.thomsonreuters.com](http://www.thomsonreuters.com)
- Yahoo [finance.yahoo.com](http://finance.yahoo.com)

Education

- CFA Institute [www.cfainstitute.org](http://www.cfainstitute.org)
- Canadian Securities institute [www.csi.ca](http://www.csi.ca)

### **Course Objectives**

This course is designed to provide a broad overview of issues in financial management and corporate finance. You will learn how financial managers make investment, financing and other decisions and what kind of financial tools and methods they use to make decisions. Topics covered include time value of money, financial analysis, risk, valuation, capital structure, capital budgeting, working capital management, dividend policy and other selected issues.

### **Course Learning Outcomes**

- Identify financial issues affecting corporations and their managers
- Identify and select appropriate tools for analysis
- Learn basic principles governing the financial management of corporation
- Communicate the issues, implications, alternatives and recommendations of financial decisions to users of information

### **Course Format**

The course shall, as far as possible, be handled on a lecture, discussion/problem-solving basis. As a result, the completion of readings and other assignments (i.e. questions, cases, exercises and problems) is essential, prior to class. Weekly questions will be posted to the course web site.

Official solutions to the assignments, problems and cases will be made available after the relevant material is covered in class. The solutions will be posted on the web site.

Students should also note that the workload for this course is heavy and should schedule their time accordingly.

### **Add/Drop Deadlines**

Friday, Sept 14, 2018

Last day to ADD a first-term half course.

Monday, Nov 12 2018

Last day to DROP a first-term half course without academic penalty.

### **Calculators**

You will need a simple financial calculator for this course. I strongly recommend Texas Instruments BA II Plus. Please bring your calculators to class to be able to take part in class discussions.

### **Course Evaluation**

Mid-Term Examination	30%	Friday, October 26, 3:00-6:15 pm (3 1/4 hours)
Final Examination	30%	Dec 10-21 Final Exam Period TBA
Individual Mini-Case Assignments	15%	
Group Industry Assignment	15%	Due Date December 7, 2018
Class Participation	<u>10%</u>	
	<u>100%</u>	

### **Examinations**

Requests to be excused from an examination for medical, sport or compassionate grounds must **ALWAYS** be accompanied by appropriate documentation – either with the request or as soon as possible after the fact. A Medical Excuse Documentation Form is available at the Academic Dean's office. Students who fail to appear for an examination at the time set in the timetable will not be allowed to write the examination thus missed. Students should report this irregularity immediately to the Dean's office. They may, with the approval of the Chair of the Department concerned, petition the Dean for standing or permission to write a special examination. Petitions will be entertained only when they are submitted on compassionate grounds with supporting documents. See the current Western Academic Calendar.

### **Mid-Term and Final Examinations**

Both the mid-term and final examinations will consist short answer/multiple choice/true/false-type questions and cases/exercises/problems, which test your knowledge of the material that is discussed in class sessions and found in the PowerPoints, readings, and exercise/problem/case learning. The content will be similar to what is discussed in class. The final exam date will not be known until the final exam schedule is released by the Registrar. ***Do not book any travel on or before December 21, 2018.***

Students will be permitted to bring writing materials and a non-programmable financial calculator to each of the examinations. No other items will be permitted at your desk in the examination room. However, a formula sheet will be provided. This includes dictionaries, cell phones, PDA's, CD players, iPod's, Smart Watches and Fitbits, etc. These rules will be strictly enforced as it is my responsibility to do everything possible to prevent cheating on examinations.

### **Policy of Special Examinations**

- 1) Students with conflicts or students who are unable to write an examination based upon compassionate grounds (supported by appropriate documents), may apply in writing prior to the exam to the course coordinator to be excused.
- 2) Students involved with approved out-of-town university activities during the scheduled mid-term exam may apply to the course coordinator for special proctoring privileges to write the mid-term exam.
- 3) Students who are excused from the writing of the mid-term examination will have the appropriate percentage of marks transferred to the weighting of the marks for the final exam.

### **Requirements and Criteria**

Performance in the course will be evaluated using a variety of methods that support the objectives identified above. A combination of exams, individual and/or group assignments / presentation, and exercises/assignments will be used to evaluate participants on a number of different levels.

The criteria for success, in no particular order, are:

- Comprehension of the material
- Demonstration of an ability to think cross-functionally
- A willingness to participate for the benefit of oneself and fellow participants
- Strong work ethic to “pull your weight” in group assignments

These criteria will be applied to written and verbal work throughout the term.

**Participants will be evaluated on the following activities, as listed in the table below:**

**Final Exam 30%**

This closed-book exam will be 3-hours in length and may include multiple-choice, true and false, short-answer, essay or computational questions and may include material from the assigned text readings, lectures (PowerPoint presentations), exercises/problems, case studies, videos, small group-work and student presentations. A formula sheet will be provided to students on the exam. Aides allowed: Single Function, non-programmable financial calculator. Questions will be sourced predominantly from post mid-term material, but students must be aware that the final is cumulative so questions from first-half of course are likely to appear as well. You are allowed an information sheet (1 page 2 sided)

**Participation 10%**

Preparation for class case discussion, as demonstrated by;

- willingness to lead and actively participate class discussions in a professional manner
- providing valuable insights and analysis
- responding to “cold-calls”
- Using blackboard / PowerPoint / Excel spreadsheets to present analyses and findings

**Mid-Term 30%**

This closed-book exam will be 3 ¼ hours in length and may include multiple-choice, true and false, short-answer, essay or computational questions and may include material from the assigned readings, lectures, Power Point presentations, exercises/problems and case studies.

Aides allowed: Single Function, non-programmable financial calculator. You are allowed an information sheet (1 page 2 sided).

**Individual Mini-Case Assignment (or submit with another student) 15%**

Individually prepared case analysis of *two single cases*, which will be selected by students during the first class (on a first-come, first-served basis – please inform Professor of your choice by end of third class) from amongst those sixteen (16) mini-cases to be prepared on a semiregular weekly basis as per the term schedule (below). Case analyses will be handed-in at the beginning of class and sent electronically via email to Professor before class. The case write-up should be no more than six pages (double-spaced, 12-point Arial font) in length, with a maximum of three exhibits. The student should write the mini-case assignment from the perspective of the main character in the case whose financial management issue requires a solution (or, where no case character is given, from the perspective of a financial consultant advising on the next steps for the company/organization). The case writing tools presented in class, in the text, and delivered on OWL as supplementary readings should be used to “crack the case”. In addition to specifically answering the mini-case questions posed in the textbook, **the case assignment submitted report should include the following:**

- Identify the main character in the case and their strategic and financial business issue(s) and how the organization competes through finance excellence
- Summarize the key case “question(s)” from the perspective of the main character, asking the question “what needs to be done now, soon, this year, in 3 years, etc., and how can solving this financial issue be beneficial”?
- Using the text, course tools, and Connect on-line supplementary tools and information, conduct any other reasonable financial, strategic or tactical analyses of the firm., and stating why these were considered important

- Sufficiently analyze and answer all case questions posed in the textbook in an integrative and professional report-style
- Go beyond the case facts in theorizing what the company's industry might look like in the future, what the firm will be like in 2017 and 2027, and how the organization can use finance to stay relevant in diverse markets, grow organically and through new improvement initiatives, and improve return; ask what this company is doing/can do to become sustainable and how to measure such diverse aspects that can be unfunded liability, how a larger or smaller competitor would conduct financial operations differently (if applicable), how competitors may enhance their profitability using alternative approaches (you can speculate here), etc.
- Propose a solution(s) to the financial problem(s) and/or assessment of the firm's financial structure, as the case circumstances require. Create a detailed plan of action for the character/company to execute in order to solve their problem(s), enhance their competitiveness, and "win in the marketplace", including the 5 W's of how to execute on the plan

### **Group Assignment 15%**

A complete firm financial management analysis and assessment will be undertaken by groups of three-five (3-5) students to be completed by December 7, 2018. Groups will select both an industry to study and a key competitor within that industry. The latter will be analyzed to determine financial management practices

**Objective:** Describe the financial management rationale, situation and need(s) giving rise to the financial soundness, position, sophistication, and competitiveness of the firm *of your choice*. Conduct your analysis from the perspective of where the company and industry have been and grown from (the current environment), where it is today, and where it will need to be with its finances for the future. **Identify why financial management has an impact on this company and what are its prospects for the future.** Answer questions *such as, but not limited to:*

- Does this company utilize sound financial planning and budgeting techniques and have they been providing accurate guidance to Bay/Wall Streets?
- Does this company provide investors with a sound set of corporate performance measure? Which ones? Do they enable effective investment decisions?
- What major capital budgeting and/or projects has this organization undertaken? Where they successful?
- Is this organization's capital structure optimized? Should it be utilizing additional debt Leverage for growth? Can it achieve its overall goals with current equity financing? Has it gone public? Should it go to the market again or even privatize?
- Has this organization fully leveraged M&A opportunities? Can you propose any Potential "deals" for it to enter into?
- What type of innovation budget does this organization have that require it to spend/allocate financing in order to stay competitive going forward?
- What type of international operations does this company have and/or would like to/should have? From a financial management perspective how would the company execute on internationalization plans? How much would it cost? Where would the financing come from?
- To what extent does this organization utilize options?
- What is your assessment of this company's risk profile and its risk management Mitigation strategies?

**Tools:** Groups should utilize the textbook, PowerPoint slides, Brealey companion website (McGraw-Hill Ryerson Connect), and any other financial management research to structure the written assignment and presentation. Students should be prepared to apply well-known financial management frameworks, as deemed necessary, in depth during this group assignment. Analyses will be enhanced by making use of the tools presented during class. The structure of the analysis should include customized versions of several of the models and standardized calculations described in the class to show applicability of the models/approaches to this “real-life” company analysis. These tools will be complemented by an effective presentation and Excel fundamentals discussion, in class, early in the term.

**Components of Assignment:** Each group will be responsible for submitting several components of the overall assignment as follows:

**Proposal: Due November 16, 2018 11:00 pm** via electronic submission to professor and worth 5% of group assignment mark. This proposal will be a 5 double-spaced, 12-point Arial font, page Word document that summarizes the deliverable to be completed by last class. **It will include:**

- Choice of firm, and related industry, to be analyzed and why chosen within the context of financial management?
- Table of contents of final written report
- Research tools being utilized and description of project deliverables (purpose of report)
- Roles of each group team member and questions to be answered by analyses
- Preliminary assessment of their finances and resulting questions to be researched in depth

***Written Report – Financial Management Assessment & Analysis:***

Due December 7, 2018 and worth 15% of group assignment mark. This portion of the written report will be 15 double-spaced, 12 point Arial font, pages maximum in Word (and .pdf) format providing an overview **of each of the financial management issues** (strengths & weaknesses) faced by the organization. **A recommended plan(s) of action** for the future to improve the company’s financial position (capital structure, cash management, public-status, risk management, acquisition approach, etc.) and **align the finance function with broader corporate goals.** It will describe and analyze, *in a high level of detail*, **the nature of financial management** at the chosen **competitor** that drives competitive positioning and prospects for the future, based on an application of the tools described above and learned during the course, as deemed required by Groups. Report to follow proposal Table of Contents.

- ***Appendices and Exhibits:*** Due December 7, 2018 and included as part of the Written Report (see above) mark of the Group Project Assignment mark. Not more than ten pages of appendices and exhibits should be included to illustrate results of the analyses undertaken and should include any assumptions made.
- **Group Involvement:** For the group assignment, groups should allocate the work evenly among each team member. All team members should be familiar with all aspects of the materials developed and presented. A single mark will be awarded to each member of a group. Groups should meet after hours to complete their group assignment, discuss findings, determine applicable textbook and resource guide approaches to use, analyze results, develop the written report and appendices,
- Students unable to join a group on their own should immediately inform the Professor of the need for assistance in procuring a group. The Professor may arbitrarily assign additional group members as needed to balance group weights and ensure students do not remain without a group allowing for maximum student group contribution

**Submission of Assignments** - Late submissions of any assignment may be considered; however, a resolution may be determined at the Professor's sole discretion and may include an academic penalty.

**Total 100%**

### **Course Work & Academic Honesty**

**Attendance in Class** – Physical presence in class and active engagement in daily discussions is expected of all students. Material presented in class may be testable as part of the evaluations noted above. Students are encouraged to bring the text to all classes. To prepare for class, students will be asked to read a chapter and answer the questions and check their solutions on Connect that accompanies the text. The chapter material will be discussed in class using the key concept questions from the text. Problems and cases from the chapter may be assigned. Solutions to these problems and cases will be discussed in the following class.

Students are expected to be highly motivated in learning the subject matter and to dedicate adequate time each week to the readings and class preparation. Students are expected to be prepared for the class and to contribute to class discussions.

Most days, one or two new chapters will be presented on each of Tuesday. & Thursday. You are expected to prepare in advance for the class, including reading the entire chapter as well as preparing the questions and cases. I will review key information using PowerPoint slides as well as pertinent textbook and problem examples, videos and anecdotes. You are expected to participate in the discussion to maximize your learning and earn participation marks.

### **We start on time, so please do not arrive late and disrupt others.**

- Leaving class early is also disruptive to your colleagues and will not be permitted unless you have made prior arrangements with the instructor.
- Turn off your cell phone, pager, and watch alarm.
- Keep up to date. Make sure that you know the class schedule. Check on the course web page for updates and posted materials.
- During the class, respect the learning opportunities of others. Don't distract others by chatting to your neighbour. Our expectation is that you will not only contribute in class to your own learning, but also to that of others.

### **Accommodation for Religious Holidays**

Please refer to the Senate Policy on Accommodation for Religious Holidays at [http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/accommodation\\_religious.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_religious.pdf) (See **Policy on Academic Rights and Responsibilities**). The Calendar of Religious Accommodation for the 2018-19 academic year is available on the Equity & Human Rights Services' website: <http://multiculturalcalendar.com/ecal/index.php?s=c-univwo>

This calendar shows religious holidays for which Equity and Human Rights Services has confirmed students of different faiths may require academic accommodation.

### **Email**

At times, the course instructor may decide to communicate important course information by email. As such, all Huron University College students are required to have a valid huron.uwo.ca or UWO email address. You are responsible for ensuring that your university email address is set up.

Forwarding your huron.uwo.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from huron.uwo.ca addresses sent to Hotmail, Gmail or Yahoo, etc. accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

### **Participation**

It is expected that students will attend all classes and arrive on time and ready to work. I will be evaluating on a daily basis both the quantity and quality of your efforts. The main objective of your contribution is not evaluation but learning or helping your colleagues (and instructor) to learn. The following list might be of some help.

#### **A -- EXCELLENT**

- contributed consistently to class discussions
- contributions indicated preparation and deep thought
- frequently explained difficult points or concepts □ provided positive direction for class discussions
- able to build and develop strong arguments for position

#### **B -- GOOD Contribution**

- contributed consistently to discussions
- contributions indicated preparation and some thought
- often explained difficult points or concepts
- occasionally built arguments for a position

#### **C -- FAIR Contribution**

- contributed to class discussions
- gave indication of preparation and thought
- occasionally helped in developing an argument

#### **D-- POOR Contribution**

- contributed infrequently to discussions
- gave little indication of preparation and thought
- did not aid in providing a positive atmosphere for meaningful discussion

#### **E-- UNSATISFACTORY**

- never, or almost never contributed to discussions
- gave no indication of preparation or thought

### **NOTES:**

- (1) It is the student's responsibility to submit his or her own original written material in courses in this program. See the current Western Academic Calendar, "Scholastic Offences"
- (2) For a description of the process to be followed for mark/grades appeals see your professor.
- (3) The use of personal computers, or other hand held computing devices during examinations will not be permitted.



- (4) **Extensions for assignments and re-scheduling of exams will only be allowed for extenuating circumstances.** Accommodations will only be granted with documentation. For non-medical grounds, the student must submit a request to the instructor in writing prior to the due date of an assignment, and immediately in the case of a test (or as soon as possible following a medical emergency). Please provide an explanation and length of time required. At the discretion of the instructor, the granting of extensions or re-scheduling of tests may require the student to submit supporting medical or non-medical documentation to the Academic Counsellor, who will then make the determination as to whether accommodation is warranted.

MOS 3310A Tentative Course Schedule (Note: Additional required and/or supplementary readings may be assigned weekly on OWL to be prepared before class for in-class discussion)

NB:

- All questions and exercises/problems are found in the text at the back of each chapter and are to be prepared in advance of class
- Selected end-of-chapter question answers can be found in Appendix B of the text; in this regard, the focus of additional assignment questions discussed in class will be those questions not covered in the Appendix B
- Moreover, any mid-chapter “Check-Points” should be attempted as the chapters are read and the solutions found at the end of each chapter should be reviewed to ensure understanding of concepts
- Certain questions are cumulative in nature, building upon previous questions. Where such questions have been assigned, students are also expected to complete any related questions to arrive at their proposed solution(s)
- Chapters 3, 24, 25, & 26 are not covered during the course

Week	Date	Details
	Sept 6	<b>INTRODUCTION</b>
1	Sept 10 - 14	Course Introduction Overview of Corporate Finance Read: Chapters 1, 2 Questions: Chapters 1: 18-26 Chapter 2: 12, 15, 17, 19, 26
		<b>VALUE</b>
2	Sept 17 - 21	Time Value of Money Read: Chapter 5 Questions: Chapter 5: 1 – 7, 11 – 13, 15, 17, 18, 23, 25, 27, 34 39, 56, 64, 75 Mini Case: Alfred Road (Chapter 5)
3	Sept 24 - 28	Valuing Bonds and Stocks Read: Chapters 6, 7 Questions: Chapter 6: 1 – 7, 11, 13, 17, 22 Chapter 7: 11 – 17, 21 – 25, 32, 34, 35, 44 Mini Case: Terence Breezeway (Chapter 7)
4	Oct 1 - 5	Net Present Value / Investments Read: Chapter 8 Questions: Chapter 8: 15, 16, 18, 20, 21, 24 Mini Case: Flowton Products (Chapter 8)
5	Oct 8 - 12	<b>Thanksgiving Monday No classes</b> <b>Fall Reading Week -- NO CLASSES</b>
6	Oct 15 - 19	Discounted Cash Flow Analysis (DCF) and Project Analysis Read: Chapter 9, 10 Questions: Chapter 9: 10, 13 – 18, 21, 22, Chapter 10: 6, 14, 19, 20, 21 Mini Case: Jack Tar (Chapter 9)
		<b>RISK</b>
7	Oct 22 - 26	Risk and Return and Cost of Capital Read: Chapters 11, 12 Questions: Chapter 11: 1, 14, 16, 21 - 23 Chapter 12: 6- – 9, 11, 15, 16 Mini Case: Maxine Peru (Chapter 10)
	<b>Friday,  October 26</b>	<b>MID TERM EXAM (Chapter 1-10)</b> <b>Location: TBA</b> <b>FRIDAY, OCTOBER 26, 3:00-6:15 PM Location: TBA</b>

8	Oct 29 - Nov 2	Risk, Return, Capital Budgeting Weighted Average Cost of Capital Read: Chapter 13 Questions: Chapter 13: 10 – 12, 15 – 20 Mini Case: Bernice Mountaindog (Chapter 13)
		<b>FINANCING</b>
9	Nov 5 - 9	Corporate Financing and Governance -- self study Read: Chapters 14, 15 Questions: Chapter 14: 9 – 12 Chapter 15: Basic, 8 – 12, 16, 30, 31 Mini Case: Mutt.com (Chapter 15)
		<b>DEBT &amp; PAYOUT POLICY</b>
		Debt Policy, Dividend Policy Read: Chapters 16, 18 Questions: Chapter 16: 1, 3, 6, 9, 10, 12, 15, 16, 19, 20 Chapter 18: 3, 11, 21 Mini Case: Capstan Autos (Chapter 18)
		<b>FINANCIAL PLANNING &amp; SHORT TERM DECISIONS</b>
10	Nov 12 - 16	LT Financial Planning, Measuring Performance Read: Chapters 4, 19 Questions: Chapter 19: 9 – 12, 15, 16 Mini Case: Burchetts Green (Chapter 4)
11	Nov 19 - 23	Working Capital Management, Cash and Inventory Management Read: Chapters 20, 21 Questions: Chapter 20: 11, 14, 16 – 19 Chapter 21: 6-10, Plus handout problems
12	Nov 26 - 30	Credit Management Read: Chapter 22 Questions: Chapter 22: 7, 10 – 15, 16, 18, Plus handout p:-roblem Mini Case: George Stamper (Chapter 22)
13	Dec 3 - 7	<b>SPECIAL TOPICS</b> Mergers & Acquisitions Read Chapter 23 Questions Chapter 23: 7, 8, 9, 11 Mini Case: McPhee Food Halls (Chapter 23)  Catch-up and Review for Final Exam
	Dec 8, 9	Study Days
		<b>FINAL EXAM DURING DECEMBER EXAM PERIOD</b> December 10-21 TBA CHAPTERS 11 -23 Plus 4

Huron University College, Affiliate of The University of Western Ontario  
MOS 3310A 550 551 Fall 2018



**The Appendix to Course Outlines is posted on the OWL course site.**