

BUS 232A, Corporate Finance*3 credits, 4 hours*

The finance function of a business is covered including: the role of a financial manager, the risk-return relationship, capital budgeting analysis, and the impact of debt in a company's capital structure. These ideas are developed through examples from the text and the lecturer. Also, students will have a practical assignment that requires them to observe the trading behaviour of a common stock in a company of their choice. This assignment provides them with an opportunity to observe the role of the capital markets and strongly relates to the concepts discussed during the course.

Prerequisites: BUS 131

Instructor

Coert Erasmus
S111A
780.791.8919
Coert.erasmus@keyano.ca

Office Hours

Tuesday: 1:00 pm – 3:00 pm
Wednesday: 3:00 pm – 4:00 pm
Thursday: 1:00 pm – 3:00 pm

Hours of Instruction

Wednesday: 1:00 pm – 2:50 pm, CC-215
Friday: 1:00 pm – 2:50 pm, CC-215

Required Resources

Foundations of Financial Management, Block S.B., Hirt, G.A., Danielsen, B.R., & Short, J.D. Eleventh Canadian Edition, ISBN 978-1-25-926889-2

Other supplies

- McGraw-Hill Connect (Please confirm that your textbook includes this access code)
- Non-programmable calculator (Texas BA II Plus OR Texas BA II Plus Professional)

Course Outcomes

Upon successful completion of the course, the student shall be able to:

- Explain the goals and functions of finance
- Define, calculate and interpret operating and financial leverage
- Explain the importance of working capital management, considering the impact of:
 - working capital and financing decisions
 - current asset management (cash, marketable securities, account receivable & inventory)
 - sources of short-term financing and costs associated with these financing alternatives.
- Calculate and interpret the various time value of money considerations in the capital budgeting process
- Extend TVM knowledge into financial asset (bonds and stocks) valuations, also extending on the various components of a required rate of return
- Analyze the different components of capital and the associated costs for the different components
- Employ the capital asset pricing model (CAPM)
- Determine the optimal capital structure and marginal cost of capital of different capital structures
- Evaluate investment proposals using AAR, PP, NPV, IRR, MIRR and PI, considering different cash flow components and selecting the appropriate investment strategy
- Describe and analyze risk, integrating risk ratings into capital budgeting and investment portfolios
- Explain the role and functions of capital markets with consideration for market efficiency and regulation
- Evaluate the different roles of investment dealers in their functions as intermediaries
- Critique the advantages and disadvantages of private and public fund raising
- Explain and calculate security pricing and distributions in the underwriting process
- Explain the use of long-term debt and the opportunities that long-term debt instruments grant
- Explain what factors influence bond yields and prices
- Analyze the impact of changing interest rates on bonds, considering bond re-issue and refunding
- Consider leasing as a form of financing, contrasting operating and financing leases
- Analyze lease against purchase decisions, determining the most suitable form of financing
- Compare features of common and preferred stock
- Differentiate between the tax treatments of dividends and bond interest
- Explain shareholder rights, types of shareholders and shareholder voting
- Calculate the number of shares required to elect directors using cumulative vs majority voting
- Analyze the use of rights in financing, calculating the value of a right and the impact on holdings
- Evaluate the decisions regarding distribution of profits through dividends
- Argue theories regarding the relevance of dividends
- Consider alternatives to dividends (stock dividends, stock splits, repurchases & reinvestment)
- Distinguish between different derivative contracts
- Describe warrants and contrast a warrant to convertible securities
- Calculate the value of forwards, futures, options, swaps and warrants
- Identify and analyze reasons for foreign investment
- Determine the impact of exchange rate risk, economic risk, and political risk
- Identify international sources of financing

Proposed Schedule of Topics

BUS 232 – CORPORATE FINANCE		
Tentative Schedule		
Date	Wednesday	Friday
Week 1 Jan 6 – Jan 10	Chapter 1: The goals and functions of financial management	Chapter 5: Operating and financial leverage
Week 2 Jan 13 – Jan 17	Chapter 6: Working capital and the financing decision	Chapter 6: Working capital and the financing decision
Week 3 Jan 20 – Jan 24	Chapter 7: Current asset management	Chapter 8: Sources of short-term financing
Week 4 Jan 27 – Jan 31	Chapter 9: Time value of money (TVM) Assumed knowledge – Review your TVM material from BUS 110, we will build on this knowledge.	Chapter 10: Valuation and rates of return
Week 5 Feb 3 – Feb 7	Chapter 11: Cost of capital	Chapter 12: The capital budgeting decision
Week 6 Feb 10 – Feb 14	Chapter 13: Risk and capital budgeting	Mid-term Review
Week 7 Feb 17 – Feb 21	READING WEEK	READING WEEK
Week 8 Feb 24 – Feb 28	Midterm (Ch. 1, 5 – 13)	Chapter 14: Capital markets
Week 9 Mar 2 – Mar 6	Chapter 14: Capital markets	Chapter 15: Investment underwriting
Week 10 Mar 9 – Mar 13	Chapter 16: Long-term debt and lease financing	Chapter 16: Long-term debt and lease financing
Week 11 Mar 16 – Mar 20	Chapter 17: Common and preferred stock financing	Chapter 17: Common and preferred stock financing
Week 12 Mar 23 – Mar 27	Chapter 18: Dividend policy and retained earnings	Chapter 19: Derivative securities
Week 13 Mar 30 – Apr 3	Chapter 19: Derivative securities	Assignment: Presentations
Week 14 Apr 6 – Apr 9	Chapter 21: International Financial Management	Final Exam Review
	Final Exams	

Please Note:

Date and time allotted to each topic is subject to change.

Evaluation

Assignments	20%
Cases & Homework	15%
In-class activities and quizzes*	5%
Midterm Exam	25%
Final Exam	<u>35%</u>
Total	100%

A grade of C- is required for progression or transfer.

*In this assessment category, only students who fulfil the following criteria can obtain full or partial credit. Students must be:

- present in the class during the time of the quiz or activity;
- contribute in an active and significant way to ongoing class discussions; and
- prepared, demonstrating that they can relate concepts to book chapters, readings and cases.

Grading System

Descriptor	Alpha Grade	4.0 Scale	Percent
Excellent	A+	4.0	> 93.9
	A	4.0	87 – 93.9
	A-	3.7	80 – 86.9
Good	B+	3.3	77 – 79.9
	B	3.0	74 – 76.9
	B-	2.7	70 – 73.9
Satisfactory	C+	2.3	67 – 69.9
	C	2.0	64 – 66.9
	Progression	C-	1.7
Poor	D+	1.3	57 – 59.9
Minimum Pass	D	1.0	50 – 56.9
Failure	F	0.0	< 50

Required Skills & Abilities

Enrolment in the Business program and courses, requires the following skills and abilities:

Behavioural

- Ability to listen and follow instructions.
- Ability to manage time and meet deadlines.
- Engage with self and others to create a safe environment.
- Ability to work independently or as a member of a group or team.
- Respond appropriately in situations that are stressful or that involve conflict.

Cognitive

- Remember and recall information over a brief period of time.
- Remember and recall information over an extended period of time.

Environmental Ability

To function in the presence of each of the following commonly encountered and unavoidable environmental factors:

- Noise.
- Distractions.
- Unpredictable behaviour of others.

Psychomotor

- Perform repetitive movements and tasks
- Perform complex sequences of hand-eye coordination

Technical

- Ability to use a desktop/laptop computer.
- Ability to navigate the college's online Learning Management System (Moodle) and other publisher-specific LMS.

Performance Requirements**Student Responsibilities**

It is your responsibility as a student to contact the Office of the Registrar to complete the forms for Withdrawal or Change of Registration, and any other forms. Please refer to the list of important dates as noted in the Academic Schedule in the Keyano College credit calendar.

More specific details are found in the Student Rights and Student Code of Conduct section of the Keyano College credit calendar. It is the responsibility of each student to be aware of the guidelines outlined in the Student Rights and Student Code of Conduct Policies.

Student Attendance

Class attendance is useful for two reasons. First, class attendance maximizes a student's learning experience. Second, attending class is a good way to keep informed of matters relating to the administration of the course (e.g., the timing of assignments and exams). Ultimately, you are responsible for your own learning and performance in this course.

It is the responsibility of each student to be prepared for all classes. Students who miss classes are responsible for the material covered in those classes and for ensuring that they are prepared for the next class, including the completion of any assignments and / or notes that may be due.

Academic Misconduct

Students are considered to be responsible adults and should adhere to principles of intellectual integrity. Intellectual dishonesty may take many forms, such as:

- Plagiarism or the submission of another person's work as one's own
- The use of unauthorized aids in assignments or examinations (cheating)
- Collusion or the unauthorized collaboration with others in preparing work
- The deliberate misrepresentation of qualifications
- The willful distortion of results or data
- Substitution in an examination by another person
- Handing in the same unchanged work as submitted for another assignment
- Breach of confidentiality.

The consequences for academic misconduct range from a verbal reprimand to expulsion from the College. More specific descriptions and details are found in the Student Rights and Student Code of Conduct section of the Keyano College credit calendar. It is the responsibility of each student to be aware of the guidelines outlined in the Student Rights and Student Code of Conduct Policies.

In order to ensure your understanding of the concept of plagiarism, you must successfully complete the online tutorial found on ilearn.keyano.ca. Then print the certificate, sign it, and show it to each of your instructors. Your course work will not be graded until you show this signed certificate.

Specialized Supports

The Student Academic Support Services (SASS) department: Accessibility Services, Skill Centre, Wellness Services and Student Life Department work together to support student success at Keyano College.

Accessibility Services (CC167) supports student success through group and individualized instruction of learning, study and test taking strategies, and adaptive technologies. Students with documented disabilities, or who suspect a disability, can meet with the Learning Strategists to discuss accommodation of the learning barriers that they may be experiencing. Students who have accessed accommodations in the past are encouraged to visit our office at their earliest opportunity to discuss the availability of accommodations in their current courses. Individual appointments can be made by calling 780-791-8934.

Skill Centre (CC119) provides a learning space where students can gather to share ideas, collaborate on projects and get new perspectives on learning from our tutorial staff. Students visiting the centre have access to one-to-one or group tutoring, facilitated study groups, and assistance in academic writing. The Skill Centre's Peer Tutor program provides paid employment opportunities for students who have demonstrated academic success and want to share what they have learned. Tutoring is available free to any students registered at Keyano College on a drop in basis, from 8:30 am to 5:00 pm Monday through Friday. Additional evening hours are subject to tutor availability and are posted in the Skill Centre.

Wellness Services (CC260) offers a caring, inclusive, and respectful environment where students can access free group and individual support to meet academic and life challenges. Mental Health Coordinators offer a safe and confidential environment to seek help with personal concerns. The Mindfulness Room in CC260 is available as a quiet space for students to relax during regular office hours. Wellness Service welcomes students to participate in any of the group sessions offered throughout the academic year addressing such topics as Mindfulness and Test Anxiety. Individual appointments can be made by calling 780-791-8934.

Student Life Department (CC210) is a place for students to go when they don't know who else can answer their questions. The staff will help students navigate barriers to success and if they don't know the answer, they will find it out. Student success is directly affected by how connected a student feels to their college. The student life department is there to help students get connected.

Please watch your Keyano email for workshop announcements from our Student Academic Support Services team.