



**FIN 6072 (A01) (3.0 CH)**  
**CORPORATE FINANCE**  
**Fall 2009**

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**INSTRUCTOR**

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Office Location: 376 Drake  
Office Hours: Tue/Thu 1:15 - 2 pm or by appt

**PRE-REQUISITE KNOWLEDGE**

Aptitude for Mathematics and Economics; Business Conditions Analysis from 2006 or 2007 or 2008 or Introductory Financial Accounting; Basic Statistical Analysis

**COURSE DESCRIPTION**

This course covers the financial management of businesses including agency problems, valuation, capital budgeting, risk/return relationships, the term structure of interest rates, market efficiency, long-term financing, capital structure, and the use of options and futures for risk management.

This course introduces students to the fundamentals of finance and presents theories and tools to be used in addressing corporate finance problems and issues.

**COURSE MATERIALS**

S. A. Ross, R. W. Westerfield, J. F. Jaffe, and G. S. Roberts, Corporate Finance (5th Canadian Edition), McGraw-Hill Ryerson Limited, 2008.

Scientific Calculator +

Financial Calculator: (choose one)

- Palm Pilot (or equivalent): obtain the PowerOne Finance software from <http://www.infinitysoftworks.com/products/poweronefinance.html> (currently not working)
- **Hewlett Packard calculators: HP-10B, HP-10B2, HP-12C** or more advanced HP financial calculators. (**Note: Class notes support the buttons of HP 10 series**)
- Texas Instrument: TI-BAll Plus
- Sharp: EL733A (seems to work but may be slower and less accurate than the others)
- Laptop with Excel or the PowerOne Finance software

Alternate financial calculators are acceptable as long as they include all of the following functions: IRR, NPV, keys for individual cash-flow entry and multiple cash-flow entry, and PV, PMT & FV keys for annuities and bonds. You should be capable of displaying at least 8 decimal places for any calculation and you should set your calculator so it always displays all decimal places.

## **COURSE ASSESSMENT**

Individual Assignments: <b>Only Assignment # 2, 3, 4 and 6 are to be submitted.</b>	20%
All the other assignments are NOT to be handed in but they will still be useful practise and will promote the understanding of the course material.	
Midterm Exam:	40%
Final Exam:	40%

The final grade will depend upon the specified weighting scheme and the overall performance of the class.

**A rough guideline that is helpful even though the grades are going to be curved is given below.**

<b>Cumulative Marks</b>	<b>Grade</b>	<b>GPA</b>	<b>Performance</b>
92-100	A+	4.5	Excellent
80-91	A	4.0	Very Good
75-79	B+	3.5	Good
70-74	B	3.0	Satisfactory
65-69	C+	2.5	Marginal
60-64	C	2.0	Unsatisfactory
50-59	D	1.0	Unsatisfactory
Below 50	F	0.0	Unsatisfactory

Students are not allowed to miss an assignment or exam unless a valid medical reason is provided. **Students with valid medical reasons must get official written documentation to support their claim.**

There will be no make-up assignments or midterm. Those students who miss an assignment or the midterm and have a valid medical reason will have the weight of that assignment or midterm added to the final exam. Those students who miss an assignment or the midterm without a valid medical reason will receive a mark of 0% on that assignment or midterm.

Individual assignments will be due throughout the course. Students must hand in their assignments at the **beginning of the class** in which it is due (unless otherwise specified). If you submit an assignment late it will be penalized as follows: up to 10 minutes late, no penalty; more than 10 minutes late up to 3.25 hours late (i.e., during class) -25%; more than 3.25 hours late up to the end of the next class -50%; after the end of the next class -100%. E.g., suppose you submit an assignment 20 minutes into the class. If you received 80% on the assignment before the late penalty, you would receive 55% following the penalty. The minimum mark on an assignment after all late penalties is limited to 0%. It is your responsibility to have your assignment delivered to class on time; other forms of submission will not be accepted and will not be marked.

Formula sheets will not be provided for the midterm or final exams. Instead, for the midterm each student is permitted to bring in **one** standard sheet of paper (8.5 x 11 inches) on which he/she can write anything. For the final, each student may bring in an additional sheet of paper (8.5 x 11 inches) on which he/she can write anything. (Thus for the final, you may bring in a total of two sheets of paper.) **NO word-processed or photocopied material is allowed on your formula sheet.** Improper

formula sheets will be confiscated; offending students will be allowed to complete the exam without any formula sheet. You are only allowed to use your own formula sheet during the exams.

**All exams and assignments are to be done on an individual basis. It is an academic offense to use the material or answers of another student or to provide another student with your material or answers. Any suspected breach of this code of Academic Integrity will be dealt with to the fullest extent and will be reported to the relevant administrative authorities. If person A copies from person B on an exam or assignment, then both person A and person B will be penalized. It is the responsibility of everyone to ensure nobody copies, transmits information, or facilitates copying or information transfer to another person during an exam or assignment. If you have a question during an exam, direct the question to the professor, do not ask another student and do not reply to another student.**

**COURSE CONDUCT**

Students are expected to demonstrate professional conduct for the duration of the course. Some aspects of this include the following: attending each class and arriving on time, returning from breaks (if provided) on time, restricting discussions in class to the current course material, keeping mobile phones in the “off” or “silent” modes, and not placing or answering calls, text messages, or emails during class time. If you feel your classmates are not demonstrating professional conduct, please inform them and/or your instructor so that they have the opportunity to change. Unprofessional conduct is disruptive to the learning environment and makes mastering the course material more difficult for all students.

Classes take place on Thursdays. The schedule of classes and breaks is as follows. Adjustments may be made by the professor as needed to fit topics and discussion. The schedule below does not apply on the examination days.

<b>Time</b>	<b>Event</b>	<b>Hours</b>
18:15-20:00	Class time	1.75
20:00-20:15	Break	0.25
20:15-21:30	Class time	1.25
Total class time per day		3 hours
Total break time per day		0.25 hours

**TENTATIVE WORKSHOP SCHEDULE**

Workshops take place on Saturdays three times during the term. The schedule of workshops is as follows.

<b>Workshop #</b>	<b>Date</b>	<b>Time</b>	<b>Topic/ comments</b>
1	Oct 10	9.30 am -12.30 pm	Time Value of Money
2	Oct 31	2 pm to 5 pm	Pre-midterm review
3	Dec 12	1:00 – 4:00 pm	Pre-final review

**You are not required to attend the workshops. The purpose of the workshops is to review the material and work through new questions that will help you master the material.**

**TENTATIVE COURSE SCHEDULE**

You will find that the course progresses quickly and the material covered builds on earlier material. It is important to stay current in your studies otherwise you will not understand the new material as it is presented. If you read the text in advance of the relevant classes, you will have a much better chance of understanding the material as it is taught. It is the **student's responsibility** to read the assigned material **prior** to the relevant class.

<b>Lecture</b>	<b>Topic</b>	<b>Chapter</b>
Oct 1	Introduction Financial Markets and Present Value	1 4
	Students who have forgotten the material from the prerequisite course, are responsible for reading Chapter 2 on their own. This knowledge is assumed; it will not be covered in class.	2
Oct 8,	Time Value of Money	5
<b>Oct 10 (9.30 am – 12.30 pm)</b>	<b>WORKSHOP 1 on TVM</b>	
Oct 15	<b>Assignment 2</b> submission at the beginning of class on Oct 15 Valuation of Bonds and Stocks: Basic Principles	6 (omit 6.5-6.8), 6A
Oct 22, 29	Capital Budgeting <b>Assignment 3</b> submission at the beginning of class on Oct 22 <b>Assignment 4</b> submission at the beginning of class on Oct 29	7, 8 (omit 8.6), 8A, 1A
OCT 31 Sat <b>(2 – 5 pm)</b>	<b>Workshop 2 pre mid term</b>	
Nov 5	<b>MIDTERM EXAM</b> ( 2 hrs on all the material covered till Oct 29) Risk, Return and Portfolio Theory	10, 10A,
Nov 12	Risk Return and CAPM Risk, Return, and Capital Budgeting; WACC Market Efficiency	11; 13 (omit 13A); 14
Nov 19	Capital Structure	16, 17, 17A, 17B
	Long Term Financing This is a self-study topic. It will not be covered in class	15, 20 (omit 20.5-20.7), 21 (omit 21.3)
Nov 26	Options; <b>Assignment 6</b> submission at the beginning of class on Nov 26	23 (omit 23.8-23.12)
Dec 3	Futures and Forwards	26 (Sec. 1-3)
<b>TBA</b>	<b>Final Exam: 3 hours</b>	Cumulative

## **ACADEMIC REGULATIONS**

Students are encouraged to contact Disability Services at 474-6213 or the instructor should special arrangements need to be made to meet course requirements.



## ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

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It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any dishonesty in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic dishonesty under the heading "Plagiarism and Cheating." Specifically, acts of academic dishonesty include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic dishonesty. Because of the unique nature of group projects, all group members should exercise special care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur, group members are jointly accountable unless the violation can be attributed to a specific individual(s).

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it related to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic dishonesty are passed to the Dean's office in order to ensure consistency of treatment.



## MEDICAL ABSENTEEISM FORM

I.H. Asper School of Business, The University of Manitoba

### STUDENT IDENTIFICATION: (PLEASE PRINT CLEARLY)

_____	_____	_____	_____
Last Name	First Name	Middle Initial	U of M Student Identification Number
_____	_____		
Course #	Instructor Name		
_____	_____		
Student's Signature	Date		

### TO BE COMPLETED BY THE ATTENDING PHYSICIAN: (after the above section is completed) (PLEASE PRINT CLEARLY)

_____	_____	_____
Physician's Last Name	Physician's First Name	Middle Initial
_____	_____	_____
Street Address	City, Province	Postal Code
_____	_____	_____
Telephone Number	Fax Number	
_____	_____	
<p><b>To the attention of the physician:</b> Your evaluation of the student's condition is being used for the purpose of determining whether or not the student has a <u>valid reason</u> to miss an important <u>exam</u> or <u>assignment</u>. Your professional evaluation is necessary to ensure that only valid cases are excused.</p>		
<p><b>I certify that the nature of the student's condition is severe enough to prevent the student from taking an exam or completing an assignment. If requested, my associates or I will verify for the above named instructor/administrator that this information is accurate.</b></p>		
<p>The student's condition will likely span the following dates:</p>		
_____	until	_____
(Indicate start date)		(Indicate end date)
_____	_____	
Physician's Signature	Date	

### NOTES TO PHYSICIAN:

- Please make a note in the student/patient's file indicating that the student has given the above named instructor/administrator permission to verify with you, your staff, or your colleagues, that the information contained on this form is correct. Thank you for your professional evaluation of this student's condition.
- **PLEASE ATTACH THIS FORM TO YOUR REGULAR OFFICE STATIONERY THAT INDICATES THE STUDENT VISITED YOUR OFFICE.**

### NOTES TO STUDENT:

- The use of this form is at the option of the student. However, in order to obtain an excused absence for an assignment or exam the student must obtain a doctor's certification that the student's condition is severe enough to prevent the student from taking the exam or completing the assignment.
- It is NOT SUFFICIENT to provide a note that only indicates the student visited the doctor's office.



## FACULTY BIOGRAPHY

I.H. Asper School of Business, The University of Manitoba

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### **Alok Dua, MBM, MS**

Alok Dua is currently an instructor in the Asper School of Business at the University of Manitoba. Previous job experiences include Senior Engineer in-charge of Production in Hydrogen Generation Unit and Diesel Hydro Desulphurization Unit at Panipat Refinery in Indian Oil Corporation, a fortune five hundred company.

Alok has won 5 teaching awards at the Asper School.