

COURSE INFORMATION**Division:** Finance**Instructor:** Joyce Guan**Email*:** joyce.guan@sauder.ubc.ca**Office:** HA 884A (please note office hours are held in a different location)**Office Hours:**

Wednesday 15:00 – 17:00 HA358

Term/period: 2018 Winter, Term 2**Course duration:** Jan 02 – Apr 04, 2019**Section numbers:** 201 and 202**Class meeting times and location:****Section 201:** M W 11:30 – 13:00 HA037**Section 202:** M W 13:00 – 14:30 HA037**Pre-requisite:** COMM 298**Website:** <https://canvas.ubc.ca/>

(Please always include **COMM370, section 201 or 202, and your **NAME** in the email subject line. Please use this email for messaging and do not send emails from inside Canvas)*

COURSE DESCRIPTION

The purpose of this course is to provide working knowledge of key corporate finance decisions that are important in the life of a corporation and, more generally, to help students acquire an understanding of broad economic issues that are of wide applicability in many areas of corporate finance. The course balances rigorous theoretical content and practical applications. You will gain experience in applying empirical and theoretical tools through the class discussion of two cases, as well as through your work on ungraded practice problem sets. Topics covered in the course include financial analysis and planning, capital structure policy, capital budgeting, the treatment of debt financing in capital budgeting, dividend policy, how corporations raise capital, and mergers and acquisitions.

LEARNING OBJECTIVES

While the main goal of the course is to familiarize students with the fundamental concepts in corporate finance, we will also emphasize these concepts' practical applications. This will be done through case studies, problem sets, and real-world examples. At the end of the course, students will be able to:

- *Implement financial analysis and planning*
 - *Estimate a project's cash flows*
 - *Estimate a project's cost of capital*
 - *Evaluate capital structure policy*
 - *Determine how debt financing affects capital budgeting*
 - *Evaluate payout policy*
 - *Describe how a company can raise capital*
 - *Identify key issues in mergers and acquisitions*
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ASSESSMENTSUMMARY

Midterm Exam	40%
Final Exam	60%

DETAILS

There will be a midterm exam worth 40% of your grade and a final exam worth 60% of your grade.

The evaluation weights listed above are non-negotiable and both exams will be closed book.

You are required to take both exams in order to obtain a passing grade.

The final exam is cumulative, but weighted more towards the material in the second half of the term.

In order to pass the course, the student must achieve a minimum of 50% on the final exam and achieve a weighted average on the combined midterm and final of at least 50%.

Please see the section POLICIES & PROCEDURES for additional important information.

COMM 370 midterm exam

Time: Friday, Feb 8th 19:00 – 21:00

Location: SWNG 221

COURSE RESOURCES AND MATERIALS**Lecture Notes**

Lecture notes will be posted on the Canvas course website before each lecture. The lecture notes are important study materials. You should print and bring the notes with you to the lectures.

Textbook

Corporate Finance, 2015 (7th Canadian Edition) by Ross, Westerfield, Jaffe and Roberts (RWJR) is required. The textbook comes packaged with a MHE Connect code which provides access to the e-text, online practice problems and adaptive learning software. Many students will have used this textbook in the prior course, COMM 298. The RWJR textbook is available at the bookstore for purchase. (Any edition available to you is fine).

Cases

At least two cases will be covered in class during the term and are required reading. The two Harvard Business School cases, "Clarkson Lumber Company" and "Massey-Ferguson Ltd., 1980", can be purchased directly from Ivey Publishing's website. Instructions for purchasing the cases are as follows:

Go to the Ivey Publishing website at www.iveycases.com

1. [Log in](#) to your existing account or click "[Register](#)" to create a new account and follow the prompts to complete the registration. If registering, choose the "Student User" role.
2. Click on this link or copy into your browser: <https://www.iveycases.com/CoursepackView.aspx?id=20176>
3. Click "Add to Cart".
4. You may choose to order in either **print** or **digital** format.
 - o To order the material in digital format, check "digital download" and click "OK".
 - o To order a printed copy for delivery, enter the print quantity required and click "OK". Please note that shipping charges will apply.
5. Go to the Shopping Cart (located at the top of the page), click "Checkout", and complete the checkout process.
6. When payment has been processed successfully, an Order Confirmation will be emailed to you immediately and you will see the Order Confirmation screen.
 - o If you ordered digital copies: Click "Download your Digital Items" or go to "My Orders" to access the file.
 - o If you ordered printed copies: Your order will be printed and shipped within 2 to 3 business days.

IMPORTANT: Access to downloadable files will expire 30 days from the order date, so be sure to save a copy on your computer. The downloadable file is a PDF document that can be opened using Adobe Reader.

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Business Hours:
Monday to Thursday: 8:00am-4:30pm (ET)
Friday: 8:00am-4:00pm

WEEK #	DATE	CLASS TOPICS	READINGS
WEEK 0	Jan 02	Introduction to Corporate Finance	Chapter 1
WEEK 1	Jan 07	Financial Analysis and Planning	Chapters 2, 2B
	Jan 09	Financial Analysis and Planning	Chapters 2A
WEEK 2	Jan 14	Financial Analysis and Planning	Chapters 3
	Jan 16	Financial Analysis and Planning	Chapters 27
WEEK 3	Jan 21	Financial Analysis and Planning	Clarkson Lumber case
	Jan 23	Capital Budgeting: NPV	Chapter 8
WEEK 4	Jan 28	Capital Budgeting: NPV	Chapter 8
	Jan 30	Capital Budgeting: NPV	Chapter 8
WEEK 5	Feb 04	Midterm Review	
	Feb 06	No Class	
	Feb 08	Midterm 19:00 - 21:00 SWNG221	Chapter 1, 2, 2A&B, 3, 27, 8 + Clarkson Lumber
WEEK 6	Feb 11	Capital Budgeting: WACC	Chapter 13
	Feb 13	Capital Budgeting: WACC	Chapter 13
WEEK 7	Feb 25	Capital Structure: Basics	Chapter 16
	Feb 27	Capital Structure: Basics	Chapter 16
WEEK 8	Mar 04	Capital Structure: Limits to Debt	Chapter 17, 31
	Mar 06	Capital Budgeting with Debt	Chapter 18
WEEK 9	Mar 11	Capital Budgeting with Debt	Chapter 18
	Mar 13	Payout Policy	Chapter 19
WEEK 10	Mar 18	Payout Policy	Chapter 19
	Mar 20	Capital Structure case	Massey-Ferguson case
WEEK 11	Mar 25	Raising Capital	Chapters 20,21
	Mar 27	Raising Capital	Chapters 20,21
WEEK 12	Apr 01	Mergers and acquisitions	Chapter 30
	Apr 03	Mergers and acquisitions	Chapter 30
EXAM	TBD	Final Exam	Cumulative, weighted more towards the material in the second half of the term.

TEACHING & LEARNING ACTIVITIES

The **lecture notes** available from Canvas course website are important reference material you need to digest very carefully to do well in this course. You should print and bring the lecture notes to class. These notes may contain blank spaces which you are responsible for completing in class.

Practice problems are not graded but are essential for your understanding of the material. The solutions will be posted on Canvas. I encourage you to solve the practice problems on your own or in a small study group (even better). The **LearnSmart quizzes** in MHE Connect allow you to test your basic knowledge of concepts and simple calculations after you have read a chapter or while reading a chapter online.

The **textbook**, RWJR, provides a good discussion of most topics covered in class, many practical examples, and practice questions. It should be used together with the detailed lecture notes provided.

The **case studies** are required readings. To make the best out of these cases, you should read them carefully before they are discussed in class and be ready to summarize them and express your views.

I may provide **additional readings, cases or supplementary material** that I will make available on Canvas course website.

Attend the lectures and come well-prepared to **participate in class**. Classes are more dynamic and interesting when students express their views. Please feel free to ask questions or contribute to our discussions at any time. I would also appreciate feedback about how to improve the course.

I suggest you prepare a **printed name card** and you place it in front of you during each lecture. This will help me learn your names and will facilitate our communication in class.

Visit the course website regularly and check for important **announcements**.

COURSE AND INSTITUTIONAL POLICIES

1. *If for any reason you miss an exam, you must contact the Undergraduate Office immediately and provide them with the documentation necessary to justify your absence.*
 2. *If you miss the midterm (with a UGO-excused absence) you will, at the Instructor's discretion, either be given an opportunity to write an alternate midterm exam or will have the weight from the midterm exam transferred to the final exam.*
 3. *If you know in advance that you are unable to write the midterm exam on the scheduled date or time due to a valid reason (e.g., a UBC course conflict), you must email your course instructor at least TWO weeks before the scheduled midterm exam and provide all necessary documentation.*
 4. *Only midterm exams written in INK will be eligible to be re-read. You may, of course, choose to write an exam in pencil but, in doing so, you will release your right to request a re-read.*
 5. *If you wish to have your midterm exam re-read, you must submit your detailed request **in writing** within five business days of the date the midterm exams were returned in class. If a request is made, all questions on the exam may be re-evaluated and a new higher or lower grade may be assigned.*
 6. *You must attend ONLY your registered section of COMM 370. Since the sections of the course are full, attending at an alternative time will deprive another student of their seat.*
 7. *Note that different instructors teach different sections of COMM370 and that exams are NOT COMMON to all sections of the course. Hence, you must attend classes with your designated instructor.*
 8. *Please arrive to the classroom at the designated time to avoid disturbing the class after it has begun.*
 9. *Do not use your cell phones or send/view text messages during class. For emergency situations, please excuse yourself from the classroom.*
 10. *The responsible use of laptops is allowed only for class purposes, like taking notes or as directed by the instructor, but not for checking email or surfing the web during class time.*
 11. *You are encouraged to ask questions and make comments during the lecture. Comments should be addressed to the whole class and private discussion among students should be avoided.*
 12. *Only **non-graphing** scientific and business calculators are allowed during the exams.*
 13. *Contacting your instructor during office hours is the preferred method of contact. Any email to your instructor should **include YOUR COURSE, YOUR SECTION and YOUR NAME in the subject line.***
 14. *The instructor reserves the right to make changes to this course syllabus.*
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