

THE UNIVERSITY OF WESTERN ONTARIO

## DAN MANAGEMENT

### MANAGEMENT AND ORGANIZATIONAL STUDIES 2310A FINANCE

#### COURSE OUTLINE SEPTEMBER 2011-DECEMBER 2011

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#### Objectives

The course objective is to provide students with a framework for Financial Management in the Corporation. This is a introductory level course and covers a variety of topics essential to a Financial Manager whose goal is to maximize shareholder wealth. Topics include financial statement analysis, markets and institutions, time value of money, risk and return, valuation, cost of capital, capital budgeting, capital structure and dividend policy.

Prerequisites: MOS 1020a/b or both MOS 1021a/b and 1023a/b and enrollment in BMOS or MAS

Anti Requisites: AS 2555a/b and MOS 3310a/b.

#### Textbooks

1. Brigham,Ehrhardt,Gessaroli,Nason “Financial Management, Theory and Practice” 1<sup>st</sup> Canadian Edition, Nelson, 2011  
ISBN-10: 0176440186

#### Evaluation

|                    |     |
|--------------------|-----|
| Oct Mid-term exam, | 40% |
| Final exam         | 40% |
| Hand ins           | 20% |

**READ ANNOUNCEMENTS ON THE WEB SITE REGULARLY**

## Examinations

***The exam format will include multiple choice and short answer problems and theory.***

“Students who fail to appear for an examination at the time set in the timetable will not be allowed to write the examination paper thus missed. Students should report this irregularity immediately to the office of their dean or, in cases of evening or Saturday examinations, to the Office of the Registrar. They may, with the approval of the chair of the department concerned, petition their dean for permission to write a Special Examination.” See the current *Western Academic Calendar*

## Policy on Special Examinations

**Requests for make up exams and other special arrangements will only be considered in extenuating circumstances and ONLY upon recommendation of Academic Counseling or the Dean’s office. Please see Academic Counseling before requesting exam accommodation.**

Students with exam conflicts or students involved with approved out-of-town university activities during the scheduled mid-term exam may apply in writing **prior** to the exam to the instructor for special proctoring privileges to write the mid-term exam. In Distance Studies, this will require an additional proctoring fee.

## 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/grade appeals, see your professor
3. The use of personal computers during the examinations will not be permitted.

## Add/Drop Deadlines

**Sept 16** Last day to **ADD** a half course  
**Oct 15** Last day to **DROP** a half course without academic penalty

**TENTATIVE ASSIGNMENT SCHEDULE .....CHANGES MAY BE MADE**  
**SPECIFIC QUESTIONS AND PROBLEMS WILL BE POSTED ON THE WEB SITE**

| Week of       | Week        | Topic and Assignment   |
|---------------|-------------|--|
| Sept 8        | 1           | <b>Course Introduction</b><br>Overview of Financial Management and Environment<br>Read: Chapter 1<br>Questions and Problems:   |
| Sept 12       | 2           | <b>Financial statements</b><br><b>Financial Statements, Cash Flow and Taxes</b><br>Read: Chapter 2<br>Questions and Problems<br><br><b>Analysis of Financial Statements</b><br>Read: Chapter 3<br>Questions and Problems |
| Sept 19       | 3           | <b>Time Value of Money</b><br>Read: Chapter 4<br>Questions and Problems  |
| Sept 26       | 4           | <b>Valuation</b><br><b>Bonds and Interest Rates</b><br>Read: Chapter 6<br>Questions and Problems<br><br><b>Risk, Return and the Capital Asset Pricing Model</b><br>Read: Chapter 7<br>Questions and Problems             |
| Oct 3         | 5           | <b>Stocks and Market Equilibrium</b><br>Read: Chapter 8<br>Questions and Problems  |
| Oct 10        | 6           | <b>The Cost of Capital</b><br>Read: Chapter 9<br>Questions and Problems  |
| <b>Oct 15</b> | <b>Exam</b> | <b><i>9:00 am to 12:00 Location to be announced</i></b>  |

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|        |    |   |
| Oct 17 | 7  | <p><b>Basics of Capital Budgeting</b><br/>Read: Chapter 10<br/>Questions and Problems</p> <p><b>CASH FLOW ESTIMATION AND RISK ANALYSIS</b><br/>Read: Chapter 11<br/>Questions and Problems</p>    |
| Oct 24 | 8  | <p><b><i>Financing Activities</i></b><br/><b><i>Capital Structure Decisions</i></b><br/>Read: Chapter 12<br/>Questions and Problems</p>   |
| Oct 31 | 9  | <p><b>Distributions to Shareholders, Dividends and Repurchases</b><br/>Read: Chapter 13<br/>Questions and Problems</p>  |
| Nov 7  | 10 | <p><b>Initial Public Offerings</b><br/>Read: Chapter 14<br/>Questions and Problems</p>  |
| Nov14  | 11 | <p><b>Lease Financing</b><br/>Read: Chapter 15<br/>Questions and Problems</p> <p><b>Capital Market Financing: Hybrid and Other Securities</b><br/>Read: Chapter 16<br/>Questions and Problems</p> |
| Nov 21 | 12 | <p><b>Financial Planning and Forecasting</b><br/>Read: Chapter 5<br/>Questions and Problems</p>   |
| Nov 28 | 13 | <p><b>Working Capital Management</b><br/>Read: Chapter 17<br/>Questions and Problems</p> <p><b>Current Asset Management</b><br/>Read: Chapter 18<br/>Questions and Problems</p>                   |

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|-------|----|--|
| Dec 5 | 14 | <b>Review</b>                              |
|       |    | <b><i>Classes end December 7, 2011</i></b> |

POLICY ON ACCOMMODATION FOR MEDICAL ILLNESS

([HTTPS://STUDENTSERVICES.UWO.CA/SECURE/INDEX.CFM](https://studentservices.uwo.ca/secure/index.cfm)).

“Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site: [http://www.uwo.ca/univsec/handbook/appeals/scholastic\\_discipline\\_undergrad.pdf](http://www.uwo.ca/univsec/handbook/appeals/scholastic_discipline_undergrad.pdf).”

Additionally,

A)

**UNDERGRADUATE SESSIONAL DATES FOR 2011 - 2012:**

MONDAY SEPTEMBER 5 LABOUR DAY.

THURSDAY SEPTEMBER 8 CLASSES BEGIN.

MONDAY OCTOBER 10 THANKSGIVING.

WEDNESDAY DECEMBER 7 CLASSES END.

DECEMBER 8 - 9 STUDY DAYS.

DECEMBER 10 - 21 MID-YEAR EXAM PERIOD.

DAN MANAGEMENT AND ORGANIZATIONAL STUDIES STRIVES AT ALL TIMES TO PROVIDE ACCESSIBILITY TO ALL FACULTY, STAFF, STUDENTS AND VISITORS IN A WAY THAT RESPECTS THE DIGNITY AND INDEPENDENCE OF PEOPLE WITH DISABILITIES. PLEASE CONTACT THE COURSE INSTRUCTOR IF YOU REQUIRE MATERIAL IN AN ALTERNATE FORMAT OR IF YOU REQUIRE ANY OTHER ARRANGEMENTS TO MAKE THIS COURSE MORE ACCESSIBLE TO YOU. YOU MAY WISH TO CONTACT SERVICES FOR STUDENTS WITH DISABILITIES (SSD) AT 661-2111 #82147 FOR ANY SPECIFIC QUESTIONS REGARDING AN ACCOMMODATION. MORE INFORMATION ABOUT “ACCESSIBILITY AT WESTERN” IS AVAILABLE AT: [HTTP://ACCESSIBILITY.UWO.CA](http://accessibility.uwo.ca)

**GENERAL INFORMATION**

IF, ON MEDICAL OR COMPASSIONATE GROUNDS, YOU ARE UNABLE TO MEET YOUR ACADEMIC RESPONSIBILITIES, I.E., UNABLE TO WRITE TERM TESTS OR

FINAL EXAMINATIONS OR COMPLETE COURSE WORK BY THE DUE DATE, YOU SHOULD FOLLOW THE INSTRUCTIONS LISTED BELOW. YOU SHOULD UNDERSTAND THAT ACADEMIC ACCOMMODATION WILL NOT BE GRANTED AUTOMATICALLY ON REQUEST. YOU MUST DEMONSTRATE THAT THERE ARE COMPELLING MEDICAL OR COMPASSIONATE GROUNDS THAT CAN BE DOCUMENTED BEFORE ACADEMIC ACCOMMODATION WILL BE CONSIDERED. READ THE INSTRUCTIONS CAREFULLY. IN ALL CASES, ACTION MUST BE TAKEN AT THE EARLIEST POSSIBLE OPPORTUNITY, PREFERABLY PRIOR TO THE SCHEDULED EXAMINATION, TEST OR ASSIGNMENT.

1. CHECK THE COURSE OUTLINE TO SEE IF THE INSTRUCTOR HAS A POLICY FOR MISSED TESTS, EXAMINATIONS, LATE ASSIGNMENTS OR ATTENDANCE. THE COURSE OUTLINE SHOULD INCLUDE THE PREFERRED METHOD OF CONTACT (E-MAIL, PHONE, ETC.).
2. INFORM THE INSTRUCTOR PRIOR TO THE DATE OF THE SCHEDULED TIME OF THE TEST OR EXAMINATION OR DUE DATE OF THE ASSIGNMENT. IF YOU ARE UNABLE TO CONTACT THE INSTRUCTOR, LEAVE A MESSAGE FOR HIM/HER AT THE DEPARTMENT OFFICE.
3. BRING YOUR REQUEST FOR ACCOMMODATION TO THE SOCIAL SCIENCE ACADEMIC COUNSELLING OFFICE, ROOM 2105, SOCIAL SCIENCE CENTRE, TELEPHONE 519 661-2011 OR FAX 519 661-3384. BE PREPARED TO SUBMIT DOCUMENTATION OF YOUR DIFFICULTIES.
4. IF YOU DECIDE TO WRITE A TEST OR AN EXAMINATION YOU SHOULD BE PREPARED TO ACCEPT THE MARK YOU EARN. REWRITING TESTS OR EXAMINATIONS OR HAVING THE VALUE OF THE TEST OR EXAMINATION REWEIGHTED ON A RETROACTIVE BASIS IS NOT PERMITTED.

## **TERM TESTS AND MID-TERM EXAMS**

1. IF YOU ARE UNABLE TO WRITE A TERM TEST, INFORM YOUR INSTRUCTOR (PREFERABLY PRIOR TO THE SCHEDULED DATE OF THE TEST). IF THE INSTRUCTOR IS NOT AVAILABLE, LEAVE A MESSAGE FOR HIM/HER AT THE DEPARTMENT OFFICE.
2. BE PREPARED, IF REQUESTED BY THE INSTRUCTOR, TO PROVIDE SUPPORTING DOCUMENTATION. SUBMIT YOUR DOCUMENTATION TO THE SOCIAL SCIENCE ACADEMIC COUNSELLING OFFICE.
3. MAKE ARRANGEMENTS WITH YOUR PROFESSOR TO RESCHEDULE THE TEST.
4. THE ACADEMIC COUNSELLING OFFICE WILL CONTACT YOUR INSTRUCTOR TO CONFIRM YOUR DOCUMENTATION.

## **FINAL EXAMINATIONS**

1. YOU REQUIRE THE PERMISSION OF THE DEAN, THE INSTRUCTOR, AND THE CHAIR OF THE DEPARTMENT IN QUESTION TO WRITE A SPECIAL FINAL EXAMINATION.
2. IF YOU ARE UNABLE TO WRITE A FINAL EXAMINATION, CONTACT THE SOCIAL SCIENCE ACADEMIC COUNSELLING OFFICE IN THE FIRST

- INSTANCE TO REQUEST PERMISSION TO WRITE A SPECIAL FINAL EXAMINATION AND TO OBTAIN THE NECESSARY FORM. YOU MUST ALSO CONTACT YOUR INSTRUCTOR AT THIS TIME. IF YOUR INSTRUCTOR IS NOT AVAILABLE, LEAVE A MESSAGE FOR HIM/HER AT THE DEPARTMENT OFFICE.
3. BE PREPARED TO PROVIDE THE SOCIAL SCIENCE ACADEMIC COUNSELLING OFFICE AND YOUR INSTRUCTOR WITH SUPPORTING DOCUMENTATION.
  4. YOU MUST ENSURE THAT THE SPECIAL EXAMINATION FORM HAS BEEN SIGNED BY THE INSTRUCTOR AND DEPARTMENT CHAIR AND THAT THE FORM IS RETURNED TO THE SOCIAL SCIENCE ACADEMIC COUNSELLING OFFICE FOR APPROVAL WITHOUT DELAY.

## **LATE ASSIGNMENTS**

1. ADVISE THE INSTRUCTOR IF YOU ARE HAVING PROBLEMS COMPLETING THE ASSIGNMENT ON TIME (PRIOR TO THE DUE DATE OF THE ASSIGNMENT).
2. SUBMIT DOCUMENTATION TO THE SOCIAL SCIENCE ACADEMIC COUNSELLING OFFICE.
3. IF YOU ARE GRANTED AN EXTENSION, ESTABLISH A DUE DATE.
4. EXTENSIONS BEYOND THE END OF CLASSES MUST HAVE THE CONSENT OF THE INSTRUCTOR, THE DEPARTMENT CHAIR AND DEAN. A RECOMMENDATION OF INCOMPLETE FORM MUST BE FILLED OUT INDICATING THE WORK TO BE COMPLETED AND THE DATE BY WHICH IT IS DUE. THIS FORM MUST BE SIGNED BY THE STUDENT, THE INSTRUCTOR, THE DEPARTMENT CHAIR, AND THE DEAN'S REPRESENTATIVE IN THE ACADEMIC COUNSELLING OFFICE.

## **SHORT ABSENCES**

IF YOU MISS A CLASS DUE TO A MINOR ILLNESS OR OTHER PROBLEMS, CHECK YOUR COURSE OUTLINES FOR INFORMATION REGARDING ATTENDANCE REQUIREMENTS AND MAKE SURE YOU ARE NOT MISSING A TEST OR ASSIGNMENT. COVER ANY READINGS AND ARRANGE TO BORROW NOTES FROM A CLASSMATE.

## **EXTENDED ABSENCES**

IF YOU ARE ABSENT MORE THAN APPROXIMATELY TWO WEEKS OR IF YOU GET TOO FAR BEHIND TO CATCH UP, YOU SHOULD CONSIDER REDUCING YOUR WORKLOAD BY DROPPING ONE OR MORE COURSES. THIS MUST BE DONE BY THE APPROPRIATE DEADLINES. (REFER TO THE REGISTRAR'S WEBSITE FOR OFFICIAL DATES.) THE SOCIAL SCIENCE ACADEMIC COUNSELLORS CAN HELP YOU TO CONSIDER THE ALTERNATIVES. AT YOUR REQUEST, THEY CAN ALSO KEEP YOUR INSTRUCTORS INFORMED OF YOUR DIFFICULTIES.

## **DOCUMENTATION**

- **PERSONAL ILLNESS:** IF YOU CONSULTED STUDENT HEALTH SERVICES REGARDING YOUR ILLNESS OR PERSONAL PROBLEM, YOU SHOULD COMPLETE A RECORDS RELEASE FORM AT THE TIME OF YOUR VISIT ALLOWING THEM TO NOTIFY SOCIAL SCIENCE ACADEMIC COUNSELLING OFFICE. ONCE YOUR DOCUMENTATION HAS BEEN ASSESSED, THE ACADEMIC COUNSELLOR WILL INFORM YOUR INSTRUCTOR THAT ACADEMIC ACCOMMODATION IS WARRANTED.

- IF YOU WERE SEEN BY AN OFF-CAMPUS DOCTOR, OBTAIN A CERTIFICATE FROM HIS/HER OFFICE AT THE TIME OF YOUR VISIT. THE DOCTOR MUST PROVIDE VERIFICATION OF THE SEVERITY OF THE ILLNESS FOR THE PERIOD IN QUESTION. NOTES STATING "FOR MEDICAL REASONS" ARE NOT CONSIDERED SUFFICIENT.

- **IN CASE OF SERIOUS ILLNESS OF A FAMILY MEMBER:** OBTAIN A MEDICAL CERTIFICATE FROM THE FAMILY MEMBER'S PHYSICIAN.

- **IN CASE OF A DEATH:** OBTAIN A COPY OF THE NEWSPAPER NOTICE, DEATH CERTIFICATE OR DOCUMENTATION PROVIDED BY THE FUNERAL DIRECTOR.

- **FOR OTHER EXTENUATING CIRCUMSTANCES:** IF YOU ARE NOT SURE WHAT DOCUMENTATION TO PROVIDE, ASK AN ACADEMIC COUNSELLOR.

**NOTE:** FORGED NOTES AND CERTIFICATES WILL BE DEALT WITH SEVERELY. TO SUBMIT A FORGED DOCUMENT IS A SCHOLASTIC OFFENSE AND YOU WILL BE SUBJECT TO ACADEMIC SANCTIONS.

## **ACADEMIC CONCERNS**

- YOU NEED TO KNOW IF YOUR INSTRUCTOR HAS A POLICY ON LATE PENALTIES, MISSED TESTS, ETC. THIS INFORMATION MAY BE INCLUDED ON THE COURSE OUTLINE. IF NOT, ASK YOUR INSTRUCTOR.

- YOU SHOULD ALSO BE AWARE OF ATTENDANCE REQUIREMENTS IN COURSES SUCH AS BUSINESS AND ENGLISH. YOU CAN BE DEBARRED FROM WRITING THE FINAL EXAMINATION IF YOUR ATTENDANCE IS NOT SATISFACTORY.

- IF YOU ARE IN ACADEMIC DIFFICULTY, CHECK THE MINIMUM REQUIREMENTS FOR PROGRESSION IN YOUR PROGRAM. IF IN DOUBT, SEE YOUR ACADEMIC COUNSELLOR.

- IF YOU ARE REGISTERED IN SOCIAL SCIENCE COURSES BUT REGISTERED IN ANOTHER FACULTY (E.G., ARTS OR SCIENCE), YOU SHOULD IMMEDIATELY CONSULT THE ACADEMIC COUNSELLING OFFICE IN Y