

COURSE INFORMATION

Term/period: Winter 2015-2016 Term 2 – section 201

Instructor: Fabienne Delibalta, Dr.

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Phone:

Course duration: January 4 to April 27, 2016

Classes: Thursdays, 6:30 – 9:30 pm

Location: HA 491

Prerequisite or co-requisite: BUSI 293 (Introduction to Financial Accounting) or equivalent.

Note: students with a strong quantitative background may take BUSI 370 concurrently with BUSI 293. For students with a limited quantitative background, completing BUSI 293 and the DAP Quantitative Methods Preparatory Course is highly recommended.

Prior to taking BUSI 370, students are expected to have acquired a basic understanding of financial statements (the income statement, the balance sheet and the cash flow statement), the key financial ratios (profitability, liquidity, solvency and market test); the ability to solve for unknowns in equations and an understanding of the rules for exponents. Some understanding of basic statistics (the arithmetic and geometric mean, variance, standard deviation, covariance, correlation coefficient, and linear regression) would also be beneficial. **Students should have or need to develop proficiency in using Excel.**

COURSE DESCRIPTION

The objective of BUSI 370 is to provide students with a working knowledge and understanding of the practice and theory of modern corporate financial management. Students will develop the key analytical tools that are commonly used in structuring and making financial decisions and gain an understanding of the institutional environment within which financial decisions occur. Students will examine the two major areas of corporate financial analysis and decision making: decisions involving the procurement of funds (debt and equity financing) to ensure adequate financing for the ongoing activities of the firm and decisions involving the investing of funds with the goal of maximizing economic value of the firm for its owners. Under the procurement of funds, we will examine the role and functioning of financial markets, the various types of financing instruments that are commonly available, calculate the firm's cost of capital and evaluate the firm's financing strategy. Under the disbursement of funds, we will apply time value of money concepts to the valuation of individual debt and equity securities, conduct risk analysis, and evaluate capital investments using various discounted cash flow techniques.

COURSE GOALS

Business Finance aims to provide students with a working knowledge of financial markets and the fundamental concepts of corporate finance and to develop the necessary quantitative and critical thinking skills required to analyze and evaluate individual and corporate financing and

investment decisions. These concepts and skills are further developed in the subsequent course BUSI 470, Financial Management.

LEARNING OBJECTIVES

Upon completion of BUSI 370 students will be able to:

- Understand and explain the key features of financial markets and securities
 - Perform time value of money calculations
 - Analyze and evaluate corporate and individual financing and investments decisions
 - Value riskless and risky assets
 - Estimate project cash flows and evaluate capital budgeting decisions using discounted cash flow analysis
 - Analyze a firm's capital structure and calculate a firm's cost capital
 - Perform various types of financial valuations
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COURSE MATERIALS & REQUIREMENTS

Textbook:

Introduction to Corporate Finance, by Laurence Booth and W. Sean Cleary, 3rd Edition, Wiley

The textbook's website has useful materials for students: www.wiley.com/canada/booth

Other materials will be posted on Connect throughout the term.

Technology Requirements:

Computer with internet access, Microsoft Excel and Word, Adobe Reader, an e-mail account, a UBC CWL (Campus Wide Login) and a Turnitin Account for the written assignments.

A non-programmable business calculator that can perform discounted cash flow calculations (Net Present Value (NPV) and Internal Rate of Return (IRR)).

I will be using the Hewlett Packard HP 10BII and/or the HP 10BII+ (both calculators are very similar)

The text book gives the calculator steps for the Texas Instruments Business Analyst II. The Sharp Business EL 733-A and EL-738 calculators are also capable of performing the required calculations.

Campus-Wide Login

All students at UBC are required to sign-up for a Campus-Wide Login (CWL), which can be used to access a number of services at UBC such as the SSC, Connect and UBC E-mail. Information about CWL can be found at:

http://it.ubc.ca/service_catalogue/accounts/cwl.html

Connect

We will be using the Connect learning management system for BUSI 370

Technical Support

If you experience any technical difficulties with your login, please contact the UBC Information Help Desk: By e-mail: help@itservices.ubc.ca or by phone: 604.822.2008

You will also need a Turnitin Account. To create an account, go to <http://turnitin.com/> and select "Create Account" and follow the steps.

Class ID: 11260397

Enrollment password: France

Several videos and webinars have been produced for this course, which will be accessible via Connect during the term (the week preceding the midterm and the week preceding the final exam). They can be used as review material. The videos illustrate how to solve many of the problems found in this course. These videos operate using either Panopto or Microsoft Silverlight. The Silverlight videos often require a browser plug in which is available as a free download from the Microsoft website.

My main method of communication with you during the course will be through Connect.

ASSESSMENT SUMMARY

<i>Assignment/Quizzes</i>	<i>35%</i>
<i>Midterm examination</i>	<i>25%</i>
<i>Final examination</i>	<i><u>40%</u></i>
<i>Total</i>	<i>100%</i>

POLICIES AND PROCEDURES

Completion of the BUSI 370 assignments/quizzes is essential for your understanding of the course material. These assignments and quizzes are a good indication of the type of problems you will encounter on the course exams. I encourage you to master the assignments on your own. You may work in small study groups, but the work you submit must be your own. UBC places a high value on academic integrity and is a core value of the Diploma in Accounting Program. Submitting someone else's work as your own constitutes plagiarism and is a form of academic misconduct. The UBC calendar sets out the policies on academic honesty and what constitutes academic misconduct. For more information please refer to the UBC calendar:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=3,54,111,0>

All assignments and quizzes are due by 11:59 pm on the due date as outlined on the course schedule. Quizzes are submitted through Connect. Assignments are submitted through Turnitin.

Late assignments and quizzes **cannot** be accepted once the solutions have been released. Solutions and feedback for the quizzes will be posted on Connect. Solutions and feedback for the Assignments will be found on the Turnitin site and some of the assignment solutions will also be posted on Connect.

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In order to pass the course students must achieve a minimum grade of 50% on the final examination and achieve a weighted average grade of 50% in the course. The final exam is comprehensive, covering all material, but weighted towards the material covered after the midterm. The exams will be written at the UBC campus, the dates, times and location to be announced. Cell phones or any other electronic devices, with the exception of your non-programmable business calculator, are not permitted on your desk during the exam.

Your identification will be verified at the examinations Please bring your UBC student card, along with your driver's license or passport to the examination. All exams must be return to the invigilator at the end of the examination.

You are expected to write the midterm and final exams as scheduled. If a student has received an approved academic concession for a missed the midterm exam from the DAP office, the student will be permitted to write a cumulative final exam.

All other course and program polices can be found on the DAP Student webpage (note: you will need to login to access this information)

<https://secure.sauder.ubc.ca/dap/students/myubcdap/academic/index.cfm>

BUSI 370 SCHEDULE: Note this Schedule is subject to change

Date	MODULE TOPICS	CONTENT ACTIVITIES	ASSIGNMENTS /QUIZZES
Module 1 Jan 7	An Introduction to Finance Business (Corporate) Finance	Read Chapter 1 Read Chapter 2	Assignment #1 Turnitin Due Jan 8 11:59 pm Quiz 1: Ch 1 and 2 Due Jan 11 11:59 pm
Module 2 Jan 14	Financial Statements Financial Statement Analysis and Forecasting	Watch the Ascent of Money Videos Read Chapter 3 (Review Only except Sections 3.3 and 3.5 which will be covered later) Read Chapter 4 (Review Only, ignore Sections 4.9 and 4.10)	Assignment # 2 Turnitin Due Jan 18 11:59 pm
Module 3 Jan 21	Time Value of Money (TVM)	Read Chapter 5 Watch TVM and HP 10BII Calculator Videos Optional In Class Review Session Jan 24 10 am -12 Henry Angus Room TBA	Quiz 2: Ch 5 Due Jan 25 11:59 pm
Module 4 Jan 28	Bond Valuation and Interest Rates	Read Chapter 6	Quiz 3: Ch 6 Due Feb 1 11:59 pm
Module 5 Feb 4	Equity Valuation A Short Primer on Bubbles	Read Chapter 7, 7A Optional In Class Review Session Feb 7 10 am -12 Henry Angus Room TBA	Quiz 4: Ch 7,7A Due Feb 8 11:59 pm
Feb 11	Mid Term Exam Modules 1 - 5		February 11 Mid Term Exam Room TBA

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Date	MODULE TOPICS	CONTENT ACTIVITIES	ASSIGNMENTS /QUIZZES
Reading Break Feb 15 - 21	no class		
Module 6 Feb 25	Risk, Return and Portfolio Theory The Capital Asset Pricing Model Market Efficiency	Read Chapters 8, 9, 10	Quiz #5 Ch 8, 9, 10 Due Feb 29 11:59 pm
Module 7 March 3	Capital Budgeting, Risk Considerations and Other Special Issues	Read Chapter 3.3, 3.5 and 13	Assignment #3 Ch 13 Turnitin Due Mar 7 11:59 pm
Module 8 Mar 10	Cash Flow Estimation and Capital Budgeting Decisions	Read Chapter 14 (except pages 552-556)	Assignment #4 Ch 14 Turnitin Due Mar 14 11:59 pm
Module 8 Mar 17	Cash Flow Estimation and Capital Budgeting Decisions	Read Chapters 14 (except pages 552-556)	Assignment #5 Ch 14 Turnitin Due Mar 21 11:59 pm
Module 9 Mar 24	Cost of Capital	Read Chapter 20 (except pages 773-774 and 20.7)	Assignment #6 Ch 20 Turnitin Due Mar 28 11:59 pm
Module 10 Mar 31	Financial Forecasting and Valuation	Read Chapter 15.5 (pages 596 – 608)	Assignment #7 Turnitin Due April 4 11:59 pm
Review April 7	Review	All Topics	
April 12 - 27	UBC Exam Period	All Topics	Final Exam (See notes hereafter)

NOTES: The final exam will be held at UBC. UBC Classroom Services schedules the date of the final exam between April 12 and 27. Details TBA

The course outline may change during the term. Students will be given notice of any changes to this outline on Connect.