



MOS 3311B Section – 001
Advanced Corporate Finance

Course Mode: In-Person

Instructor: Matt Cochrane

Office: Virtual

Office Hours: By appointment (Will be conducted via Zoom)

Email: mcochra3@uwo.ca

1. Course Information:

1.1 Class Location and Time

Wednesday, 12:30pm-3:30pm, SSC 2020

1.2 Course Description:

This course introduces students to an in-depth analysis of financial planning and management with emphasis on capital structure and dividend payout policies, cost of capital and capital budgeting, and working capital management. The course serves as a framework for understanding a broad range of corporate financial decisions.

Antirequisite(s): MOS 4310A/B.

Prerequisite(s): MOS 2310A/B OR MOS 3310A/B and enrolment in BMOS.

1.3 Accessibility:

DAN Department of Management & 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.

Contact Academic Support & Engagement at <http://academicsupport.uwo.ca/> for information about Western's Accessible Education.

More information about "Accessibility at Western" is available at: <http://accessibility.uwo.ca>

1.4 Land Acknowledgement:

We acknowledge that Western University is located on the traditional lands of the Anishinaabek, Haudenosaunee, Lūnaapéewak and Attawandaron peoples, on lands connected with the London Township and Sombra Treaties of 1796 and the Dish with One Spoon Covenant Wampum.

With this, we respect the longstanding relationships that Indigenous Nations have to this land, as they are the original caretakers. We acknowledge historical and ongoing injustices that Indigenous Peoples (e.g. First Nations, Métis and Inuit) endure in Canada, and we accept responsibility as a public

institution to contribute toward revealing and correcting miseducation as well as renewing respectful relationships with Indigenous communities through our teaching, research and community service. <https://indigenous.uwo.ca/initiatives/docs/indigenous-land-acknowledgment.pdf>

1.5 Senate Regulations

Senate Regulations state, “unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you will be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.”

This regulation is in regard to the PREREQUISITE COURSES required.

Students not in BMOS are permitted to enroll in up to 1.0 MOS courses, per the Academic Timetable. The requirement that states you must be in BMOS is lifted during registration on the priority lift dates as noted in the [Timetable](#).

2. Course Materials:

S.A. Ross, R.W. Westerfield, J.F. Jaffe, G.S. Roberts and H. Driss, 2022. Corporate Finance, Ninth Canadian Edition, McGraw-Hill Ryerson, ISBN: 978126088137.

3. Course Objectives and Format

The DAN Department of Management and Organizational Studies as a whole draws upon an evidence-based management approach. Evidence-based management is the systematic process of gathering evidence from multiple sources, critically appraising the evidence, and using that evidence in making and evaluating management decisions to improve organizational performance.

3.1 Course objectives

This course covers advanced topics in corporate governance, capital budgeting, capital structure and valuation.

3.2 Course Format

The course is scheduled as a series of 3-hour in-person lectures. Some class time might be set aside for course administration. are intended to be interactive and students are responsible for material covered in the lectures as well as the assigned readings. In addition, it is important that students regularly monitor email and OWL communication to stay up to date.

Any remote learning sessions for this course MAY be recorded from time to time. The data captured during these recordings may include your image, voice recordings, chat logs and personal identifiers (name displayed on the screen). The recordings will be used for educational purposes related to this course, including evaluations. The recordings may be disclosed to other individuals under special circumstances. Please contact the instructor if you have any concerns related to session recordings.

Participants in this course are not permitted to record the sessions, except where the participant has the prior written permission of the instructor.

4. Learning Outcomes

Upon successful completion of this course, students will be able to

- Explain financial markets and functions of corporate
- Calculate and Interpret time value of money
- Estimate bond prices and identify factors that affect bond prices
- Estimate the value of a common stock and evaluate if the stock is under or over priced
- Calculate different components of cost of capital and the overall cost of capital of a corporation
- Calculate efficient portfolio using stock data
- Understand and evaluate capital budgeting decision rules and explain how real options affect these decisions
- Classify and distinguish various types of risk and their relation to portfolio choice
- Describe and calculate a firm's capital structure and interpret how leverage and firm value are related using Miller-Modigliani propositions
- Explain how a firm's dividend policy is set and how it affects firm value

5. Evaluation

MIDTERM TEST:

The midterm test is an in-person closed book exam (no book or notes are allowed during the exam) and will contain both qualitative (state, explain, and/or describe) and quantitative (calculations) questions. The exam will be scheduled for 2 hours and conducted in class. Exams will not be returned to students but may be reviewed with the instructor in office hour.

MAKEUP MIDTERM TEST:

Students who miss the midterm test with legitimate reasons, subject to approval by Student Counselling, will have two options: 1) Students who miss the midterm test with legitimate reasons may take the makeup midterm test on March 31st (Friday), 9:00am-11:00am. 2) Students who miss the midterm test or the scheduled makeup midterm test with legitimate reasons can have the midterm grade reweighed towards the final exam; the final will then be worth 60% in this case.

CALCULATORS:

Only non-programmable calculators will be allowed into the exams. A financial calculator is allowed.

If you are unsure, please ask your professor.

GROUP PROJECT:

- Students are expected to form groups of 5 students and assigned with a TSX-listed public company for conducting a detailed financial analysis. The analysis should follow the topics covered in the course

and should answer the questions specified in the detailed project instructions posted on the course website.

- The final written report is due at midnight on April 5th, 2023. Late submissions will be deducted 5% out of the total component grade of 20% per day late, including weekends. The report should be written in a professional matter, properly edited and formatted.
- The 20% group project grade is composed of 20% of the report itself and may be discounted based on a peer evaluation grade.

Every student will evaluate each other team member in your group on their efforts and participation in the group project.

FINAL EXAMINATION:

The final exam is cumulative and may contain both qualitative (state, explain, and/or describe) and quantitative (calculations) questions and/or an essay. The exam will be scheduled for 3 hours during the exam period by the Registrar. Details of the exam format and specifics will be later announced in class. Exams will not be returned to students but may be reviewed with the instructor.

Electronic devices of any kind (including cell phones, smart watches and calculators) are NOT permitted at exams.

ATTENDANCE, PARTICIPATION, AND PROFESSIONALISM

The full score of attendance, participation, and professionalism is 10 points. Every student starts with a zero score. Points are earned by Attendance - taken each time in class (within the first 10 minutes) - or in the form of participation (answering homework questions). Attendance will earn 1 point, and a significant contribution (answering – or attempting - a full homework question) will earn 1 point. All points will be summed, and students with the highest weighted scores relative to their peers will receive the highest grades, and students with the lowest weighted scores will receive the lowest grades. 2 points maximum can be earned per class x 11 classes for a maximum of 22 points.

Students are responsible for material covered in the lectures as well as the assigned chapters/sections in the text. Exams will not be returned to students but may be reviewed by contacting your instructor.

Students are **REQUIRED TO COMPLETE ALL COMPONENTS** of this course. There are no exceptions to this. Extra assignments to improve grades will **NOT** be allowed.

Grades will not be adjusted on the basis of need. It is important to monitor your performance in the course. Remember: You are responsible for your grades in this course.

The DAN Department has a grade policy which states that for courses in the 3000-4000 range, the class average must fall between 70% and 77% for all sections of a course taught by the same instructor. In very exceptional circumstances only, class averages outside this range may be approved by the

Undergraduate Chair or Chair. Class averages are not grounds for appeal.

6. Lecture and Examination Schedule

Session	Date	Topics	Chapters
1	1/10	Introduction – Review of Corporate Finance Financial Markets and Net Present Value: First Principles of Finance	1 4
2	1/17	Long-term Financing: An Introduction Issuing Equity Securities to the Public Long Term Debt	15 20 21
3	1/24	Valuation of Stocks and Bonds Net Present Value and Capital Budgeting (Assigned Reading)	6 8
4	1/31	Real Analysis, Real Options and Capital Budgeting Risk and Return: Lessons from Market History	9 10
5	2/7	Risk and Return: The CAPM Model Review	11
6	2/14	Midterm Exam (in person & in class, 2 hours)	
7	2/21	Spring Reading Week Break	
8	2/28	The Alternative View of Risk and Return: The Arbitrage Pricing Theory	12
		Risk, Return and Capital Budgeting	13
9	3/7	Corporate Financing Decisions and Efficient Capital Market Capital Structure: Basic Concepts	14 16
10	3/14	Capital Structure: Basic Concepts Capital Structure: Limits to the Use of Debt	16 17
11	3/21	Valuation and Capital Budgeting for the Levered Firm Dividends and Other Payouts	18 19
12	3/28	Hedging: Basic concepts Mergers & Acquisitions: Brief discussion	23 30
13	4/4	Short term Financial Planning – Brief discussion Recap and overview of the course	27,28,29
14	TBD	Final Exam	

6.1 Assignment Schedule

	Due Date	Relevant Chapters
Assignment 1	21-Jan-24	1, 4, 15, 20, 21
Assignment 2	04-Feb-24	6, 8, 9, 10
Assignment 3	03-Mar-24	11, 12, 13
Assignment 4	17-Mar-24	14, 16, 17
Assignment 5	31-Mar-24	18, 19, 23, 30

7. Student Responsibilities

Students should familiarize themselves with Western University Senate Regulations, please see: http://www.uwo.ca/univsec/academic_policies/index.html.

Material covered in lectures will not always be the same as material covered in the textbook. These two sources should be viewed as complimentary and not redundant. As such, students who want to do well in this course are **strongly encouraged** to attend lectures on a regular basis. Please note that the instructor will not be providing copies of lectures notes or overheads. Therefore, if you miss a lecture, you should try to obtain this material from another student.

7.1 Respect

Please act respectfully towards the classroom, the instructor and your fellow students. Acting respectfully means arriving on time, turning off phones, avoiding private discussions during lectures, refraining from viewing non-course material on your laptops, and cleaning up after yourself. Acting respectfully provides a better learning experience for everyone.

Private in-class discussions are distracting to students and the instructor. If other students are distracting your attention from the material, you should ask them to be quiet. If you feel uncomfortable doing this (or the problem persists), please see your instructor.

Late arrivals are also distracting. Please try to arrive on time for classes.

7.2 No Recording of Classes

Students are not permitted to record any portion of a class, audio or video, without the prior written permission of the instructor.

7.3 Copyright Notice

Lectures and course materials, including power point presentations, outlines, and similar materials, are protected by copyright. You may take notes and make copies of course materials for your own educational use. You may **not** record lectures, reproduce (or allow others to reproduce), post or distribute lecture notes, wiki material, and other course materials publicly and/or for commercial purposes without the written consent of your instructor.

8. Exam Policies

- Bring student identification to exams.
- Nothing is to be on/at one's desk during an exam except a pencil, an eraser, an approved calculator, and the individual's student card
- No smart watches, smart phones, or other electronic devices are permitted at exams
- ***This course may have other exam guidelines and expectations outlined in a document on the course website. Students are expected to understand and adhere to these guidelines in order to avoid grade penalties.***

9. E-mail Policies

The following policies apply to all emails between students and the Professor. Please respect the fact that the Professor receives hundreds of emails from students and must deal with those emails in a fair and organized manner. Unacceptable emails will receive a reply saying only "Please see Email Policies on the course outline".

9.1 UWO.CA Email Addresses Only

For privacy reasons, students must use their Western email accounts to contact the Professor. The Professor will not respond to emails from non-uwo.ca addresses (e.g. hotmail.com, gmail.com, etc.).

9.2 Subject Line Must Include Course and Section Number

The subject line of emails must contain the **course code, and the section number** in which the student is enrolled. The Professor teaches different courses and sections and cannot properly respond to questions if he does not know which course or section you are enrolled in.

9.3 All emails must include student's Name AND Student Number

The body of the message must include the student's **name and student number**. Professional emails should address the professor by name.

9.4 Acceptable Emails

- asking to set up an appointment to ask questions or review an exam
- notification of illness or other special circumstances
- providing constructive comments or feedback about the course

9.5 Unacceptable Emails

- questions that may be answered on OWL or on this course outline
- questions about course content or materials (these should be directed to OWL Discussions)
- asking when grades will be posted
- asking what grade a student received
- asking where or when an exam is scheduled or the material covered on an exam
- requests for grade increases, extra assignments, or reweighting of course components

10. Attendance

It is expected that students will attend all classes. The instructor does not provide access to lecture notes.

Students are encouraged to obtain missed lecture notes from a fellow student.

10.1 Short Absences.

If you miss a class due to minor illness or other problems, check your course outlines for information regarding attendance requirements and make sure you are not missing a test or exam.

Cover any readings and arrange to borrow the missed lectures notes from a classmate.

10.2 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. The Academic Counsellors can help you to consider the alternatives. At your request, they can also keep your instructors informed about your difficulties.

11. Grade Fairness

Fairness requires that all students be treated equally and be evaluated using the criteria set out in this course outline. The evaluation criteria are based on actual achievement and not on how hard a student has tried.

Claims by students of an excellent academic history, good attendance record, need to obtain or maintain a scholarship, desire to be admitted to Ivey or graduate school, or other personal issues, cannot be used to justify a higher grade in the course or a reweighting of course components. There is no extra work or assignments available for extra credit or to "make up" for a course component that was missed or performed poorly.

You, the student, are responsible for the grades earned.

12. Posting of Grades

Midterm exam grades will be posted on OWL once the grades are available. Final exam grades and final course grades are not posted on OWL and are available once they have been posted by the Registrar under "Academic Summary" at the [Student Centre](#) website.

13. University Policy Regarding Illness, Absence and Accommodation

13.1 Illness

Students will need to provide a Student Medical Certificate if the absence is medical or provide appropriate documentation if there are compassionate grounds for the absence in question. Students are encouraged to contact their Faculty Academic Counselling office to obtain more information about the relevant documentation.

For privacy reasons, students should also note that individual instructors should not receive documentation directly from a student, whether in support of an application for consideration on medical grounds, or for other reasons. All documentation required for absences must be submitted to the Academic Counselling office of a student's Home Faculty.

For details on the Policy on Accommodation for Medical Illness, go to:

https://www.uwo.ca/univsec/pdf/academic_policies/appeals/academic_consideration.pdf

Students can download the Student Medical Certificate (SMC) here:

https://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf

13.2 Accessible Education

Students with disabilities work with Accessible Education (formerly SSD) which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The accommodation policy can be found here:

[https://www.uwo.ca/univsec/pdf/academic_policies/appeals/Academic Accommodation disabilities.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/Academic_Accommodation_disabilities.pdf)

Students needing access to Accessible Education should register here:

http://academicsupport.uwo.ca/accessible_education/index.html

13.3 Religious Accommodation

Students should consult the University's list of recognized religious holidays, and should give reasonable notice in writing, prior to the holiday, to the Instructor and an Academic Counsellor if their course requirements will be affected by a religious observance. Additional information is given in the [Western Multicultural Calendar](#).

13.4 Make Up Examinations

There is no make-up midterm exam in this course. If a student misses the regularly scheduled exam for any reason, and for which adequate documentation is received by the instructor (this documentation must be supplied by the Academic Counseling office), then **the student will receive a modified and lengthened final exam which will be re-weighted to 80% of the course grade weight. The modified exam will be scheduled for four (4) hours and may have a similar format as the regular final exam.**

If a student misses the regularly scheduled final exam for any reason, and for which adequate documentation is received by the instructor (this documentation must be

supplied by the Academic Counseling office), then the student must write a make-up final exam. ***The date and time of the final exam make-up will be set by the instructor, in accordance with the department and the University Special Examination dates as outlined in the Academic Handbook:***

https://www.uwo.ca/univsec/pdf/academic_policies/exam/definitions.pdf. The tentative date for the final exam make-up will be: May 10, 2024, and this date will be confirmed by the instructor.

The format of the final exam make-up may be different than the format of the regularly scheduled exam, but will contain the same breadth and depth of coverage.

If a student is unable to meet the scheduled make-up, then the student is responsible for obtaining new accommodations from Academic Counselling. If approved by the Dean's office such student may be given an opportunity to write a deferred make-up final exam during the regular final exam period the next time the course is offered in-person. This is expected to be in December 2024.

13.5 Accommodation for missed Assignments and Exit Surveys

Universal accommodation is built-in to the grading policy for Assignments and Exit Surveys by automatic grade adjustments or tiered deadlines. Please refer to the course expectation documents for further information. **In general, there are no further extensions, make-ups, or re-writes for any missed problem sets or missed contribution opportunities (via iClicker or other) during lectures.** Students who face extraordinary circumstances, which require multiple assessments to be missed, should seek advice and/or accommodation through the Academic Counselling office of their respective faculty. In such rare instances, grade re-weighting may be available on a case-by-case basis.

14. University Policy on Cheating and Academic Misconduct

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/pdf/academic_policies/appeals/scholastic_discipline_undergrad.pdf

Students are responsible for understanding the nature of and avoiding the occurrence of plagiarism and other academic offenses. Students are urged to read the section on Scholastic Offenses in the [Academic Calendar](#).

Note that such offenses include plagiarism, cheating on an examination, submitting false or fraudulent assignments or credentials, impersonating a candidate, or submitting for credit in any course without the knowledge and approval of the instructor to whom it is submitted, any academic work for which credit has previously been obtained or is being sought in another course in the University or elsewhere. If you are in doubt about whether what you are doing is inappropriate, consult your instructor. A claim that "you didn't know it was wrong" will not be accepted as an excuse.

The use of AI and translation tools in written work beyond a dictionary is not permitted unless permission is granted by the instructor for specific circumstances. Any work submitted must be the work of the student in its entirety unless otherwise disclosed. When used, any such AI or translation tool should be used ethically and responsibly, and students must cite or credit the tools used in line with the expectation to use AI as a tool to learn, not only to produce content.

Within this course, students are permitted to use AI tools exclusively for information gathering and preliminary research purposes. These tools are intended to enhance the learning experience by providing access to diverse information sources. However, it is essential that students critically evaluate the obtained information, exercise independent thinking, and engage in original research to synthesize and develop their own ideas, arguments and perspectives. The use of AI tools can serve as a starting point for exploring a topic, with students expected to uphold academic integrity by appropriately attributing all sources of information and avoiding plagiarism. Essays, written assignments and/or lab reports should reflect the student's own thoughts and independent written work. Students should also generate their own figures (e.g., graphs, diagrams) rather than using AI generated ones. By adhering to these guidelines, students contribute to a responsible and effective learning environment that promotes critical thinking and independent inquiry to produce original written contributions. The same principles also apply to the use of translation software to support the writing the essays and other written assessments.

A copy of guidelines about how to avoid cheating can be obtained from the [Office of the Ombudsperson](#), Room 3135 WSSB, (519) 661-3573, ombuds@uwo.ca.

Cheating on exams will not be tolerated; students are referred to the university policy on scholastic offenses. Looking at the test of another student, allowing another student to view your exam, or obtaining information about a test in advance are all examples of cheating.

Students found cheating will receive a zero (0%) on that exam. A number of safeguards will be employed to discourage cheating. For example, examination supervisors (proctors) of the tests may ask students to move to another seat during the exam, cover their paper, avert their eyes from other students' papers, remove baseball caps, etc. This is not meant as a personal affront nor as an accusation of cheating, rather as vigilant attempts at proctoring.

The penalties for a student guilty of a scholastic offense include refusal of a passing grade in the assignment, refusal of a passing grade in the course, suspension from the University, and expulsion from the University.

15. Procedures For Appealing Academic Evaluations

1. In the first instance, all appeals of a grade must be made to the course instructor (informal consultation).
2. If the student is not satisfied with the decision of the course instructor, a written appeal must be sent to the Undergraduate Chair of the Department of Management and Organizational Studies.
3. If the response of the Undergraduate Chair is considered unsatisfactory to the student, they may then appeal to the Dean of the Faculty in which the course of program was taken.
4. Only after receiving a final decision from the Dean may a student appeal to the Senate Review Board Academic. A Guide to Appeals is available from the Office of the Ombudsperson.

16. Support Services

16.1 Support Services

The Registrar's office provides you with information on services, courses, student finances, resources, latest news, as well as Student Central's hours of operation at <http://www.registrar.uwo.ca>

Student Support Services (*including the services provided by the USC listed here*) can be reached at: <http://westernusc.ca/services/>

Academic Support & Engagement can be reached at: <http://academicsupport.uwo.ca>

Students who are in emotional/mental distress should refer to Health and Wellness:
<https://www.uwo.ca/health/> for a complete list of options about how to obtain help.

16.2 Academic Concerns

If you are in academic difficulty, it is strongly recommended that you see your academic counsellor.