

**PROVIDENCE COLLEGE**  
**473.32 – Corporate Finance**  
**3 credit hours**  
**2010 Winter**

Professor: Bruce Duggan  
[bruce.duggan@prov.ca](mailto:bruce.duggan@prov.ca)

Office: 2H26

Website: <http://businessadministration.prov.ca/CF>

Classes: Mon 3:20 – 4:35 2H31  
Thu 9:50 – 11:05

Office hours: Mon 2:00 – 3:15  
Wed 8:15 – 11:00  
Thu 8:15 – 9:45  
3:00 – 4:30

Email to set up appointments at other times.

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## **SYLLABUS**

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### **A. COURSE DESCRIPTION**

This course is a comprehensive introduction to the finance function of business organizations and how it impacts the other decision-making areas in the firm. The concepts of value, risk, capital budgeting, and financial planning are explored. The course addresses the concepts and techniques for planning and allocation of financial resources from the standpoint of internal management.

### **B. COURSE OBJECTIVES**

This course is intended to introduce the student to the fundamentals of finance. It will also present analytical tools in the form of equations, models, and processes, which the student will use in addressing corporate financial problems and issues.

Specifically, a student with successful completion of this course should be able to:

- Define and explain terms, concepts and principles used in corporate finance.
- Understand and use equations and models presented in the course.
- Apply concepts, principles, equations and models to new situations.

## C. COURSE TEXTS

Ross, S. A., Westerfield, R. W., Jordan, B. D., & Roberts, G. S. (2007). *Fundamentals of Corporate Finance, 6<sup>th</sup> Cdn. ed.* Toronto: McGraw-Hill Ryerson. ISBN: 0-07-095910-2.

The previous Canadian edition (2005) is an acceptable substitute.

## D. COURSE REQUIREMENTS

### 1. Preparation

Students are required to prepare for and attend all classes. Assigned text chapters must be completed prior to class.

### 2. Participation

Participation is more than just attending class; it means entering fully into class discussions and exercises. Students are expected to share concepts, information, and solutions—and to listen and respond to the contributions of others. Differing points of view are encouraged. The goal throughout is a thorough, lively, and loving exploration of the problems of corporate finance.

During class, you should

- be able to demonstrate knowledge of all the materials covered
- respond to the materials, the professor, and the ideas of fellow students

While your voluntary participation is strongly encouraged, you should be prepared to respond when called upon to give your views. On the other hand, you should avoid continuously dominating class and group discussion. The most valuable elements of participation are:

- reading the materials beforehand
- listening carefully to what others have to say
- responding to those comments

### 3. Reports

There will be five take-home assignments. Each will be based on exercises from the book, and will be framed as a request for a report from finance to senior management of a firm. They are required to conform to a standard business report format outlined in texts available on reserve in the library.

In some cases, they may be assigned to groups. In those cases, all members of the group will get the same mark.

#### **4. Quizzes**

There will be five non-cumulative quizzes. Each quiz will last 15 minutes and will cover the textbook material assigned since the last quiz. They will include material that is assigned to be read by the beginning of the class, but is not yet discussed in class.

The best way to study for the quizzes is to work through:

- All the “Chapter Review Problems and Self-Test”, the “Concepts Review and Critical Thinking Questions” at the end of the chapter.
- All the “Questions and Problems” marked “Basic” at the end of the chapter, as well as a few of the questions marked “Intermediate”.
- The online self-study materials available through your textbook.

Students can bring calculators to all quizzes, tests, and exams, if they desire. Formula sheets will be provided, as needed.

#### **5. Term tests**

Two non-cumulative term tests, each a class period in length, will examine the core subject material through questions and problems similar to ones at the end of each chapter in the textbook.

The best way to study for the term tests is to work through:

- All the “Questions and Problems” marked “Intermediate” at the end of the chapters covered, as well as a few of the questions marked “advanced”.
- A review of the online self-study materials.

#### **6. Final exam**

The final exam is cumulative and will be held:

- Monday, April 19<sup>th</sup>, 2:00 – 4:00

It will consist of multiple choice and problem or case questions. Everything covered in class and in the assigned chapters is testable.

The best way to study for the term tests is to thoroughly the material you studied for the quizzes and term tests, as well as:

- The Mini Cases at the end of the assigned chapters.

- The S&P problems at the end of the assigned chapters.

*The date and time of the exam is subject to change by the Registrar's Office.*

## E. GRADING SUMMARY

Excellent	A+	4.0	>92
	A		85-92
	A-		80-84
Very Good	B+	3.5	77-79
	B	3.0	73-76
Good	B-		70-72
	C+	2.5	67-69
Satisfactory	C	2.0	63-66
	C-		60-62
Marginal	D+	1.0	57-59
	D		53-56
	D-		50-52
Failure	F	0.0	<50

<i>Group Work</i>		<i>Individual Work</i>	
Participation in a study group 10%		Reports	15%
		Quizzes	15%
		2 term tests	20%
		Final exam	20%
		Participation in class	20%
Total	10%	Total	90%

## F. COURSE POLICIES

Full text to the academic policies, procedures and regulations of Providence College can be found online in the Student Handbook

([http://www.providencecollege.ca/college/student\\_life/](http://www.providencecollege.ca/college/student_life/)) and the College Academic Calendar

([http://www.providencecollege.ca/college/programs/registrar\\_office/calendar/](http://www.providencecollege.ca/college/programs/registrar_office/calendar/)).

### **1. *Class Attendance Policy***

Students are required to provide an explanation for absences, using the Absence Form available in the Registrar's Office. Absences will affect the participation grade.

### **2. *Late Assignment Policy***

Assignments will not normally be accepted late. Assignments will be collected at the beginning of class on the day they appear in the class calendar.

Penalty for late assignments can be worth from 10% to 100% of the mark, depending on the importance of the lateness and on the nature of the assignment. If a student hands in a late assignment and wishes it to be considered for partial marks, they must submit it with the Late Assignment Form available in the Registrar's Office.

### **3. *Plagiarism***

Students are expected to demonstrate academic integrity in all its various forms, and will be held accountable for doing so by the policy on Academic Conduct in the Student Handbook ([http://www.providencecollege.ca/college/student\\_life/](http://www.providencecollege.ca/college/student_life/)).

One particularly problematic breach of academic integrity is plagiarism, which is stealing from the ideas and writings of another person and passing them off as one's own. For an elaboration of the nature, types, and prevention of plagiarism, see the Providence College document entitled "Academic Dishonesty: The Problem of Plagiarism in Academic Writing," in the Providence College Academic Formation Guide available in the Bookstore.

### **4. *Final Exam Policy***

All requests to have a final exam rescheduled must be approved by the Academic Committee in accordance with the Early Leave Policy (available in the College Academic Calendar [http://www.providencecollege.ca/college/programs/registrar\\_office/calendar/](http://www.providencecollege.ca/college/programs/registrar_office/calendar/)).

### **5. *Missed Exams***

Students who miss exams other than a final exam are responsible to contact the professor within one week of the exam date if they still wish to write the exam. Permission to do so will be given to only those students who present evidence or reasonable grounds acceptable to the professor for having missed the exam. The format of the exam will be at the discretion of the professor, with essay questions likely. Students who do not write an exam by at most two weeks after the exam date will receive a grade of zero for that component of the course.

Exceptions to final exams must be processed by appeal to the Academic Committee.

## 6. Information and Communication Technologies in the Classroom

Student use of information and communication technologies for purposes other than class note-taking is not allowed in the classroom, as students are expected to give their total attention to class activities. Use of cell-phones or iPods is never appropriate in the classroom, and use of laptop computers to play games, chat with others, browse the internet, or engage material not related to the class is always distracting to classmates and disrespectful to the instructor. Unlike some other post-secondary institutions, Providence has not yet found it necessary to ban laptops from the classroom, or prevent wireless internet access in classrooms. Only judicious use of them will keep it that way.

## G. COURSE SCHEDULE

<i>days</i>	<i>week</i>	<i>topic</i>	<i>have read text chapters</i>	<i>quizzes</i>	<i>reports</i>	<i>term tests</i>
Jan 11 14	1	Accounting for Finance	1 & 2			
18 21	2	Financial Statement Ratios	3	q1		
25 28	3	Financial Planning Decisions	4		r1	
Feb 1	4	<i>Review</i>				
8	5	<i>Term Test</i>				
11	5	Time Value of Money	5			tt1
18	6	Discounted Cash Flow Valuation				
22 25	7	Interest Rates & Bond Valuation	6 7	q2		
<i>Reading Week</i>						
Mar 8 11	8	Stock Valuation	8	q3	r2	
15 18	9	<i>Term Test</i> Net Present Value	9		r3	tt2
22 25	10	Risk & the Security Market Line	13	q4		
29	11	Cost of Capital	14		r4	
Apr 1 5 8	12	Financial Leverage & Capital Structure Policy	16	q5		
12 15	13	Dividends & Dividend Policy <i>Review</i>	17		r5	

*Other topics may be included from the text as time permits.*