



Business Administration

Course Number:	BUAD 296
Course Title:	LONG-TERM CAPITAL MANAGEMENT
Credits:	3
Calendar Description:	An introduction to the long-term treasury functions of business: namely, the raising of long-term capital and the evaluation of proposals for the investment of this capital. Topics include the time value of money; risk versus return; the cost of capital; capital budgeting; leasing versus purchasing; capital markets; financing with common stock, preferred stock, bonds, and retained earnings; convertible securities and warrants. <i>(also offered by Distance Education)</i>
Semester and Year:	Winter 2018
Prerequisite(s):	MATH 114
Corequisite(s):	No
Prerequisite to:	BUAD 350, 461
Final Exam:	Yes
Hours per week:	3
Graduation Requirement:	BBA, Finance Specialty – Elective Diploma, Accounting Option – Elective
Substitutable Courses:	
Transfer Credit:	CPA (credit with BUAD 195), PMAC
Special Notes:	
Originally Developed:	1994
EDCO Approval:	May 2017

Chair's Approval:

A handwritten signature in black ink, appearing to read "Laura A. P.", is written over a light gray rectangular background.

Professors

Name	Phone number	Office	Email
Michael Hazen <i>Course Captain</i>	250-762-5445 x4925	Kelowna: C107	MHazen@okanagan.bc.ca
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Learning Outcomes

<p>Upon completion of this course students will be able to</p> <ul style="list-style-type: none"> • evaluate the funding of large capital projects by calculating the weighted average cost of capital under different corporate structures. • use Net Present Value and Internal Rate of Return techniques to evaluate proposed capital projects as well as bond refunding and lease-versus-purchase decisions. • evaluate risk using the standard deviation, the coefficient of variation of returns, and the portfolio effect. • explain various terms relating to capital markets and the functions of dealers and underwriters. • apply the marginal principle of retained earnings and residual theory to dividend declaration decisions. • calculate the effects of stock dividends, stock splits, and stock repurchases on overall shareholder wealth. • evaluate corporate investment decisions involving call and put stock purchase options, stock purchase warrants, and forward contracts used as investments and/or hedges. • evaluate the viability of corporate mergers. • explain issues involved in international financial management and perform calculations involving foreign exchange rates.
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Course Objectives

<p>This course will cover the following content: See Weekly Schedule</p>
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Evaluation Procedure

Term Work	10%
Mid-term Exam	40%
Final Exam	50%
Total	100%

Notes

Term Work Will include hand-in assignments and short in-class quizzes.
Calculator Students will require a financial calculator for this course. The Texas Instruments BA-II Plus is strongly recommended, but any brand or model of non-programmable financial calculator, which can perform time-value-of-money calculations, is acceptable.
Exams Please note that Okanagan College Policy states that all students must write final examinations when required at the scheduled times and dates.

Required Texts/Resources

Foundations of Financial Management, Tenth Canadian Edition by Block, Hirt, Short
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Course Schedule

Date		Topic	Textbook
Week of:		Wed., Jan. 3 Classes begin for all academic programs Mon., Feb. 12 Family Day (no classes) Tues., Feb. 13 to Fri., Feb. 16 , Mid-semester study break. No classes Fri., Mar. 30 to Mon., Apr. 2 Easter (no classes or exams) Thur., Apr. 12 Last day of regularly-scheduled classes. Mon., Apr. 16 to Thur., Apr. 26 Final exam period	
Jan	1	Valuation and Rates of Return	Ch 10
	8	Cost of Capital	Ch 11
	15	Cost of Capital The Capital Budgeting Decision	Ch 11 Ch 12
	22	The Capital Budgeting Decision	Ch 12
	29	Risk and Capital Budgeting	Ch 13
Feb	5	Capital Markets/Investment Underwriting	Ch 14 – 15
	12	FAMILY DAY & MID-SEMESTER BREAK (<i>no classes</i>)	
	19	Review and Mid-term Exam (date to be confirmed)	
	26	Long-Term Debt and Lease Financing	Ch 16
Mar	5	Common and Preferred Stock Financing	Ch 17
	12	Dividend Policy and Retained Earnings	Ch 18
	19	Derivative Securities	Ch 19
	26	Derivative Securities External Growth through Mergers	Ch 19 Ch 20
Apr	2	International Financial Management	Ch 21
	9	Wrap Up and Review	
Apr	16 - 26	Final Exam Period	

This schedule is subject to change at the discretion of the instructor.

SKILLS ACROSS THE BUSINESS CURRICULUM

The Okanagan School of Business promotes core skills across the curriculum. These skills include reading, written and oral communications, computers, small business, and academic standards of ethics, honesty and integrity.

STUDENT CONDUCT AND ACADEMIC HONESTY

What is the Disruption of Instructional Activities?

At Okanagan College (OC), disruption of instructional activities includes student “conduct which interferes with examinations, lectures, seminars, tutorials, group meetings, other related activities, and with students using the study facilities of OC”, as well as conduct that leads to property damage, assault, discrimination, harassment and fraud. Penalties for disruption of instructional activities include a range of sanctions from a warning and/or a failing grade on an assignment, examination or course to suspension from OC.

What is Cheating?

“Cheating includes but is not limited to dishonest or attempted dishonest conduct during tests or examinations in which the use is made of books, notes, diagrams or other aids excluding those authorized by the examiner. It includes communicating with others for the purpose of obtaining information, copying from the work of others and purposely exposing or conveying information to other students who are taking the test or examination.”

Students must submit independently written work. Students may not write joint or collaborative assignments with other students unless the instructor approves it in advance as a group/team project. Students who share their work with other students are equally involved in cheating.

What is Plagiarism?

Plagiarism is defined as “the presentation of another person’s work or ideas without proper or complete acknowledgement.” It is the serious academic offence of reproducing someone else’s work, including words, ideas and media, without permission for course credit towards a certificate, diploma, degree and/or professional designation. The defining characteristic is that the work is not yours.

“Intentional plagiarism is the deliberate presentation of another’s work or ideas as one’s own.” Intentional plagiarism can be a copy of material from a journal article, a book chapter, data from the Internet, another student, work submitted for credit in another course or from other sources.

“Unintentional plagiarism is the inadvertent presentation of another’s work or ideas without proper acknowledgement because of poor or inadequate practices. Unintentional plagiarism is a failure of scholarship; intentional plagiarism is an act of deceit.”

What are the Students’ Responsibilities to Avoid Plagiarism?

Students have a responsibility to read the OC Plagiarism Policy and Procedures outlined in the OC calendar, which is available in online format www.okanagan.bc.ca. Students must acknowledge the sources of information used on all their assignments. This usually involves putting the authors’ name and the year of publication in parentheses after the sentence in which you used the material, then at the end of your paper, writing out the complete references in a Reference section.

“Students are responsible for learning and applying the proper scholarly practices for acknowledging the work and ideas of others. Students who are unsure of what constitutes plagiarism should refer to the UBC publication “*Plagiarism Avoided; Taking Responsibility for your Work*”. This guide is available in OC bookstores and libraries.

Students are expected to understand research and writing techniques and documentation styles. The Okanagan School of Business requires the use of the APA or MLA style, but suggests that students cite references using the APA guidelines (see Publication Manual of the American Psychological Association, 6th edition (2009)). A copy of the APA manual is available in the reference section and also available for circulation from OC libraries. The library website has access to these two major citing styles.

What are the Penalties for Plagiarism and Cheating?

The Okanagan School of Business does not tolerate plagiarism or cheating. All professors actively check for plagiarism and cheating and the Okanagan School of Business subscribes to an electronic plagiarism detection service. All incidents of plagiarism or cheating are reported and result in a formal letter of reprimand outlining the nature of the infraction, the evidence and the penalty. The Dean of the Okanagan School of Business and the Registrar record and monitor all instances of plagiarism and cheating. Penalties for plagiarism and cheating reflect the seriousness and circumstances of the offence and the range of penalties includes suspension from OC.