




Business Administration

Course Number:	BUAD 461
Course Title:	APPLIED CORPORATE FINANCE
Credits:	3
Calendar Description:	This course uses the case method to build on concepts learned in earlier finance courses by applying those concepts to specific finance problems in a real business setting. Through the discussion of key concepts such as cost of capital, capital budgeting, optimal capital structure, financing alternatives and business valuation, students learn the analytical techniques necessary to make rational financial decisions.
Semester and Year:	Fall 2018
Prerequisite(s):	BUAD 195, BUAD 264, BUAD 296
Co-requisites(s):	Buad 340
Prerequisite to:	No
Final Exam:	Yes
Hours per week:	3
Graduation Requirement:	Elective – BBA, Finance Option
Substitutable Courses:	No
Transfer Credit:	
Special Notes:	
Originally Developed:	April 2013
EDCO approval:	
Chair's Approval:	

Professors

Name	Phone	Office	Email
Dean Warner	250-762-5445 #4958	Kelowna: C139	dwarner@okanagan.bc.ca

Learning Outcomes:

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

1. Complete complex financial analyses, including calculation of appropriate ratios and preparation of common size statements, related to assigned case scenarios dealing with adequacy of working capital, sustainable growth, reasonability of sales forecasts and similar topics.
2. Calculate the cost of capital for both private and public corporations using data from cases and from publicly available financial reports in order to identify the most appropriate variables for the calculation.
3. Apply net present value techniques in complex capital budgeting case scenarios in order to evaluate and justify capital investment decisions.
4. Based on best practices, evaluate capital structure decisions in case scenarios dealing with topics such as dividend policy, share repurchase decisions, impact of changing leverage and optimal capital structure.
5. Using Excel as a tool, develop models of free cash flow forecasts and use these models to evaluate various scenarios in assigned business cases.
6. Apply specified techniques in cost of capital calculations and free cash flow modeling to valuation decisions associated with assigned cases related to private equity investments, mergers and acquisitions and IPO valuations.
7. Integrate complex financial analysis within a broader framework of strategic analysis.
8. Present verbal and written case presentations based on the standards provided.

Course Objectives:

This course will cover the following content:

*See Course Schedule

Evaluation Procedure

Individual Component:	Learning Outcomes Evaluation	Weighting
Individual Case Analysis & Write-up	1,2,3,4,5,6,7	10%
Mid-term Exam	1,2,3,4,5,7	35%
Final Exam	1,2,4,5,6,7	35%
Group Component:		
Case Presentations – Verbal (2)	7,8	20%
Total		100%

Required Texts/Resources

BuAd 461 Course Pack – Applied Corporate Finance – Fall 2018

RECOMMENDED SUPPLEMENTARY TEXT:

- Business Valuation Demystified – Edward Nelling – McGraw Hill
- Foundations of Financial Management, any Canadian Edition, Block, Hirt & Short (Text from Buad195/296). (Past students have found it useful to keep their Block text from Buad195/296 to review concepts as necessary. However, it is not necessary to buy this text if you don't have a copy – the required texts will be sufficient)

OTHER REQUIREMENTS:

- A financial calculator will be required for every class – Texas Instruments BAII+ recommended
- Cases frequently require analysis using a spreadsheet program such as Excel and students will be expected to use laptops/tablets in class from time to time to work on Excel files.

COURSE SCHEDULE: *(subject to change at discretion of professor)*

Date	Topic / Required Reading
Class of:	Tues. Sept 4 College-wide Orientation Day Wed. Sept 7 Classes begin Mon. Oct 8 Thanksgiving Day – no classes Mon. Nov 12 Remembrance Day (in lieu) – no classes Thurs. Dec 6 Last day of regularly scheduled classes
Sept 7	Introduction to the Course, Analysis of Finance Cases, Review of core concepts from Buad195/296 and introduction of new concepts. Required Reading/Review for next week: <ul style="list-style-type: none"> • Introductory PowerPoint slides and familiarization with other material on Moodle • Course pack: Delisle Industries • Nelling text: Chapters 1 to 4
Sept 14	<p>Case Discussion: Delisle Industries – financial statement analysis and financial health assessment</p> <ul style="list-style-type: none"> • No team presentations but all students to be prepared for case discussion. <p>Concept coverage for next class: banking / credit risk assessment, forecasting</p> <p>Required Reading/Review for next week:</p> <ul style="list-style-type: none"> • Course pack: Everything Rattan • Nelling: Chapter 3 • Moodle articles on credit assessment
Sept 21	<p><u>First team presentations</u> and case discussion: Everything Rattan – credit and risk assessment</p> <p>Concept coverage for next class: cost of capital and capital budgeting</p> <p>Required Reading/Review for next week:</p> <ul style="list-style-type: none"> • Course pack: Frozen Food Products: Cost of Capital • Course pack: Best practices in estimating cost of capital • Nelling: Chapters 5, 7
Sept 28	<p><u>Second team presentations</u> and case discussion: Frozen Food Products: Cost of Capital</p> <p>Concept coverage for next class: Cash flow forecasting for capital budgeting</p> <p>Required Reading/Review for next week:</p> <ul style="list-style-type: none"> • Course pack: Magic Timber & Steel • Course pack: The Thoughtful Forecaster • Nelling: Chapter 4

<p>Oct 5</p>	<p><u>Third team presentations</u> and case discussion: Magic Timber & Steel</p> <p>Concept coverage for next case (after midterm): Capital structure decisions</p> <p>Required Reading/Review for case (after midterm):</p> <ul style="list-style-type: none"> • Course pack: B/E Aerospace, Inc. • Course pack: Management of Financial Policy Decisions <p>Review of concepts for the Midterm Exam</p>
<p>Oct 12</p>	<p>Midterm Exam</p>
<p>Oct 19</p>	<p><u>Fourth team presentations</u> and case discussion: B/E Aerospace</p>
<p>Oct 26</p>	<p>No Cases or Presentations Today Review of Midterm Exam</p> <p>Concept review for next class: Business Valuation</p> <p>Required Reading/Review for next week:</p> <ul style="list-style-type: none"> • Course pack: Saito Solar case • Nelling: Chapters 5,6,7 & 8 • Course pack: <ul style="list-style-type: none"> ○ Valuing a Business or Earnings Stream ○ Note on Cash Flow Valuation Methods ○ Note on Private Company Valuation ○ Business Valuation: Standard Approaches
<p>Nov 2</p>	<p><u>Fifth team presentations</u> and case discussion: Saito Solar</p> <p>Concept review for next class: Valuation, Private Equity & Venture Capital</p> <p>Required Reading/Review for next class:</p> <ul style="list-style-type: none"> • Course pack: Arcadian Microarray Technologies • Nelling: Chapters 5, 6 and 7 • Course pack: review last week's reading on valuations plus Methods of Valuation for Mergers & Acquisitions, Corporate Valuations and Market Multiples • Moodle article on Private Equity and Venture Capital

Nov 9	<p><u>Sixth team presentations</u> and case discussion: Arcadian Microarray Technologies</p> <p>Concept review for next class: Valuation for M&A Deals</p> <p>Required Reading/Review for next class:</p> <ul style="list-style-type: none"> • Course pack: Loblaws Company Limited: Acquiring Shoppers Drug Mart case • Course pack: Methods of Valuation for Mergers & Acquisitions • Review of relevant material from course pack and Nelling text
Nov 16	<p><u>Seventh team presentations</u> and case discussion: Loblaws Company Limited: Acquiring Shoppers Drug Mart</p> <p>Required Reading/Review for next class:</p> <ul style="list-style-type: none"> • Course pack: JetBlue Airways IPO Valuation case • Course pack: Methods of Valuation for Mergers & Acquisitions • Review of relevant material from course pack and Nelling text
Nov 23	<p><u>Eighth team presentations</u> and case discussion: JetBlue Airways IPO Valuation</p> <p>Required Reading/Review for next class:</p> <ul style="list-style-type: none"> • Course pack: Spotify's Direct-Listing IPO case • Course pack: Methods of Valuation for Mergers & Acquisitions • Review of relevant material from course pack and Nelling text
Nov 30	<p><u>Ninth team presentations</u> and case discussion: Spotify's Direct-Listing IPO</p> <p>Review of concepts for Final Exam</p>
Dec 8-19	Final Exam Period

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.