



DEPARTMENT OF BUSINESS AND OFFICE ADMINISTRATION
COURSE OUTLINE – WINTER 2020

BA2230 (A3): Finance II – 3 (3-0-0) UT 45 Hours for 15 Weeks

INSTRUCTOR: Abigail (Abby) Head **PHONE:** 780-539-2712
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OFFICE HOURS: Monday 1 PM – 2:20 PM and Wednesday 10 AM to 11:20 PM

CALENDAR DESCRIPTION:

This course is a study of the objectives of financial management and the related role and responsibilities of the financial manager. The approach is practical in nature with references to the development of theories in finance. The various applications of funds by the firm are explored in this sequential course using a corporate framework.

PREREQUISITE(S)/COREQUISITE:

BA 2030 Finance I

REQUIRED TEXT/RESOURCE MATERIALS:

Block, Hirt, Danielsen, and Short (2018), Foundations of Financial Management, 11th Canadian Edition, McGraw-Hill Ryerson Limited.

This text includes the Connect with Smartbook Online Access. The text is used extensively. All students must purchase a McGraw Hill Connect with Smartbook Online Access. Students must have an access code in order to gain access to online resources, complete assignments, and/or quizzes. It is the student's choice if they purchase a new textbook with a Connect access code or an e-book with a Connect access code. If you have purchased a used textbook, you will have to purchase a Connect access code separately at https://connect.mheducation.com/class/a-head-section-a3_winter-2020

Financial calculator (choose one of the following popular calculator brands):

- Texas Instruments (BA II Plus),
- Hewlett-Packard (HP-10B II), or
- Sharp (EL-738) (used in BA1050)

Calculators and pre-approved translation devices are the *only* electronic devices allowed during quizzes, tests and/or examinations. *Cell phones and programmable devices may not be used in testing or examinations. Devices may not be shared by students during quizzes, tests, and/or the final exam. Please bring your own approved calculator to class and during quizzes and exams.*

DELIVERY MODE(S):

Class includes lectures and discussions of required course objectives, selected problems, and cases. Students are expected to participate fully in the discussion and analysis. *Solutions to problems discussed and completed in class will be provided only in class and will not be posted to Moodle.*

COURSE OBJECTIVES:

Students will study and apply financial concepts and analytical tools to identify, evaluate, and propose sources of funds available to a firm for shareholder wealth maximization.

LEARNING OUTCOMES:

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

- Apply and calculate the time-value-of-money given various scenarios.
- Calculate and assess yields based on time relationships between cash flows.
- Calculate, evaluate, and analyze the valuation of various financial assets.
- Define and construct the cost of capital and use it as a financial evaluation tool.
- Calculate, analyze, and propose the optimal capital structure of a firm.
- Apply the marginal cost of capital concept.
- Apply the concept of cash flows to evaluate capital budgeting decisions to create value for a firm.
- Calculate and evaluate various investment proposals for a firm using a range of evaluation methods to increase the value-added to the firm.
- Integrate cash flows from an investment decision and perform net present value analysis to implement a long-run decision-making process.
- Analyze risk using standard deviation, coefficient of variation, and beta.
- Integrate basic risk-adjusted discount rates to justify the risk in capital budgeting analysis.
- Assess a project's risk, given a firm's portfolio.
- Outline the participants raising monies in the capital markets.
- Summarize the three major sectors allocating funds amongst themselves.
- Outline the organization of the securities markets and assess the concept of market efficiency and its benefits.
- Describe the financial regulatory environment in Canada.
- Identify, describe, and outline features of various types of long-term debt.
- Analyze the decision to refund or reissue debt with a change in interest rates.
- Outline features of long-term financing and analyze a lease versus purchase decision.
- Outline the rights of shareholders as owners of the corporation.
- Calculate the number of shares to elect a director and the values of rights, shares, and shareholder wealth during a rights-offering.
- Calculate the tax treatment and the after-tax income from preferred dividends versus bond interest. Students will be able to identify financial alternatives for firms in financial distress.
- Justify the decision to reinvest or payout internally generated funds and calculate dividend payout ratios and yields.
- Outline the life cycle of dividends and the factors to be considered by a firm in the firm's dividend policy.
- Describe and calculate the effect of stock splits and stock dividends.
- Outline the use of forwards, futures, and options.
- Examine the benefits of a convertible security and calculate the conversion value.

TRANSFERABILITY:

Concordia University of Edmonton
MacEwan University
King's University
University of Lethbridge

***Warning:** Although we strive to make the transferability information in this document up-to-date and accurate, **the student has the final responsibility for ensuring the transferability of this course to Alberta Colleges and Universities.**

Please consult the Alberta Transfer Guide for more information. You may check to ensure the transferability of this course at Alberta Transfer Guide main page <http://www.transferralberta.ca> or, if you do not want to navigate through few links, at <http://alis.alberta.ca/ps/tsp/ta/tbi/onlineearch.html?SearchMode=S&step=2>

****Grade of D or D+ may not be accepted for transfer to other post-secondary institutions. Students are cautioned that it is their responsibility to contact the receiving institutions to ensure transferability.**

EVALUATIONS:

The grading system will be as follows:

Assignments	_____	12%
Quizzes	_____	10%
Term Examination 1	_____	20%
Term Examination 2	_____	20%
Final Examination (cumulative open-book on-line exam cumulative)	_____	38%

Commented [HA1]: Final exam will be online.

Note: LearnSmart chapter modules in Connect are *not graded* and are for study purposes only.

Assignments

Assignments are completed in McGraw Hill Connect and are to be submitted by the due date specified. Late submissions are not accepted. Extensions or re-writes are not granted. Study attempts are allowed after the due date; study attempts do not change your posted grade.

Each assignment consists of questions that are randomly generated. No two students will necessarily write the same assignment. *Assignments may only be taken once and require you to log in to the website under your own name and password.* Grading will appear in a student's Connect on-line grade book and Moodle Gradebook. Students are asked to check the accuracy of the posted grade and report inconsistencies within one week of the posted submission date.

Assignments may be taken at any time *before* the due date and from any location with internet access. Secure and reliable web access is recommended. *Once the assignment is started, you must complete the entire assignment within the allowed time.* Logging off or losing an internet connection during the assignment will result in a grade based only on the proportion of the assignment submitted.

Turnitin plagiarism software will be utilized by the instructor for assignments that require written submission(s) by the student.

Quizzes

Quizzes will be given throughout the semester. Quizzes may be in Connect or during class (closed book) in paper format. It is anticipated that there will be two quizzes, however, this may change at the discretion of the instructor. Unexcused absences during a quiz will earn a grade of zero.

Term exams

These are ~~closed~~ open-book online exams in Moodle or McGraw Hill Connect (at the discretion of the instructor). Term exams will be held after the completion of Chapters 12 and 16; see tentative course schedule/timeline. Please plan to be available to write the term exam(s) during the weeks announced. Unexcused absences during a term exam will earn a grade of zero.

GRADING CRITERIA:

Please note that most universities will not accept your course for transfer credit **IF** your grade is less than C-.

Alpha Grade	4-point Equivalent	Percentage Guidelines	Alpha Grade	4-point Equivalent	Percentage Guidelines
A+	4.0	90-100	C+	2.3	67-69
A	4.0	85-89	C	2.0	63-66
A-	3.7	80-84	C-	1.7	60-62
B+	3.3	77-79	D+	1.3	55-59
B	3.0	73-76	D	1.0	50-54
B-	2.7	70-72	F	0.0	00-49

TENTATIVE COURSE SCHEDULE/TIMELINE:

Week of:	Chapter
January 5	Chapter 9 & 10 The Time Value of Money and Valuation and Rates of Return
January 12/19	Chapter 11 Cost of Capital
January 19	Chapter 11A CAPM and Modigliani Miller Theorem
January 26	Chapter 12 The Capital Budgeting Decision
February 2	Chapter 12 The Capital Budgeting Decision
February 9	Term Test No. 1
February 9	Chapter 13 Risk and Capital Budgeting
February 16	Family Day and Mid Term Break
February 23	Chapter 13 Risk and Capital Budgeting
March 1	Chapter 14 Capital Markets
March 8/15	Chapter 16 Long-term Debt and Lease Financing
March 22	Term Test No. 2
March 22/29	Chapter 17 Common and Preferred Stock Financing
March 29 /April 5	Chapter 18 Dividend Policy and Retained Earnings
April 5	Chapter 19 Derivative Securities

STUDENT RESPONSIBILITIES:

It is the student's responsibility to read, understand and comply with the College's Academic Policies, which are reviewed regularly, updated and posted on the College website. If students have any questions regarding these policies, please contact Student Services. Please see the Academic Policy on Student Rights and Responsibilities on the College website at <https://www.gprc.ab.ca/about/administration/policies/>

Attendance

Students are expected to attend all scheduled classes, arrive on time, and remain for the duration of the activities. Arriving late and leaving early is disruptive to the entire class. You may be refused permission to write the final examination on the advice of the instructor. This usually happens when absences are excessive, more than four absences (2 weeks), or if significant parts of required assignments, quizzes and/or exams are not completed; see Academic Regulations, Debarred From Exams, in the GPRC Academic Calendar. Tardiness will be treated as an absence. Attendance is taken and posted in MyGPRC.

During class time, it is expected that students will work on the BA2230 course materials being covered. Students who use class time for any other purposes (e.g. work on other class assignments, read/send text messages, etc.), will be asked to leave the class.

Students are expected to keep current with textbook readings, McGraw Hill Connect assignments, and Moodle postings. Course materials (course outline, schedule information, assignments, PowerPoints, etc.) and announcements will be available on Moodle, McGraw Hill Connect, and through GPRC Webmail. Students are responsible for checking all three of these websites regularly; 2 – 5 times per week.

Time Management

The expectation for this course is that students read the course material prior to class. Adopting and adhering to effective learning habits in this course will likely take up a great deal of time so plan your schedule accordingly. It is difficult to catch up once a student falls behind in readings, assignments, quizzes, and problems.

Cell Phones

The use of cell phones during class time is unprofessional and distracting to the instructor and fellow students. Texting and/or talking on a cell phone during class is therefore strictly prohibited. Cell phones must be turned off or silenced. If a student is unable to adhere to this policy, cell phones will be held by the instructor and returned at the end of class to mitigate disruptions.

Recording

Recording lectures or taking photos in class is prohibited unless advance permission is obtained from the instructor and any guest presenter(s). In the event permission is granted, such recordings may only be used for individual study, and may not be reproduced, transferred, distributed or displayed in any public manner. Any images taken *without consent* should be deleted immediately.

Email

Students may contact the instructor by email or phone. Emails will be responded to within one business day outside of stated office hours. *Email correspondence must be sent to your instructor from your GPRC student email account.* Emails should be professionally formatted and include a subject and reference to the course material(s) and/or textbook page(s). Emails are kept confidential between instructor and student.

STATEMENT ON PLAGIARISM AND CHEATING:

Cheating and plagiarism will not be tolerated and there will be penalties. For a more precise definition of plagiarism and its consequences, refer to the Student Conduct section of the College Admission Guide at <http://www.gprc.ab.ca/programs/calendar/> or the College Policy on Student Misconduct: Academic and Non-Academic on Plagiarism and Cheating at <http://www.gprc.ab.ca/about/administration/policies/> and <https://www.gprc.ab.ca/about/administration/policies/fetch.php?ID=68>

**Note: all Academic and Administrative policies are available on the same page.

Plagiarism

Plagiarism means submitting work (words, ideas, images, or data) in a course as if it were their own work done expressly for that particular course when, in fact, it is not. Most commonly, plagiarism exists when:

- the work submitted or presented was done, in whole or in part, by an individual other than the student (this includes having another person impersonate the student or otherwise substitute the work of another for their own in an assignment, examination, or test)
- Parts of a student's work are taken from another source without reference to the original author. This includes ideas, words, and images appearing in print, digital, graphical, internet, audio and video formats
- students submit or present the work in one course which has also been submitted in another course (although it may be completely original with the student) without the prior agreement of the instructor
- Clinical or laboratory reports are falsified or fabricated.

While it is recognized that academic work often involves reference to ideas, data, and conclusions of others, intellectual honesty requires that such references be explicitly and clearly noted.

Instructors may choose to use online plagiarism detection services. When students submit a paper, it is understood that they are consenting to such a procedure and that they cannot claim any copyright violation should such paper be uploaded to an online plagiarism detection database.

Cheating

Cheating on tests or examinations includes, but is not limited to, the following:

- dishonest or attempted dishonest conduct such as speaking to other students or communicating with them under any circumstances whatsoever
- bringing into the examination room a textbook, notebook, memorandum, other written material or mechanical or electronic device not authorized by the examiner or instructor
- writing an examination, or part of it, outside the confines of the examination room without permission to do so
- consulting any person or materials outside the confines of the examination room without permission to do so
- leaving answer papers exposed to view, or any attempts to read other students' examination papers
- tampering or attempts to tamper with examination scripts, class work, grades and/or class records; the acquisition, attempted acquisition, possession, and/or distribution of examination materials or information not authorized by the instructor
- Impersonation of another student in an examination or other class assignment.

- Absolutely no examination materials may be removed from the examination room. All papers, answer forms and examination question sheets must be returned to the instructor. If students leave the examination room for any reason unacceptable to the instructor, they must hand in all examination materials and it will be assumed that the examination is completed.

If students voluntarily and consciously aid another student in the commission of one of these offences they are also guilty of misconduct. Any attempt to commit academic misconduct will bear the same consequences as if the act occurred. A student who assists another student in an act or attempted act of misconduct will also be considered to have committed an offence.