



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 2015
Prerequisite(s):	BUAD 195, BUAD 264, BUAD 296
Corequisite(s):	BUAD 340
Prerequisite to:	No
Final Exam:	Yes
Hours per week:	3
Graduation Requirement:	Elective – BBA
Substitutable Courses:	No
Transfer Credit:	
Special Notes:	
Originally Developed:	April 2013
EDCO Approval:	
Chair's Approval:	

Professors

Name	Phone	Office	Email
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Learning Outcomes

Upon completion of this course students will be able to

- 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.
- 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.
- apply net present value techniques in complex capital budgeting case scenarios in order to evaluate and justify capital investment decisions.
- 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.
- using Excel as a tool, develop models of free cash flow forecasts and use these models to evaluate various scenarios in assigned business cases.
- 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.
- integrate complex financial analysis within a broader framework of strategic analysis.
- 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	Weighting
Individual Participation	1,2,3,4,5,6,7	10%
Mid-term Exam	1,2,3,4,5,7	30%
Final Exam	1,2,4,5,6,7	30%
Group Component:		
Case Presentations – Verbal (2)	7,8	20%
Case Presentations – Written Reports (2)	7,8	10%
Total		100%

Notes

Required Texts/Resources

<p>BUAD 461 Course Pack – Applied Corporate Finance Business Valuation Demystified – Edward Nelling – McGraw Hill</p>
<p>RECOMMENDED SUPPLEMENTARY TEXT: Foundations of Financial Management, 8th or 9th Canadian Edition, Block, Hirt & Short (Text from BUAD 195/296). (All instruction will be from the course pack which is primarily a case text with limited conceptual material. Past students have found it useful to keep their Block text from BUAD 195/296 to review concepts as necessary. The weekly outline provides suggested review readings from this text.)</p>
<p>OTHER REQUIREMENTS:</p> <ul style="list-style-type: none"> • A financial calculator will be required for every class – TI 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	Pre-Reading / Review
Class of:		Tues. Sept 8 College-wide Orientation Day Wed. Sept 9 Classes begin Mon. Oct 12 Thanksgiving Day – no classes Wed. Nov 11 Remembrance Day – no classes Thur. Dec 10 Last day of regularly scheduled classes	
Sept	11	Introduction to the Course, Analysis of Finance Cases, Review of core concepts from BUAD 195/296 and introduction of new concepts. <i>Case preparation for next week: The Body Shop International and Horniman Horticulture</i>	Course Pack: Analysis of Cases, Body Shop Case and Horniman Horticulture Case
	18	Financial Modeling using Excel, Sustainable Growth, Working Capital and Bank Financing Case: The Body Shop International Case: Horniman Horticulture No team presentations but all students to be prepared for case discussion. Please bring laptop/tablet with Excel student file (posted on Moodle) <i>Concept coverage for next class: Financial Health and Financial Analysis</i>	Course Pack: Body Shop and Horniman Horticulture Cases Block: – Review chapters 3 to 8 as needed.
	25	Financial Analysis & Financial Health Case: Gemini Electronics First team presentations <i>Concept coverage for next class: Cost of Capital and Capital Budgeting</i>	Course Pack: The Thoughtful Forecaster and Gemini Electronics Case Block: Relevant chapters on ratio analysis and forecasting as required.
Oct	2	Cost of Capital / Capital Budgeting Case: High Mountain Technologies Second team presentations <i>Concept coverage for next class: Cash Flow Forecasting for Capital Budgeting</i>	Course Pack: Best Practices in Estimating the Cost of Capital, High Mountain Technologies Block: Chapters 10 & 11 – Cost of Capital – review as needed.
	9	Capital Investment Decisions Case: Worldwide Paper Company Third team presentations <i>Concept coverage for next class: Banking and Credit Risk Assessment</i>	Course Pack: Worldwide Paper Company Case Block: Chapter 12 – The Capital Budgeting Decision, Chapter 13 – Risk & Capital Budgeting
	16	Banking / Credit Risk Assessment Case: Everything Rattan Fourth team presentations Handout Mid-term Case	Course Pack: Everything Rattan
	23	Mid-term Case Exam	
	30	No Cases or Presentations Today Review of Mid-term <i>Concept review for next class: Capital Structure, Dividend Policy, Share Repurchase Decisions</i>	Course Pack: An introduction to Debt Policy & Value, Structuring Corporate Financial Policy

COURSE SCHEDULE (con't)

Date		Topic	Pre-Reading / Review
Nov	6	Capital Structure/Dividend Policy/Share Repurchases Case: California Pizza Kitchen Fifth team presentations <i>Concept review for next class: Introduction to Valuation (Before class, review Nelling book)</i>	Course Pack: California Pizza Kitchen Case
	13	Introductory Valuation Case Case: American Greetings Sixth team presentations <i>Concept review for next class: Valuation of Private Companies</i>	Course Pack: Methods of Valuation for Mergers & Acquisitions; American Greetings Case Nelling: Continue review of valuation concepts discussed in this book.
	20	Private Company Valuation Case: Bluntly Media Seventh team presentations <i>Concept review for next class: Initial Public Offerings (IPOs)</i>	Course Pack: Bluntly Media case Nelling: Continue review of valuation concepts discussed in this book.
	27	Valuations for IPOs Case: Lululemon Eighth team presentations	Course Pack: Lululemon case Nelling: Continue review of valuation concepts discussed in this book. Posted information on IPOs
Dec	4	Wrap up and Final Exam Review Hand out Final Exam Case	
Dec	12 - 22	Final Exam Period (Final Exam – Case)	

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.