




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:	FALL 2023
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:	No
Transfer Credit:	CPA (credit with BUAD 195), PMAC
Special Notes:	No
Originally Developed:	1994
EDCO Approval:	May 2017
Chair's Approval:	

Professors

Name	Phone number	Office	Email
Elena Mitropolsky <i>Course Captain</i>		C143	emitropolsky@okanagan.bc.ca

Learning Outcomes

Upon completion of this course students will be able to

- 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.

Course Objectives

This course will cover the following content:

- See Weekly Schedule

Evaluation Procedure

Term Work	20%
Mid-term Exam	30%
Final Exam	50%
Total	100%

Notes

Term Work

Will include Moodle quizzes, other assignments, and in-class work.

Alternatively, students can enroll into **FMI Foundations Program** to learn the basics of financial modelling in Excel (details will be provided on the first day of class) and get the marks for term work upon successful completion of the foundations exam.

Excel and Calculator

Students will require to use Excel and 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

Exams are closed book and non-collaborative. You may not access outside materials or communicate with anyone aside from your instructor during the 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, **Twelfth** Canadian Edition by Block, Hirt, Short **McGraw Hill Connect is required for this course.** It is recommended students do not use an older version of the text. If students purchase an older version of the text, it is their responsibility to ensure compatibility with the course.

Course Schedule

Date		Topic	Textbook
2023 Week of		Wednesday September 6, First day of class	Chapter(s):
		Friday September 15, Last day to register for Fall 2023	
		Monday Oct. 2 & Monday Oct. 9 & Monday Nov. 13, Statutory Holiday (no classes)	
		Friday October 27, Last day to withdraw from class without academic penalty	
		Thursday December 7, Last day of class	
Sep	6	Introduction Valuation and rates of return	10
	11	Valuation and rates of return continued Weighted average cost of capital	10, 11
	18	Capital Budgeting decision	11-12
	25	Capital Budgeting decision continued Risk and Capital Budgeting	12-13
Oct	2	No class on October 2 Capital Markets/Investment Underwriting	14-15
	9	No class on October 9 Mid-term exam review	
	16	Mid-term Exam (Chapters 10-15) Long-Term Debt and Lease Financing	16
	23	Long-Term Debt and Lease Financing continued Common and Preferred Stock Financing	16, 17
	30	Dividend Policy	17
Nov	6	Derivative Securities	19
	13	No class on November 13 International Financial Management	21
	20	International Financial Management continued External growth through Mergers	21, 20
	27	Final exam review	
Dec	4	Final exam review continued	
		Final Exam (Chapters 10-21)	

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, 7th edition (2019)). 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.