

CARLETON UNIVERSITY
DEPARTMENT OF ECONOMICS

ECON 4052A
Corporate Financial Economics
Winter 2020

Instructor: Mykyta Vesselovsky
E-mail: mykyta.vesselovsky@international.gc.ca Please DO NOT use cuLearn e-mail
Class Time: Wednesday, 18:05 – 20:55 pm
Classroom: 518 Southam Hall
Office Hours: By appointment and as announced in class

DESCRIPTION

This course will cover core topics in corporate finance, starting from financial statements and cost-benefit analysis, passing through CAPM and capital budgeting, and ending with advanced topics. These advanced topics (e.g. corporate governance, managerial compensation, capital structure, agency theory, dividend policy) will be addressed through group presentations. The course takes a hands-on approach to the material in a team environment: it will largely consist of problem solving in groups and group presentations.

PREREQUISITES & PRECLUSIONS

Prerequisite(s): ECON 3050 with a grade of C- or higher, and ECON 2030 with a grade of C- or higher or ECON 2003 (no longer offered) with a grade of C- or higher.

Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator.

Precludes additional credit for BUSI 3500 (or ECON 3500, which is no longer offered) and BUSI 3502 (or ECON 3502, which is no longer offered).

REQUIRED TEXTBOOK & TOOLS

Berk, DeMarzo, Harford, Stangeland and Marosi: *Fundamentals of Corporate Finance*, 3rd Canadian edition. Pearson. ISBN-978-0-13-473531-3.

Financial calculator is required.

CULEARN AND CONTACT INFO

This course will be supported by the cuLearn course management system, and all course materials will be posted there. All students will also receive mails from the instructor through the cuLearn e-mail. **HOWEVER** do not use cuLearn e-mail to contact me. Please use the e-mail provided at

the top of the outline and in every instructor's e-mail. That would be mykyta.vesselovsky@international.gc.ca. I cannot stress this enough - ignoring this rule is the most common source of problems in this course.

A variety of resources will be made available through the cuLearn site. You are fully responsible for reading and reacting timely to all information distributed through the cuLearn course page. Information provided on this page will be considered to have been received by all students within 48 hours of posting.

COURSE OUTLINE

Week	Dates	Topic	Textbook
1	January 8	The Corporation, the Stock Market and Financial Statement Analysis	Chapters 1&2
2	January 15	Cost-Benefit Analysis, Time Value of Money and Cash Flows	Chapters 3&4
3	January 22	Interest Rates and Bonds	Chapters 5&6
4	January 29	Stock Valuation	Chapter 7
5	February 5	Midterm Exam #1 , in class	
6	February 12	Investment Decision Rules and Capital Budgeting	Chapters 8&9
7	February 26	Capital Markets and Risk Pricing	Chapter 10
8	March 4	Portfolio Choice and CAPM	Chapter 11
9	March 11	Cost of Capital	Chapter 12
10	March 18	Midterm Exam #2 , in class	
11	March 25	Advanced Topics	Chapter 13-16
12	April 1	Advanced Topics	Chapters 17-25
13	April 8	REVIEW	
To be set by the University		Final Examination	

CHANGES TO THE COURSE OUTLINE

The preceding course outline is a tool to help you plan your time. Situations might arise that make changes necessary. The instructor will announce any changes in class and on cuLearn.

PLAGIARISM

Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For further information on how to do so, please see “Pammett on Plagiarism and Paraphrasing” at www.carleton.ca/economics/courses/writing-preliminaries.

EVALUATION

Midterm Exam #1 (February 5 , in class)	15%
Midterm Exam #2 (March 18 , in class)	15%
Final examination (Date and place to be set by the University)	30%
In-class group seminars (work on problems in teams)	30%
Group presentation	10%
	100%

SURVIVAL TIPS

- Group seminars count for 30%, in other words a whole lot. So: please come to class, no matter how cold it is, no matter how much it hurts. Please talk to your fellow students and team members. Work together. Make friends. Get them coffee. Any sort of a career in this field is impossible without learning to work smoothly with strangers, so why not start early?
- Everyone is shy. Some people are just better at hiding it. Be open to listening to others, and others will listen to you. You will get your turn at the board presenting answers. You will survive it. You might as well have fun in the process.
- Problem-solving in groups is easy to learn but hard to master. Think about how to improve the efficiency and work habits of your team. Communicate efficiently, in writing if it helps.
- Please invest in a financial calculator; this is a fourth-year course and you're in a financial economics program, or close enough. If you don't have one, your efficiency in group work and midterms will be severely reduced. You can use laptops, but not at the final exam, hence learn to use a financial calculator early.
- The book is full of problems. Do them early, do them often, that's the key study habit.
- Most importantly, PLEASE study the textbook chapter/s ahead of the class for which it is assigned. It is really helpful to your team if you are not seeing the material for the first time during problem-solving.

Midterm Exams

The midterm exams will be held in class. They will be closed-book. One 8.5x11 (letter-sized) paper sheet with writing **on one side** will be allowed; you are not permitted to bring any other notes to exams. The use of all phones, PDAs, all types of electronic devices is strictly prohibited during exams. *There will be no deferred midterm exams.* Miss a midterm exam? Bring a valid medical certificate or a verifiable compassionate reason to shift the assigned weight to the final exam. Otherwise you will get zero marks.

Final Exam (held during the formal exam period in April)

The final exam will be cumulative and cover all the material of the course, with more emphasis on the key parts and the post-midterm parts. The final exam is closed-book. One 8.5x11 (letter-sized)

paper sheet with writing **on both sides** will be allowed. Students will be allowed to use an electronic calculator without text storage capability. The use of phones, PDAs, all types of iPhone and iPod, and other similar electronic devices is prohibited during exams. The exact date, time, and location of the final exam will be determined by the University.

Class Participation

Active student participation in class will be required. The students will interact in class in an organized fashion in permanent, structured teams. Points towards your grade will be earned in competition with other teams, and then distributed among the team members according to their contributions. Absence during a class will mean that no points are credited towards your participation from in-class group exercises.

Satisfactory Performance Criteria

Students must fulfill the course requirements in order to achieve a passing grade (D- or higher). Failure to write either midterm exam (without a documented compelling reason) will result in a grade of 0 for the midterm. See Academic Regulations for the official meanings of all grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean. Application to write a deferred final examination must be made at the Registrar's Office.

Final Course Grades

Grades will be assigned as percentages and alphabetical final grades will be assigned following the percentage equivalents described in the Undergraduate Calendar. Final letter grades will not be posted until approved by the Dean's Office.

CLASS ETIQUETTE

- Late arrival should be an exception. If you must, try to not disturb the class.
- Early departure should be an exception with legitimate reason.
- Talk to everyone or to no one.
- Please no cell phones and electronic noises of any kind.

ACADEMIC ACCOMMODATIONS (PAUL MENTON CENTRE)

Location: Room 500, Unicentre, Monday to Friday, 8:30 a.m. to 4:30 p.m. Tel: 613-520-6608

ACCOMMODATION STATEMENT

Students with disabilities requiring academic accommodations in this course must contact a coordinator at the Paul Menton Centre for Students with Disabilities (PMC) to complete the necessary *Letters of Accommodation*. After registering with the PMC, make an appointment to meet and discuss your needs with the instructor in order to make the necessary arrangements as early in the term as possible.