

CARLETON UNIVERSITY
DEPARTMENT OF ECONOMICS

ECON 4052A
CORPORATE FINANCIAL ECONOMICS
Winter 2022

Instructor:	Mykyta Vesselovsky
E-mail:	menelhil@yahoo.com
	Please DO NOT use my Carleton/Brightspace e-mail
Class Time:	Monday, 18:05 – 20:55
Delivery:	On Campus
Classroom:	LA C264
Office Hours:	By appointment and as announced in class

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. 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).

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.

DESCRIPTION

This course will cover core topics in corporate finance and a selection of advanced topics. We will start from financial statements, emphasize valuation and NPV principle in analyzing interest rates, bonds and stocks, and discuss cost-benefit analysis. We will build up to CAPM and capital budgeting, and finish with four advanced topics of your choice.

The course approach emphasizes problem-solving and working in teams. We will take advantage of your presence on campus to maximize the value of interaction, while taking all the necessary precautions. About half of total class time will be dedicated to team activities. Attending class and working as a team during and after the class will be your key to successful learning.

REQUIRED TEXTBOOK & TOOLS

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

Required: Financial calculator; in-class presence during problem solving sessions (seminars).

Recommended: Laptop; studying course material before the seminars.

BRIGHTSPACE AND CONTACT INFO

This course will be supported by the Brightspace course management system, and all course materials will be posted there. All students will also receive mails from the instructor through the Brightspace e-mail function. HOWEVER, do not use or reply to those e-mails 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 menelhil@yahoo.com. Forgetting this contact rule is the most common source of problems in this course.

A variety of resources will be made available through the course website. You are fully responsible for reading and reacting timely to all information posted there. Information provided on this page will be considered to have been received by all students within 24 hours of posting.

COURSE OUTLINE

Week	Dates	Topic	Textbook
1	January 10	Intro. Team assignment. The Corporation, the Stock Market and Financial Statement Analysis	
2	January 17	Cost-Benefit Analysis, Time Value of Money and Cash Flows. Seminar 1.	Chapters 1&2
3	January 24	Interest Rates and Bonds. Seminar 2.	Chapters 3&4
4	January 31	Stock Valuation. Seminar 3.	Chapters 5&6
5	February 7	Seminar 4. Midterm Exam #1, 90 min	Chapter 7
6	February 14	Investment Decision Rules and Capital Budgeting. Seminar 5.	Chapters 8&9
7	February 28	Capital Markets and Risk Pricing. Seminar 6.	Chapter 10
8	March 7	Portfolio Choice and CAPM. Special Seminar.	Chapter 11
9	March 14	Cost of Capital. Seminar 7.	Chapter 12
10	March 21	Seminar 8. Midterm Exam #2, 90 min	
11	March 28	Advanced Topics	Chapter 13-18
12	April 4	Advanced Topics	Chapters 19-25
13	April 11	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 by e-mail and on course website.

SURVIVAL TIPS

- Problem-solving in groups is easy to learn but hard to master. Find an efficient way to communicate while solving the problems in real time, as well as outside of the classroom. Think about how to improve the efficiency and work habits of your team.
- Think about real-world challenges that you will face soon - solving problems, meeting new people, functioning well in a group environment, leading colleagues in projects. This is a fourth-year course and you're about to graduate as a financial professional, or close enough.
- Invest in a financial calculator. If you don't have one, your efficiency in group work and midterms will be reduced. You can bring a laptop to be able to use Excel, but this won't be an option on the final, so don't rely on that.
- 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 and posted slides 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 a closely contested and timed problem-solving seminar.

MIDTERM EXAMS

The midterm exams will be held in class and will not be cumulative. Miss a midterm exam? Notify me in advance with a valid medical, family or compassionate reason. Once substantiated, the weight will be shifted 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 composite problems and the post-second-midterm topics. The exact date and time of the final exam will be determined by the University.

EVALUATION

<u>Satisfactory</u>	Midterm Exam #1(February 7)	15%
	MidtermExam #2 (March 21)	20%
	Final examination (Date and place to be set by the University)	30%
	Seminars	25%
	Group presentation	10%
	TOTAL	100%

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.

ACADEMIC ACCOMMODATIONS

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at:

www.carleton.ca/csas

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send the instructor your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with the instructor to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

Religious Observance: Students requesting accommodation for religious observances should apply in writing to their instructor for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student. Instructors and students may contact an Equity Services Advisor for assistance (www.carleton.ca/equity).

Pregnancy: Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. Then, make an appointment to discuss your needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Plagiarism: The University Senate defines plagiarism as “presenting, whether intentional or not, the ideas, expression of ideas or work of others as one’s own”. This can include: reproducing or paraphrasing portions of someone else’s published or unpublished material, regardless of the source, and presenting these as one’s own without proper citation or reference to the original source; submitting a take-home examination, essay, laboratory report or other assignment written, in whole or in part, by someone else; using ideas or direct, verbatim quotations, or paraphrased material, concepts, or ideas without appropriate acknowledgment in any academic assignment; using another’s data or research findings; failing to acknowledge sources through the use of proper citations when using another’s works and/or

failing to use quotation marks; handing in substantially the same piece of work for academic credit more than once without prior written permission of the course instructor in which the submission occurs.

All suspicions of plagiarism will be dealt with according to the Carleton's Academic Integrity Policy (<http://carleton.ca/studentaffairs/academic-integrity/>). The Associate Dean of the Faculty will conduct a rigorous investigation, including an interview with the student. Penalties are not trivial. They may include a mark of zero for the plagiarized work or a final grade of F for the course. Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Submission, Return and Grading of Term Work:

Written assignments must be submitted directly to the instructor(s) according to the instructions in the course outline. If permitted in the course outline, late assignments may be submitted to the drop box in the corridor outside room 3305 Richcraft Hall. Assignments will be retrieved every business day at 4 p.m., stamped with that day's date, and then distributed to the instructors. For written assignments not returned in class please attach a stamped, self-addressed envelope if you wish to have your assignment returned by mail. Final exams are intended solely for the purpose of evaluation and will not be returned.

Final standing in courses will be shown by alphabetical grades. The system of grades used is standard to Carleton.

90-100:	A+
85-89:	A
80-84:	A-
77-79:	B+
73-76:	B
70-72:	B-
67-69:	C+
63-66:	C
60-62:	C-
57-59:	D+
53-56:	D
50-52:	D-
0-50:	F

Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by an instructor may be subject to revision. No grades are final until they have been approved by the Dean.

Carleton E-mail Accounts: Communication to students will be from the instructor's e-mail (menelhil@yahoo.com) to the students' official Carleton university e-mail accounts or through Brightspace. Important course and university information is distributed this way, so it is the student's responsibility to monitor their Carleton accounts. However, do not e-mail the instructor on Carleton or Brightspace, and use the e-mail above for all communications.