

# ALGOMA UNIVERSITY

## Department of Business & Economics

### **ADMN 3117: Financial Management II**

#### **Session: Winter 2010**

**Instructor:** David V. Galotta, B. Com. (Hons), MBA, CMA  
**Office:** NW304D (third level), ICT Building  
**Telephone:** 949-2301, ext. 4318  
**E-mail:** [galotta@auc.ca](mailto:galotta@auc.ca)  
**Class Schedule:** Mondays & Wednesdays 2:30 p.m. - 3:50 p.m.  
**Office Hours:** t.b.a.

#### Course Outline

**Required Text:** Gitman, Hennessey, Principles of Corporate Finance, Second Canadian Edition, Pearson Addison Wesley, (2008) ISBN 0-321-45293-3.

Various readings which will be distributed in class or placed on reserve in the Wishart Library

**Prerequisite:** ADMN 3116 - Financial Management I

#### **Course Objectives:**

This course relates the various approaches of modern financial theory to the functions that are the responsibility of financial managers in large and small businesses, as well as those consulting to or lending to businesses entities.

The course will cover such topics as: Security Valuation; Cost of Capital & Capital Structure; Capital Budgeting; Dividend Policy; and forms of Long-term Financing, including Debt, Equity and Lease Financing.

The course is intended to give each student:

- 1) An understanding of the theory of finance so the student may evaluate the investment, financing, and ongoing financial management issues faced by organizations, leading to informed decision making.
- 2) Knowledge of the analytical techniques relevant to financial management, as well as skill in applying them.
- 3) Knowledge of the relevant Canadian institutional material concerning the environment in which financial decisions must be made.

Emphasis will be placed on the application of the concepts rather than the development of the theory and its mathematical specification.

<b><u>Evaluation:</u></b>	Mid-term test(s)	25%
	Final Examination	35%
	Case submissions/assignments	30%
	Participation/contribution	<u>10%</u>
		100%

## **Instructional Methods**

Lectures, class discussion, assigned readings & questions, and case studies will be the major learning vehicles.

An understanding of the application of computer spreadsheet programs has become extremely important, indeed mandatory, if students are to be competitive in the marketplace. Accordingly, the assignments and case studies will incorporate the application of spreadsheet programs and it is expected that students will have a working knowledge of PC based spreadsheet programs such as Excel.

Please prepare for each class as participation marks will be based on “meaningful” contribution to class discussion and may not be voluntary.

**Note:** Financial Management II is a demanding and challenging course. In previous years students have found the case submissions and assigned questions to be very time consuming. It is recommended that you make an appointment with the Instructor if you have any doubts regarding your overall course load or your ability to meet the demands of this course.

## **Case Submissions and Assigned Questions**

One or two cases may be assigned during the term which will be group submissions.

Periodically during the term assignments will be distributed containing sets of questions pertaining to course/chapter topics. It is expected that students will take the time to prepare detailed answers/solutions on an individual basis as the process of preparing the solutions is a valuable part of the learning process. Solutions will be taken up in class on the day of submission. Solutions will not be made available outside of class, thus it is important for students to prepare full solutions as there will not be sufficient time in class to simply copy solutions from the overheads/ blackboard. Questions very similar to the assigned questions will appear on the mid-terms and final exam.

## **Guest Speaker - Monday, February 1st, 2010**

As part of the AUBS Guest Speaker Series, a guest speaker will visit ADMN 3117 this term. On Monday, February 1<sup>st</sup> Mr. Paul Danesi of ScotiaMcLeod will speak to the class on the art and science of how equity analysts in different industries derive target prices for securities they are analyzing, and how emotion, ego, and market conditions can affect valuations. His talk, will relate to the material we cover in Chapters 5, 7 & 8.

Mr. Danesi, is a senior executive at ScotiaMcLeod in Toronto. He is originally from Sault Ste. Marie and is a graduate of Algoma University. Additional details regarding his presentation will be discussed in class as we get closer to February 1<sup>st</sup>. Please note: attendance at this class is compulsory.

## **Academic Dishonesty:**

All assignments are to be completed on an individual basis. Copying another student's solutions will result in penalties for both the person who copied and the person who let them copy. *The University takes a very serious view of such offences as plagiarism, cheating, and impersonation. Penalties for dealing with such offences will be strictly enforced.*

Students are encouraged to refer to the AU Academic calendar for further clarification of these issues.

## **Tests and Exams**

There will be two in-class tests and a final exam. The final exam will be comprehensive, in accordance with University policy, and will be given on the date scheduled by the University. The tests and final exam will consist of a combination of short answer questions, essay questions, application problems and possibly some multiple choice questions. There will be no make-up tests. In the event of a missed in-class test, the student must have a documented, legitimate reason for the absence approved by the instructor and/or the University. In such cases the weight of the missed test will be added to the final exam weight.

The schedule for the final exam will be posted on the University website, usually by late January. Students are advised to make note of the date and time of the final exam and are expected to adjust their schedule to deal with any possible conflicts well before the exam date.

### **Test and Exam Policies**

The following procedures will be followed for each test and exam. Any violation of these policies will result in a grade of 0 (zero) for the exam and possibly a course grade of 0 (zero), depending on the infraction. During the tests and final exam students are not allowed to have the following materials on their desk and or in use: textbook, notebooks, notes, computer files, jump drives, mp3 players, cell phones, pagers, web browsers, internet websites, or any other device which can be used to store and retrieve information to aid one on a test or exam. **Non-programmable** calculators are allowed. Personal items such as purses, book bags, books, coats, etc. are to be placed at the front of the room or under the desk. Food is not allowed in the classroom during a test or exam.

Any students wishing to use a translator or dictionary are asked to please note the following policy. **NO ELECTRONIC TRANSLATORS** or **DICTIONARIES** will be allowed. Paperback dictionaries/translators are allowed but must be submitted to the instructor at the class **PRIOR** to the exam. Your dictionary/translator will be returned to you at the beginning of the test or exam. Dictionaries/translators **cannot** be shared among students.

### **E-Mail Policy**

Students are expected to monitor their AU e-mail accounts on a regular basis as messages pertaining to the course will be forwarded via the class alias, which automatically forwards messages to the individual student e-mail accounts issued by AU.

### **Sequence of Chapters:**

#### **Cash Budget**

Chapter 4, Section 4.2 – Cash Planning: The Cash Budget

#### **Time Value of Money (review from ADMN 3116)**

Chapter 6 – Time Value of Money

#### **Financial Markets and Security Valuation**

Chapter 5 – Financial Markets, Institutions, and Securities

Chapter 7 – Risk and Return

Chapter 8 – Valuation of Financial Securities

#### **Long-Term Investment Decisions**

Chapter 12 – Capital Budgeting: Principles and Techniques

Chapter 13 – Dealing with Project Risk and Other Topics in Capital Budgeting

#### **Long-Term Financial Decisions**

Chapter 9 – The Cost of Capital

Chapter 10 – Leverage and Capital Structure

Chapter 11 – Dividend Policy

The Instructor reserves the right to change the schedule, topics and/or assigned problems according to the available time and the needs of the students. **It is each student's responsibility to be aware of any schedule changes and of all pertinent dates and deadlines.**

**STUDENT INFORMATION SHEET**  
(please print)

Course: ADMN 3117

Name: \_\_\_\_\_ Employed at: \_\_\_\_\_

Address: \_\_\_\_\_ Type of Work: \_\_\_\_\_

Phone: \_\_\_\_\_ Bus. Phone: \_\_\_\_\_

e-mail: \_\_\_\_\_ (PLEASE PRINT CLEARLY)

Full-Time Student: \_\_\_\_\_ Full-Time Work: \_\_\_\_\_

Part-Time Student: \_\_\_\_\_ Part-Time Work: \_\_\_\_\_

Degree Program (check one):

\_\_\_\_\_ B.B.A. (Specialization: ADMN, ACCT, ITEC, ECON, PADM, MKTG) Year \_\_\_\_\_ (2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>)  
(circle one of above)

\_\_\_\_\_ B.A. (Accounting) Year \_\_\_\_\_ (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>)

\_\_\_\_\_ Other \_\_\_\_\_ Year \_\_\_\_\_ (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>)  
(please specify)

Other courses this term (course number OR course title):

1) \_\_\_\_\_ 3) \_\_\_\_\_ 5) \_\_\_\_\_

2) \_\_\_\_\_ 4) \_\_\_\_\_ 6) \_\_\_\_\_

Career interests / Aspirations: \_\_\_\_\_

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