

COURSE INFORMATION

Course title:	Corporate Finance	Credits:	1.5
Course code:	BAFI 502	Class location:	SJTU (Room TBD)
Session, term, period:	2024W1	Class times:	September 13 – 13:00-19:30 Sept 14 & 15 – 9:00-17:00
Section(s):	823	Pre-requisites:	BAFI 550
Course duration:	September 13 – 15, 2024	Co-requisites:	None
Division:	Finance		
Program:	IMBA		

INSTRUCTOR INFORMATION

Instructor:	Adam Foley	Office location:	N/A
Email:	adam.foley@sauder.ubc.ca	Office hours:	By appointment

COURSE DESCRIPTION

Students in BAFI 502 will develop a working knowledge of key corporate finance decisions and an understanding of broad economic issues that are widely applicable in corporate finance. The course balances theoretical content and practical applications. Students will gain experience in applying empirical and theoretical tools through in-class discussions and case studies. Topics covered include financial analysis and planning, capital budgeting, project and firm valuation, cost of capital, and mergers and acquisitions.

COURSE FORMAT

Class time will be focused on case-based learning, with lecture components to present and discuss course materials. Students are expected to have read the course notes, in-class case and supporting textbook readings prior to the in-person sessions.




LEARNING OBJECTIVES

By the end of this course, students will be able to:

1. Analyze a firm's current financial position.
2. Formulate a financial forecast.
3. Compute cash flows and cost of capital to value firms and projects.
4. Determine how financing affects firm and project value.
5. Describe how firms raise equity and debt capital.
6. Identify key issues in mergers and acquisitions.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

At UBC Sauder, we are committed to responsible business practices that can have transformative impacts on society. One of the ways we are reinforcing our commitment to responsible business is by showcasing relevant content in our courses via the lens of the [United Nations Sustainable Development Goals](#). In this course, we will touch on topics that relate to the following goals:

Sustainable Development Goal	Description of how and when the goal is covered in the course.
Goal 9: Industry, Innovation and Infrastructure 	Valuation and financing play an important role in efficiently allocating capital and driving investment in innovation. Throughout the course, we will discuss how to develop expectations of future cash flows generated from investments in new technologies/processes, and how to consider the various risks of those investments.
Goal 12: Responsible Consumption and Production 	Firms choices around sustainability matters impacts their perceived risk and, therefore, the returns that investors demand from those firms. In Modules 5 and 6, we will discuss how sustainability impacts a firms cost of capital and, in turn, the value that sustainability can drive for investors.
Goal 13: Climate Action 	Increasingly firms are considering future climate impacts on their businesses, and specifically how financial outcomes are impacted by climate change and other sustainability issues. In Module 2, we will discuss the consideration of climate, environmental and sustainability when building financial forecasts.

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Class participation	20%
In-class case study	30%
Final case study	50%
Total	100%

Details of Assessments

Students will be grouped into teams for the in-class case study, while the final case study will be completed individually. Instructions for the in-class case study will be provided during the in-person session, and detailed instructions on the final case study will be posted separately on Canvas.

Class participation is based upon each student becoming known to the instructor, in positive or negative ways. Positives include answering questions in class posed by the instructor, asking relevant questions of the instructor that will be helpful to most of the class, and contributing to discussions about class material. Negatives include any behavior that interferes with the communication process between students and instructor in class, acting disrespectfully, and unexcused absences.

LEARNING MATERIALS

Course Notes

The course notes are a fundamental source of course material, and should be read in advance of attending the in-person classes. A summary review of the course notes and discussion about the material will take place in class, with the focus on applying the theory to the case study. The course note will be posted on Canvas.

Textbook

The lecture slides are supplemented by the following textbook: [Corporate Finance, Sixth Global Edition, by Jonathan Berk and Peter DeMarzo, Pearson](#) (ISBN-13: 9781292446356). The textbook provides greater detail of the subject matter than will be covered in class, and in greater depth than will be expected of students. The chapters therein provide alternative perspectives and explanations to the lecture slides, which will aid understanding of the course topics.

In-Class Case

Western Bicycle Company. The background case has been posted on Canvas, and students should have read the case prior to the in-person session. The case will be used throughout the in-person session to demonstrate the application of theory throughout the course, and will also be used for the in-class case assignment. Further instructions will be provided during the in-person session.

Final Case

Essential Coffee Group Australia: Valuation of a Potential Acquisition (Ivey Publishing W32150). Instructions for completing the final case study will be posted on Canvas immediately following the in-person session. The final case study can be completed at any time prior to the due date of September 30, 2024, at 11:59 pm Pacific Daylight Time.

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

No marks will be granted for assignments that are either late or not submitted. Students have the option to submit a written request for a reevaluation of an assignment or the final case study, directed to their instructor. The instructor will conduct a comprehensive regrading of the assignment, which may lead to adjustments in grades, either upward or downward.

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on the transcript.

COVID-19 Policies for Attendance & Academic Concessions:

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health’s [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School’s policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students’ use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

Use of Artificial Intelligence

Generative AI (Including ChatGPT) Not Permitted

Any work submitted must be your own original work, written without outside assistance or collaboration. Any use of generative artificial intelligence (AI), including ChatGPT, is not permitted and constitutes academic misconduct. Any student suspected of submitting work that includes AI generated content may be asked for preliminary work or other materials to evidence the student's original and unaided authorship. The student may also be asked to separately explain or support their work. AI identification methods may also be employed by the instructor. After review, if it is determined by the instructor that submitted work likely contains AI generated content, the work may receive a zero and may be subject to further misconduct measures set out in the [UBC Academic Calendar](#).

COPYRIGHT

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the xʷməθkʷəy̓əm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change with class consultation)

Module	Topic	Textbook chapters
1	Financial ratios and analysis	2
2	Planning and forecasting	19.2, 19.3
3	Concept of value	3, 4, 7, 8
4	Enterprise value	2
5	Cost of equity	10, 11, 12
6	Leverage	14, 18
7	WACC specifics	14, 18
8	Methods of valuation	9
9	Raising capital	23, 24
10	Mergers & acquisitions	28
11	Leveraged buyouts	28