

BUS 495 – Financial Analysis and Decision Making

2023 Fall (August 30 – December 5)

1:00 pm - 2:15 pm, Monday and Wednesday

Professor: Dr. Zhou (Joe) Zhang, CFA
Office: ED 524.3
Classroom: ED 621
Office hours: 2:30 pm – 3:30 pm, Monday and Wednesday or by appointment
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COURSE OBJECTIVE:

This course aims to maximize the synergy between theory and practice by deepening students' knowledge of optimal financial decision making. Students will apply the framework, concepts, and tools learned in the previous finance courses to cases. In particular, the following topics are covered: time value of money, discounted cash flow valuation and relative valuation, capital structure, equity and debt financing, cost of capital, cash holding policy and payout policy.

PREREQUISITES:

BUS 290 and BUS 395.

COURSE STRUCTURE:

The course consists of lectures and case discussions. The lecture portion will review essential concepts and numerical examples to facilitate students analyze and discuss subsequent cases. The course is taught primarily by the case method. Students need to recognize that they are required to put in a much greater involvement compared to the traditional lecture method. Each case includes a set of decisions to be made with limited information. I will provide students with learning objectives and questions to help focus your analysis. I also expect that the in-class discussion will lead to additional insights.

MATERIAL:

Case package: Students will be charged for the cost of cases used in the course.

Textbook: Stephen A. Ross, Randolph W. Westerfield, Jeffrey Jaffe, Bradford D. Jordan, Hamdi Driss, Corporate Finance (9th Canadian Edition), McGraw-Hill Ryerson Limited, 2022.

EXPECTATIONS:

Each student is required to attend all scheduled class meetings for the entire duration of the course. You are expected to devote a significant amount of time before the class to analyze the cases. It is critical that all students should come ready to discuss cases (even if you are not assigned to present a particular case). The objective is to create an involved atmosphere to enhance learning. During the case classes, it is also important to listen to others' discussions and contribute to the discussion by advancing the issue to a new one and clarifying competing arguments.

GRADING AND EXAMINATIONS:

Participation		10%
Presentation and Report	Individual case report due on December 10 October 2; November 13	20%
Mid-terms	(Note: As there are two midterms, the one with a higher grade will be assigned 20%, and the other one will be assigned 15%)	35%
Final Exam	December 20, 9:00 am-12:00 pm	35%

ACADEMIC MISCONDUCT:

You are encouraged to interact with and learn from other students in this class. However, you are expected to behave with integrity and this includes adhering to the section on Student Behavior found in the 2022-2023 Academic Calendar. Ask me in advance if you have any questions about misconduct.

ACCOMMODATIONS AND ACCESSIBILITY:

The Centre for Student Accessibility upholds the University's commitment to a diverse and inclusive learning environment by providing services and supports for students based on disability, religion, family status, and gender identity. Students who require these services are encouraged to contact the Centre for Student Accessibility to discuss the possibility of academic accommodations and other supports as early as possible. For further information, please email accessibility@uregina.ca.

Teaching Plan (subject to revision)

Aug. 30 – Sept. 20	Review: Time value of money (Chapter 5); Review: How to value bonds and stocks (Chapter 6); Long-term debt (Chapter 21)
Sept. 25	<i>Case 1 Discussion: Buy versus rent decision</i>
Sept. 27 – Oct. 4	Equity Valuation: DCF valuation versus relative valuation; DCF Modelling Session Midterm 1 (October 2)
Oct. 16 – 18	Reading week (Oct. 9 – 13) <i>Case 2 Discussion: WorldCom, Inc.: Corporate Bond Issue</i> <i>Case 3 Discussion: Cannimed Therapeutics Inc.: The IPO Dilemma</i>
Oct. 23 – Nov. 1	Review: Cash management (Chapter 28); Financial ratio analysis (Chapter 2A) <i>Case 4 Discussion: Temasek's Offer to buy OLAM International</i> <i>Case 5 Discussion: Ford Motor Company: Basic Financial Ratios</i>
Nov. 6 – 20	Review: Dividends and other payout (Chapter 19) <i>Case 6 Discussion: Tata Motors: The Dividend Dilemma</i> Midterm 2 (November 13)
Nov. 22 – Dec. 4	Review: WACC (Chapter 13); Capital structure (Chapters 16 and 17); Financial distress (Chapter 31) <i>Case 7 Discussion: Domino's Pizza Enterprises (Australia): Weighted Average Cost of Capital</i> <i>Case 8 Discussion: Amtek Auto: From acquisitions to financial crisis</i>