



**COMMERCE 2FA3  
Introduction to Finance  
Spring 2020 Course Outline**

**Finance and Business Economics Area  
DeGroote School of Business  
McMaster University**

**COURSE OBJECTIVE**

This is the first course in finance. The objective is to introduce you to the basic concepts of the subject. Future finance courses will build on the precepts mastered here, with the ultimate goal to make you a superior financial decision-maker.

**INSTRUCTOR AND CLASS INFORMATION**

**Mondays/Wednesdays from 7:00 PM to 10:00 PM  
Or Tuesdays/Thursdays from 7:00 PM to 10:00 PM**  
*All times referenced in this document are Eastern.*

**Adeel Mahmood**  
Instructor  
Tel: 905-525-9140 Ext 20559  
*Office Hours: Before or after class, or by appointment*

**COURSE ELEMENTS**

Credit Value: 3	Leadership: Yes	IT skills: Yes	Global view: Yes
Avenue: Yes	Ethics: No	Numeracy: Yes	Written skills: Yes
Participation: No	Innovation: Yes	Group Work: No	Oral skills: No

**COURSE PREREQUISITES AND COMPLEMENTS**

ECON 1A06 or 1B03; One of MATH 1A03, 1M03, and 1N03; and COMMERCE 2AA3.

## COURSE DESCRIPTION

This course introduces the main instruments and institutions in the Canadian financial system. The basic concepts and models of modern financial theory are introduced through lectures and 'hands-on' problem solving. Topics include: the time value of money, capital budgeting, the trade-off between risk and return and security valuation.

## LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following:

- Discount cash flows using the concepts of the time value of money;
- Price equities, fixed income securities, and other securities;
- Understand the concepts of risk and required return;
- Analyze a set of investment opportunities, identifying what creates shareholder value; and
- Gain an understanding of capital budgeting.

## REQUIRED COURSE MATERIALS AND READINGS

Course content and class communication available on Avenue:

- <http://avenue.mcmaster.ca>

**(ROSS)** Ross et al; Fundamentals of Corporate Finance, Tenth (10<sup>th</sup>) Canadian Edition; McGraw-Hill Ryerson, 2019

- ISBN: 9781260305869, available at the campus and online bookstores

## EVALUATION

This course will be delivered in a virtual classroom environment, comprising pre-recorded and live lectures, virtual office hours, group work, and online activities. The final student grade will be calculated as follows.

## ***Components and Weights***

Course Engagement	Participation in online activities (individual)	5%
Quizzes	Written online in multiple weeks (individual)	4 x 2.5%
Term Tests	Written online in the 3 <sup>rd</sup> and 5 <sup>th</sup> weeks (individual)	2 x 20%
Group Project	Due in the last week of the term (group)	20%
Final Exam	Written at the end of the term (individual)	25%
<b>Total</b>		<b>100%</b>

## ***Course Engagement***

***Course Engagement*** marks are based on the level of student engagement in the online content items and activities contained in the course. Each item or activity is tracked online (on the course website) to keep a record of its completion by the student. Student attendance in, or subsequent viewing of, online lectures is also recorded.

A list of the content items and activities requiring student completion is provided on the course website to view at the beginning of the term. Refer to the ***Course Engagement*** section of the course for more details on the evaluation aspects of this component.

## ***Quizzes***

There are **four (4) quizzes** in total, and they are to be *written online* in Avenue. A longer time window (of up to one week) is generally provided for each quiz during which each student can complete the quiz with a timer in effect. The timer begins once the quiz is started, and the quiz must be completed before the timer runs out. The longer time window for each quiz expires by the Sunday of the week the quiz is scheduled for. (See the schedule for specific expiry dates.)

Each quiz has questions covering the content covered in the preceding set of lectures. ***The weight of any missed quiz will be automatically re-allocated to that of the Final Exam.***

## **Term Tests**

Two (2) term tests will be **written online on specific dates and times**. More details of the format, structure, and content coverage will be provided in the first week of classes.

On its own, each test is worth 20% of the student grade – subject to the following adjustments:

- If a student *misses one of the two term tests* for any reason, the weight of the missed test will be automatically reallocated to that of the final exam, which will become 45% of the student's overall grade.
- If a student *misses both term tests* for any reason, the weight of both tests will be automatically reallocated to that of the final exam, which will become 65% of the student's overall grade.
- If a student *writes both term tests*, the test in which the student's percentage mark is higher will form 25% of the student's final grade with the other test forming the remaining 15%.

No documentation (including MSAF) is required for the weights to be re-allocated as above.

## **Group Project**

Students will complete a group project **due in the week before the final exam**. Students will form and work in groups of **four** or **five** for the project. More guidance on the project and group formation will be provided in the first week of classes. *The group members will be assigned individual grades relative to the group grade based on the intragroup peer assessments completed at the end of the project.*

## **Final Exam**

The final exam, *written at the end of the course*, will cover all course content with a slightly higher emphasis on the topics after the second term test. More details of the format, structure, and content coverage will be provided after the second term test.

A student *missing the final exam* is subject to the policies and procedures outlined in the undergraduate Academic Calendar for missed final exams.

## **ONLINE COURSE COMPONENTS**

In this course we will be using Avenue to Learn (A2L). Students should be aware that when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss it with the instructor.

## ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the *Academic Integrity Policy* at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

## REQUESTING RELIEF FOR MISSED ACADEMIC WORK

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroote website at the link below:

<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

## STUDENT ACCESSIBILITY SERVICES

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail [sas@mcmaster.ca](mailto:sas@mcmaster.ca).

For further information, consult McMaster University’s Policy for Academic Accommodation of Students with Disabilities:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

## **ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)**

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students requiring a RISO accommodation should submit their request, including the dates/times needing to be accommodated and the courses which will be impacted, to their Faculty Office normally within 10 days of the beginning of term or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

## **ACKNOWLEDGEMENT OF COURSE POLICIES**

Your enrolment in this course will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.

Lack of awareness of the course policies cannot be invoked at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

## **RESEARCH DATA**

Any research data obtained by a student from publicly available sources for the purposes of completing term work (including data used in assignments, projects, and tests) are the joint property of the student, the instructor, and the university. All parties are free to use the research data subject to the original copyright of such data. Students hereby agree not to use in their term work any proprietary data or data subject to copyright protection without the prior written approvals of the instructor and the owner of any such copyright.

## **POTENTIAL MODIFICATIONS TO THE COURSE**

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

<b>COURSE SCHEDULE</b>
------------------------

Wk.	STARTING	TEXTBOOK (ROSS) CHAPTERS*	QUIZ #: DUE BY
1	Mon, May 4	<b>1:</b> Introduction to Corporate Finance <b>5:</b> Introduction to Valuation: The Time Value of Money	<b>1: May 10</b>
2	Mon, May 11	<b>6:</b> Discounted Cash Flow Valuation	<b>2: May 17</b>
3	Tue, May 19	<b>6:</b> Discounted Cash Flow Valuation ( <i>Contd.</i> ) <b>7:</b> Interest Rates and Bond Valuation	-
-	Sat, May 23	<b>Term Test 1</b> (Written Online at 2.00 PM Eastern time)	
4	Mon, May 25	<b>8:</b> Stock Valuation <b>9:</b> Net Present Value and Other Investment Criteria <i>Group Details Due</i>	<b>3: May 31</b>
5	Mon, Jun 1	<b>10:</b> Making Capital Investment Decisions	-
-	Sat, Jun 6	<b>Term Test 2</b> (Written Online at 2.00 PM Eastern time)	
6	Mon, Jun 8	<b>11:</b> Project Analysis and Evaluation <b>12:</b> Lessons from Capital Market History	<b>4: Jun 14</b>
7	Mon, Jun 15	<b>13:</b> Return, Risk, and the Security Market Line	-
-	Wed, Jun 17	<b>Group Project Due Online by 11.00 AM</b>	
7	Fri, Jun 19	<b>Final Exam</b> (Written Online at 7.00 PM Eastern time)	

\* Please refer to the *Detailed Course Schedule* available online for full topical coverage, including assigned textbook problems to prepare as well as any excluded sections.