

**Commerce 2FA3  
Introduction to Finance  
Fall 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 of this course is to introduce you to the basic concepts of the subject. Topics include: the time value of money, capital budgeting, the trade-off between risk and return and security valuation. Future finance courses will build on the basic conceptual framework mastered here, with the goal to make you a prudent financial decision-maker.

***INSTRUCTOR AND CONTACT INFORMATION***

**Instructor**

Waquar Ahmad

Email: [ahmadw9@mcmaster.ca](mailto:ahmadw9@mcmaster.ca)

Office location: Virtual (on zoom)

Office hour: W 12:30 – 13:30 and by appointment made through email

Section	Class Times	TA for information via email		TA & office hours		
C01	M/Th 15:30, T 16:30	Elena Solomon	<a href="mailto:solome4@mcmaster.ca">solome4@mcmaster.ca</a>	Chaitanya Dhumal	<a href="mailto:dhumalc@mcmaster.ca">dhumalc@mcmaster.ca</a>	T 16:30
C02	T/Th/F 14:30	Yuting Liu	<a href="mailto:liuy256@mcmaster.ca">liuy256@mcmaster.ca</a>	Daniel Baldin	<a href="mailto:baldinod@mcmaster.ca">baldinod@mcmaster.ca</a>	Th 14:30
C03	M/W 11:30, F 13:30	Nav Kathpalia	<a href="mailto:kathpaln@mcmaster.ca">kathpaln@mcmaster.ca</a>	Nav Kathpalia	<a href="mailto:kathpaln@mcmaster.ca">kathpaln@mcmaster.ca</a>	W 11:30
C04	M/Th 12:30, T 13:30	Khoa Topp-Nguyen	<a href="mailto:toppnguk@mcmaster.ca">toppnguk@mcmaster.ca</a>	Khoa Topp-Nguyen	<a href="mailto:toppnguk@mcmaster.ca">toppnguk@mcmaster.ca</a>	T 13:30
C05	T 19:00	Daniel Buckler	<a href="mailto:bucklerd@mcmaster.ca">bucklerd@mcmaster.ca</a>	Esther Chen	<a href="mailto:chenx175@mcmaster.ca">chenx175@mcmaster.ca</a>	M 18:00

Tutorial sessions: M 13:30; M 14:30 and T 12:30

**Course website:** <http://avenue.mcmaster.ca/> and <https://app.tophat.com/e/047155>

***COURSE ELEMENTS***

Credit Value: 3	Leadership: Yes	IT skills: Yes	Global view: Yes
A2L: Yes	Ethics: Yes	Numeracy: Yes	Written skills: No
Participation: No	Innovation: No	Group work: No	Oral skills: Yes
Evidence-based: Yes	Experiential: No	Final Exam: Yes	Guest speaker(s): No

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## ***COURSE DESCRIPTION***

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This course introduces students to the world of corporate finance, i.e., a financial manager's domain in a corporate form of business. In the first part of the course students will learn to analyze financial statements to evaluate a corporation's comparative health. After learning to determine the value of a dollar across timeline, students will embark on a journey to apply the principle of time value of money to appraise and choose projects to undertake, define investments based on risk-return criterion and price basic financial instruments like stocks and bonds.

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## ***LEARNING OUTCOMES***

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

- Compare and contrast financial performance of a corporation across time and against its peers
- Evaluate cash flow(s) at different times using the concepts of the time value of money
- Analyze a set of investment opportunities using capital budgeting tools and making investment decisions in uncertain situations
- Understand the concepts of risk and required return and evaluate investment opportunities based on both criteria
- Price equities (common stocks and preferred stocks) and fixed income securities (bonds)

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## ***COURSE MATERIALS AND READINGS***

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Required textbook: Fundamentals of Corporate Finance with access to Connect\*, Tenth (10<sup>th</sup>) Canadian Edition; McGraw-Hill Ryerson, 2019; **Included in Inclusive Access with the bookstore**  
Option 1: custom digital - ISBN: 9781264168514 (2-year access; for both 2FA3 and 3FA3) - \$80;  
Option 2: print textbook + Connect 2-year custom access – ISBN: 9781264168590 - \$139.99.

Exclusively available at the campus bookstore.

\* You will need access to Connect which will be used for graded weekly homework assignments  
\* See the accompanying file detailing the price you will pay and associated access that you will receive

## **COURSE OVERVIEW AND ASSESSMENT**

This course will be delivered in a virtual classroom environment. The core content will be delivered using pre-recorded lectures while there will be one weekly session of live lectures. Please see the spreadsheet in this folder to see the synchronous lectures for your section during the semester. The zoom link for the synchronous lectures will be posted on Avenue in a timely fashion. The course will feature virtual office hours, virtual tutorial sessions, online assessments including weekly quizzes (Top Hat), weekly assignments (Connect), two midterm tests (Avenue) and a final exam (Avenue).

### **Course delivery:**

ACTIVITIES	DELIVERY	DESCRIPTION	TOOL(S)
<b>Lecture core content</b>	asynchronous	Weekly 3-4 recorded lecture videos (each 10-20 minutes long) * <b>This will cover two fifty-minute sessions</b>	Voiceover ppt posted on Avenue & Top Hat
<b>Live lecture</b>	synchronous	Weekly 50-minute live session; elaborate on content, answer student queries, walk through problem sets ** <b>This will cover one fifty-minute session</b>	Zoom; recording <i>may be</i> posted on Avenue
<b>Tutorial</b>	synchronous	Weekly 50-minute live session with TA; discuss weekly materials covered and problem solving <b>Only attend tutorial of YOUR section</b>	Zoom; recording <i>may be</i> posted on Avenue
<b>Readings</b>	asynchronous	Weekly suggested textbook chapter sections; materials posted on Avenue	Textbook and Avenue links

*\*A list of week-by-week topics covered in asynchronous lectures is posted later in the outline.*

*\*\*A list of synchronous lecture dates for every section is posted later in the outline. You can only attend the synchronous lecture of your section.*

**Course assessment:** There are four different types of assessments for this course. The final student grade will be calculated as follows based on these:

EVALUATIONS	WEIGHT	DESCRIPTION	DUE	WHERE
<b>Midterm test (x2)</b>	25%*2 = 50%	MCQs and Short Answers <b>(See last page for coverage)</b>	Mid 1: 7 pm to 9 pm Oct 9 Mid 2: 7 pm to 9 pm Nov 20	Avenue
<b>Weekly quiz (x10)</b>	0.25%*4*10 = 10%	Four MCQs/Short Problems from weekly asynchronous lectures	Each Friday 10 pm <b>(See last page for due dates)</b>	Top Hat
<b>Weekly homework (x10)</b>	1%*10 = 10%	Ten MCQs from weekly materials	Each Tuesday 2:30 pm <b>(See last page for due dates)</b>	Connect
<b>Final exam</b>	30%	MCQs <b>(Cumulative)</b>	Exam week 150 minutes	Avenue

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## **COURSE DELIVERABLES**

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### **Midterm tests (2):**

There will be two midterm tests. Both will be open books and notes, held on Avenue and will run for two hours. Each test will have thirty (30) multiple choice questions (MCQs) and three longer word problems. The first midterm test will be held on 9<sup>th</sup> October (Friday) from 7:00 pm to 9:00 pm (Hamilton, ON time) and will test you on materials covered in the first four weeks of class (chapters 1, 2, 3, 5 and 6). The second midterm test will be held on 20<sup>th</sup> November (Friday) from 7:00 pm to 9:00 pm (Hamilton, ON time) and will test you on materials covered in weeks six through nine (chapters 9 through 13).

**Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF.**

At McMaster University, student learning in undergraduate courses should be assessed on more than one occasion. No single academic obligation (e.g., essay, test, examination, etc.) should have a value of more than 75% of the final grade without approval from the Department Chair or Associate Dean's Office. The two midterm tests in this course are each worth 25% of total grade. **To this end, a student can request relief for one of the tests only (as approved by the Student Experience Office for coursework worth more than 24%). If a student needs to submit a request for missed coursework for both tests during the semester, s/he will have to communicate with the instructor so that an alternate arrangement can be made.** The final exam marks will be reweighted in case of approved missed tests. **Missed tests will not be eligible for 'curve' used for the test, if any.**

### **Weekly quiz (10) – Top Hat**

There will be ten weekly quizzes based on the asynchronous lectures. No weekly quiz will take place during the midterm recess week, and the two weeks when the two midterms are scheduled. See the attached schedule of these quizzes at the end of the outline.

Each quiz will have four questions, each carrying 0.25% marks, every week (total 1% grade every week). Students can attempt these quizzes one time, and on their own time. **Each weekly quiz is due to be completed by Friday 10:00 pm (Hamilton, ON time) of the week the lectures are posted, and materials are covered.**

**Time extensions are not granted for the quizzes under any circumstances. Missed weekly quiz will receive a grade of zero. As each of these quizzes carry only 1% of final grade, and the students have ample time to complete them, students cannot use MSAF if they miss any quiz.**

### **Weekly homework (10) – Connect**

Every week a set of ten questions will be assigned **on Connect**. Students will complete these individually. These assignments will have deadlines – they will be opened every Thursday at 3:30 pm

and will be **due the following Tuesday at 2:30 pm** (Hamilton, ON time). A detailed schedule of these homework assignments is provided in the weekly schedule.

Time extensions are not granted for the homework assignments under any circumstances. Missed weekly homework assignment will receive a grade of zero. As each of these assignments carry only 1% of final grade, and the students have ample time to complete them, students cannot use MSAF if they miss any homework assignment.

### ***Final Exam***

**This exam will be cumulative.** The final exam will comprise of forty-five (45) multiple-choice questions. The material tested on of final exam will include the material covered in class as well as the suggested end of chapter problems and weekly quizzes and assignments.

The exam will be scheduled by the registrar's office and take place during the finals week. The exam will be held on Avenue. The duration of the final exam is 150 minutes (2 and a half hours).

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

**NOTE: You can use any calculator (regular and financial) and MS Excel during all assessments in this course. All assessments are open books and notes. They are to be completed individually.**

### **Tutorial Sessions**

There will be **three** weekly tutorial sessions conducted by TAs for the course. These sessions are optional for students to attend. The student TAs will answer your questions and go over two or three end of chapter problems for the materials covered the week before. The times and virtual locations of the tutorial sessions will be posted on Avenue the week before they take place.

Tutorial sessions will commence from week 2 and will be held synchronously on zoom in these times: **Monday 13:30 to 14:20; Monday 14:30 to 15:20; and Tuesday 12:30 to 13:20**

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## ***COMMUNICATION AND FEEDBACK***

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Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. **Students should only send emails to the TA assigned for their section which can be found at the first page of the outline.** This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. **Make sure to add 'COM 2FA3' in the subject line of email correspondence with the designated TAs.** Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Students will receive evaluation feedback for 35% of the final grade prior to Week #9 in the term.

I may solicit feedback via an informal course review with students on Week #4 to allow time for modifications in curriculum delivery. Collected student feedback will be kept confidential and used to improve student experience for the course.

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### ***REQUESTING RELIEF FOR MISSED ACADEMIC WORK***

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In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar “Requests for Relief for Missed Academic Term Work” and the link below;

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

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### ***ACADEMIC INTEGRITY***

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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. **It is your responsibility to understand what constitutes academic dishonesty.**

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.

For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
  - improper collaboration in group work.
  - copying or using unauthorized aids in tests and examinations.
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### ***AUTHENTICITY/PLAGIARISM DETECTION***

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**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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### ***COURSES WITH AN ON-LINE ELEMENT***

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This course uses on-line elements (e.g. e-mail, Avenue to Learn (A2L), Connect, Top Hat, web pages, etc.). Students should be aware that, when they access the electronic components of a course using these elements, 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 a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

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### ***ONLINE PROCTORING***

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This course will follow the university policy for using online proctoring software for tests and exams. If used the software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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### ***CONDUCT EXPECTATIONS***

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

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### ***ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES***

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Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or [sas@mcmaster.ca](mailto:sas@mcmaster.ca) to make arrangements with a Program Coordinator. For further information, consult McMaster University’s [Academic Accommodation of Students with Disabilities](#) policy.

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

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation 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.

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### ***COPYRIGHT AND RECORDING***

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Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

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### ***EXTREME CIRCUMSTANCES***

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The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

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### ***ACKNOWLEDGEMENT OF COURSE POLICIES***

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Your enrolment in Commerce 2FA3 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.

**COURSE SCHEDULE**

**Commerce 2FA3  
Introduction to Finance  
Fall 2020 Course Schedule**

	Textbook chapter title	Specific topics (if any) to be covered	Covered in lecture and to be tested	Read on your own	Weekly lecture schedule	Week Starting	Quiz Due @10 pm (TOPHAT)	HW Due @2:30 pm (CONNECT)
Chapter 1	Intro to Corporate Finance		1.1, 1.2, 1.3, 1.4, 1.5	1.6, 1.7	Week 1 Lecture 1	8-Sep	Ch 1 & 2 11 Sep	NO HW Due
Chapter 2	Financial statements, Cash flow, and Taxes	Capital Cost Allocation	2.5	2.1, 2.2, 2.3, 2.4	Week 1 Lecture 2			
Chapter 3	Working with Financial Statements	Standardized F/S and Ratio analysis	3.2, 3.3, 3.4, 3.5		Week 2 Lecture 1 & 2	14-Sep	Ch 3 18 Sep	Ch 1 & 2 15 Sep
Chapter 5	Introduction to Valuation: The Time Value of Money		5.1, 5.2, 5.3		Week 3 Lecture 1 & 2	21-Sep	Ch 5 25 Sep	Ch 3 22 Sep
Chapter 6	Discounted Cash flow Valuation		6.1, 6.2, 6.3, 6.4		Week 4 Lecture 1 & 2	28-Sep	Ch 6 02 Oct	Ch 5 29 Sep
NO WEEKLY CLASSES						5-Oct	NO QUIZ	Ch 6 06 Oct
MIDTERM 1		Weeks 1 - 4	Ch 1, 2, 3, 5, 6		9-Oct		7 pm - 9 pm	
MIDTERM RECESS WEEK					No lectures	12-Oct	NO QUIZ	NO HW Due
Chapter 9	Net Present Value and other investment criteria		9.1, 9.2, 9.4, 9.5, 9.6, 9.7	9.3	Week 6 Lecture 1 & 2	19-Oct	Ch 9 23 Oct	NO HW Due
Chapter 10	Making Capital Investment Decisions		10.1, 10.2, 10.3, 10.4, 10.5, 10.7	10.6	Week 7 Lecture 1	26-Oct	Ch 10 & 11 30 Oct	Ch 9 27 Oct
Chapter 11	Project Analysis and Evaluation		11.1, 11.2, 11.3, 11.4, 11.5	11.6	Week 7 Lecture 2			
Chapter 12	Lessons from Capital market history		12.1, 12.3, 12.4, 12.5, 12.6	12.2	Week 8 Lecture 1 & 2	2-Nov	Ch 12 06 Nov	Ch 10 & 11 03 Nov
Chapter 13	Return, Risk, and the Security Market Line		13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7	13.8	Week 9 Lecture 1 & 2	9-Nov	Ch 13 13 Nov	Ch 12 10 Nov
NO WEEKLY CLASSES						16-Nov	NO QUIZ	Ch 13 17 Nov
MIDTERM 2		Weeks 6 - 9	Ch 9, 10, 11, 12, 13		20-Nov		7 pm - 9 pm	
Chapter 7	Interest Rates and Bond Valuation		7.1, 7.2, 7.3, 7.6, 7.7	7.4, 7.5	Week 11 Lecture 1 & 2	23-Nov	Ch 7 27 Nov	NO HW Due
Chapter 8	Stock Valuation		8.1, 8.2, 8.3, 8.4		Week 12 Lecture 1 & 2	30-Nov	Ch 8 04 Dec	Ch 7 01 Dec
Recap	All chapters	Week 1 - 12				7-Dec	NO QUIZ	Ch 8 08 Dec
FINAL EXAM		All Chapters				TBA		

*\* This is a tentative schedule. The schedule may be adjusted (as any unforeseen situation evolves) to the discretion of the instructor.*