



**COMMERCE 3FA3
Managerial Finance
Summer 2020 Course Outline**

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

COURSE OBJECTIVE

The goal of this course is to give students a passion for finance and develop an understanding of the key concepts used in the business world. This course builds on the introduction to modern business finance from Commerce 2FA3. The course balances theory, evidence and applications to prepare students for elective courses in finance and taxation and to provide some of the knowledge required to work effectively in the contemporary business environment.

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.

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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

COMMERCE 2FA3 or ECON 2I03 or IBH 2BB3; and registration in any Honours Bachelor of Commerce, Engineering and Management, Honours Actuarial and Financial Mathematics, or four or five-level non-Commerce program.

COURSE DESCRIPTION

This course examines various aspects of the financial management of the firm including the sources and methods of financing, capital structure, dividend policy, leasing, mergers and acquisitions, working capital management, effects of taxation on financial decisions and international aspects of finance.

LEARNING OUTCOMES

This course is intended to provide students with a basic literacy in the problems and methods of modern business finance. Upon completion of this course, students will be able to complete the following key tasks:

- Analyze a set of combination opportunities, identifying what creates shareholder value;
- Identify sources of capital to finance projects and learn how to manage the sources;
- Understand the methods used to improve short-term financial management of a company;
- Structure financial claims on the firm between debt and equity securities so as to maximize shareholder value;
- Understand the effects of taxation on financial decisions; and
- Gain a basic understanding of derivatives and their risk-management applications.

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 (10th) Canadian Edition*; McGraw-Hill Ryerson, 2019

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

Technology requirements:

- Access to a computing device
- Reliable Internet connection
- Access to a webcam or video capture device (such as a smartphone) for writing tests/exams

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

Quizzes	Written online in multiple weeks (individual)	4 x 2.5%
Term Tests	Written online in the 3 rd and 5 th weeks (individual)	2 x 25%
Final Exam	Written at the end of the term (individual)	40%
Total		100%

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 25% 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 65% 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 90% 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 30% of the student's final grade with the other test forming the remaining 20%.

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

Students may be required to use a webcam or a video capture device (such as a smartphone) for an invigilator to monitor their test writing environment while the test is being written.

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.

Students may be required to use a webcam or a video capture device (such as a smartphone) for an invigilator to monitor their test writing environment while the exam is being written.

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

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.

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.

COURSE SCHEDULE

Wk.	STARTING	TEXTBOOK (ROSS) CHAPTERS*	QUIZ #: DUE BY
1	Mon, Jun 22	14: Cost of Capital	1: Jun 28
2	Mon, Jun 29	15: Raising Capital	2: Jul 5
3	Mon, Jul 6	16: Financial Leverage and Capital Structure Policy	-
-	Sat, Jul 11	Term Test 1 (Written Online at 2.00 PM Eastern time)	
4	Mon, Jul 13	17: Dividends and Dividend Policy 18: Short-term Finance and Planning	3: Jul 19
5	Mon, Jul 20	18: Short-term Finance and Planning (<i>contd.</i>) 19: Cash and Liquidity Management	-
-	Sat, Jul 25	Term Test 2 (Written Online at 2.00 PM Eastern time)	
6	Mon, Jul 27	22: Leasing 23: Mergers and Acquisitions	4: Aug 2
7	Mon, Aug 3	25: Options and Corporate Securities	-
7	Fri, Aug 7	Final Exam (Written Online at 7.00 PM Eastern time)	

* Please refer to the *Assigned Practice Questions* document available online for full topical coverage, including assigned textbook problems to prepare as well as any excluded sections.