

**Commerce 2FA3
Introduction to Finance
Winter 2021 Course Outline**

**Finance and Business Economics Area
DeGroot 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

TA

TBA

Course website: <http://avenue.mcmaster.ca/> and <https://app.tophat.com/e/635971>

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

COURSE DESCRIPTION

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.

LEARNING OUTCOMES

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)

COURSE MATERIALS AND READINGS

Required textbook: Fundamentals of Corporate Finance with access to Connect*, Tenth (10th) 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: https://campusstore.mcmaster.ca/cgi-mcm/ws/txsub.pl?wsTERMG1=211&wsDEPTG1=COMMERCE&wsCOURSEG1=2FA3&wsSECTIONG1=DAY%20C01&crit_cnt=1

* 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)
Lecture core content	synchronous	Weekly 3-4 recorded lecture videos (each 20-35 minutes long) *	Voiceover ppt posted on Avenue
Live lecture	synchronous	Weekly 50-minute live session; elaborate on content, answer student queries	Zoom
Tutorial	synchronous	Weekly 50-minute live session with TA; discuss weekly materials covered and problem solving	Zoom
Problem Solving	synchronous	Weekly 50-minute live session with TA going over the weekly quiz questions	Zoom
Readings	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 will be posted later in the outline.

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
Midterm test (x2)	25%*2 = 50%	Multiple choice questions	Mid 1: 7:00 pm to 9:00 pm Feb 8 Mid 2: 7:00 pm to 9:00 pm Mar 22	Avenue
Weekly quiz (x10)	0.25%*4*10 = 10%	Four Multiple choice questions every week	Each Friday 10 pm	Top Hat
Weekly homework (x10)	1%*10 = 10%	Ten Multiple choice questions every week	Each Monday 2:30 pm	Connect
Final exam	30%	Forty-five Multiple choice questions	Exam week (Cumulative) 150 minutes	Avenue

COURSE DELIVERABLES

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) of different level of difficulty carrying different weights. The tests will be held during the regular schedule of this class. The first midterm test will be held on 8th February (Monday) 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 22nd March (Monday) 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 Wednesday at 3:30 pm

and will be **due the following Monday 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 and Problem-Solving Sessions

There will be **one** weekly tutorial session and **one** problem solving session conducted by your section's designated TA. These sessions are optional for students to attend. In the problem-solving session, the TA will answer your questions and go over two or three problems for the materials covered for the week. In the tutorial session, the TA will go over the questions in the Top Hat quiz and Connect assignment the week before. The times and virtual locations of the tutorial sessions will be posted on Avenue. The problem-solving session starts from week 1 while the tutorial sessions will commence from week 2 and both will be held synchronously on zoom.

COMMUNICATION AND FEEDBACK

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. 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.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

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.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

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. **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.

AUTHENTICITY/PLAGIARISM DETECTION

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.

COURSES WITH AN ON-LINE ELEMENT

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.

ONLINE PROCTORING

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.

CONDUCT EXPECTATIONS

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.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

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

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 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.

COPYRIGHT AND RECORDING

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.

EXTREME CIRCUMSTANCES

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.

ACKNOWLEDGEMENT OF COURSE POLICIES

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
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# Week	Date	Textbook Chapter	Chapter Title
1	Jan 11	1, 2	Introduction to Corporate Finance Capital Cost Allocation
2	Jan 18	3	Working with Financial Statements
3	Jan 25	5	The Time Value of Money
4	Feb 1	6	Discounted Cash Flow Valuation
5	Feb 8	MIDTERM 1	CH 1, 2, 3, 5, 6
6	Feb 15	NO CLASS	RECESS
7	Feb 22	9	NPV and Other Investment Criteria
8	Mar 1	10	Making Capital Investment Decisions
9	Mar 8	11	Project Analysis & Evaluation
10	Mar 15	12, 13	Risk and Return; SML
11	Mar 22	MIDTERM 2	CH 9, 10, 11, 12, 13
12	Mar 29	7	Bond Valuation
13	Apr 5	8	Stock Valuation
14	Apr 12	WRAP	WRAP

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