

**Commerce 3FK3 C01 (4440)
Intermediate Corporate Finance
Fall 2021 Course Outline**

**Finance Area
DeGroot School of Business
McMaster University**

COURSE OBJECTIVE

This course is an extension of the theories and techniques developed in Managerial Finance (COMM 3FA3). In general, the course material is related to the financial management of business enterprises with emphasis on asset management and financing. The major corporate decisions include investment decisions, financing decisions, and dividend decisions. Students will be exposed to fundamental theories in financial management, applications of these theories in business practice, and limitations and difficulties of these theories in solving real-life problems.

INSTRUCTOR AND CONTACT INFORMATION

Fri 8:30 – 11:20
Dr. Rahman Khokhar
Instructor
khokhaar@mcmaster.ca
Office Hours: Virtual and by
appointment only.

Class Location: Online

Student TA
Omer Ahmad
ahmadq1@mcmaster.ca
Virtual Office Hours: TBA

COURSE ELEMENTS

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

COURSE DESCRIPTION

This course will provide an overview of the theory, methods and concerns of Corporate Finance. The course will examine the important issues in corporate finance (capital budgeting, capital structure, dividend policy, interaction of investment and financing decisions) from the perspective of the financial manager.

This is an advanced corporate finance course. It requires familiarity with number crunching and a solid understanding of the concepts of introductory finance, COMMERCE 2FB3 or 3FA3 or equivalent. Although lecture-based, the course will also use mini-case problems to illustrate the theory. Class participation is strongly encouraged.

LEARNING OUTCOMES

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

- develop a solid understanding of various financial issues of business management and functions of financial markets in dealing with these issues;
- master skills of conceptually identifying and numerically solving financial problems related to business decisions in both hypothetical and realistic contexts; and
- develop skills found in competent financial managers.

COURSE MATERIALS AND READINGS

Avenue registration for course content, readings and case materials

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

Damodaran, Aswath: "Corporate Finance: Theory and Practice, Second Edition" John Wiley & Sons, 2001.

- Highly Recommended; available at the bookstore
https://campusstore.mcmaster.ca/cgi-mcm/ws/txsub.pl?wsTERMG1=214&wsDEPTG1=COMMERCE&wsCOURSEG1=3FK3&wsSECTIONG1=DAY%20C01&crit_cnt=1

Additional Source: Damodaran Online at <http://pages.stern.nyu.edu/~adamodar/>.

EVALUATION

All work will be evaluated on an individual basis. Your final grade will be calculated as follows:

Components and Weights

In-class Online Quizzes	15%
Mid-term Exam (TBA)	35%
Final Exam Online (TBA)	45%
Class Participation	5%
Total	100%

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf

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. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.
- For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

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.
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AUTHENTICITY/PLAGIARISM DETECTION

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

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

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Zoom, WebEx, Microsoft Teams, Moodle, ThinkingCap, 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

Some courses may use online proctoring software for tests and exams. This 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.

RESEARCH USING HUMAN SUBJECTS

All researchers conducting research that involves human participants, their records or their biological material are required to receive approval from one of McMaster's Research Ethics Boards before (a) they can recruit participants and (b) collect or access their data. Failure to comply with relevant policies is a research misconduct matter. Contact these boards for further information about your requirements and the application process.

McMaster Research Ethics Board (General board): <https://reo.mcmaster.ca/>

Hamilton Integrated Research Ethics Board (Medical board): <http://www.hireb.ca/>

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in Commerce 3FK3 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.

ADDITIONAL GUIDELINES

Avenue to Learn (A2L) Online Quizzes and Exams

There are two online Exams (Midterm and Final) in this course which account for **80%** of your final grade. These exams will cover material from the class slides, live and video lectures and

class discussion. These are **open-book** exams including multiple choice and short concept questions as well as problems.

In addition, there are 6 to 8 in-class mini quizzes throughout the course worth **15%** of the final grade. These mini quizzes will be based on current video lecture covered during the class.

- Students will need to sign in to A2L *quizzes and exams* within the limited time window allowed. Failing to sign in during the permitted time will result in missing the quiz and/or exam with a mark of *zero*.
- The online exams *may require video monitoring* of students during the length of the exam using university recommended software and students are expected to have access to a webcam, headset, and mic.
- Students will only be provided *one attempt* for each A2L online mini quiz and/or exam and *must avoid “submit exam” while moving to the next page*. Such early submissions will be marked as is and *no additional attempt* will be provided.
- If a student is unable to complete online exams due to technical issues (such as screen freezing, power outage, etc.), the student must contact the BCom office immediately.
- Using any *unauthorized material or assistance* during an online exam is strictly prohibited and is an academic dishonesty offence under the Academic Integrity Policy.

COURSE SCHEDULE

**Commerce 3FK3 C01
Intermediate Corporate Finance**

Week	Date	Assignment
1	Fri. Sep. 10	Class Introductions Introduction and Objective Function in Corporate Finance
2	Fri. Sep. 17	Time Value of Money and Understanding Financial Statements
3	Fri. Sep. 24	Value and Price; The Basics of Risk
4	Fri. Oct. 1	Estimating Hurdle Rates for Firms and Projects
5	Fri. Oct. 8	Investment Decision Rules
	Fri. Oct. 15	Mid-term Recess (No Class)
6	Fri. Oct. 22	Project Interactions, Side Benefits and Costs
7	Fri. Oct. 29	Investment in Non-Cash Working Capital and Cash & Marketable Securities
8	Fri. Nov. 5	Investment Returns and Corporate Strategy
9	Fri. Nov. 12	Dividend Policy
10	Fri. Nov. 19	Analyzing Cash Returned to Stockholders
11	Fri. Nov. 26	Overview of Financing Choices and Capital Structure Theories
12	Fri. Dec. 3	Overview of Financing Choices and Capital Structure Theories Final Exam Review

* Some topics may only be covered subject to time availability.