

**IBH 3AC3  
Corporate Finance  
Fall 2022 Course Outline**

**Accounting and Financial Management Services Area  
DeGroote School of Business  
McMaster University**

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***COURSE OBJECTIVE***

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*The goal of this course is to provide students with an introduction to finance and develop an understanding of the key concepts used in the business world.*

*This course provides an overview of financial management and the financial system. The goal is to equip students with the basic understanding of how financial decisions are made. Students will learn fundamental finance concepts and tools, and how they are applied in practice. The course will lay a foundation for more advanced finance courses that students will subsequently take. Topics include time value of money, capital budgeting, risk and return trade-off, and security valuation.*

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***INSTRUCTOR AND CONTACT INFORMATION***

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**Lucas Thung**  
ThungL@mcmaster.ca

**Course website:** See A2L.

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***COURSE ELEMENTS***

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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:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

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## **LEARNING OUTCOMES**

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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.

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## **COURSE MATERIALS AND READINGS**

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- *Calculators: use McMaster standard calculator*

**Required:**

**Fundamentals of Corporate Finance, 11th Canadian Edition;**  
*By S.A. Ross, R.W. Westerfield, B.D. Jordan, G. Roberts, J.A. Pandes, T. Holloway; McGraw-Hill Ryerson, 2022.*

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## **COURSE OVERVIEW AND ASSESSMENT**

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Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments will be **penalized 10% for each calendar day** they are late. Your final grade will be calculated as follows:

Assessment	Type	Weight
Midterm	Individual	25%
Group Assignment	Group	15%
Group Presentation	Group	10%
Participation	Individual	10%
Final Exam	Individual	40%
<b>Total</b>		<b>100%</b>

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## **COURSE DELIVERABLES**

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### **Individual Midterm and Final Exam**

The Midterm and Final exam could include comprehensive questions and multiple-choice questions. More details on the format, structure, and content coverage will be posted to A2L.

Final Exam will be “semi-cumulative” with the **higher focus on the material covered after** the Midterm.

**Note:** Completed “**Notification of Absence Form**” will be required for a **missed Midterm**. If your application is approved, the weight of the 25% Midterm will be automatically **reallocated** to the **Final Exam**, which will become 25% + 40% = **65%** of the student’s overall grade. A student missing the Final Exam is subject to the policies and procedures outlined in the undergraduate Academic Calendar for missed Final Exams.

### **Group Assignment and Presentation**

Students will work in groups to tackle “real world” applications of the course contents from Weeks 1 to 10 (inclusive). Details will be posted to A2L.

### **Individual Participation**

Opportunities to earn participation marks will be made available throughout the semester. Details will be posted to A2L.

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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**. 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.

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

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

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**Some courses may** use on-line elements (e.g. email, Avenue to Learn (A2L), web pages, TopHat, MS Teams, 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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**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.

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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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## **RESEARCH USING HUMAN SUBJECTS**

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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/>

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## **ACKNOWLEDGEMENT OF COURSE POLICIES**

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Your enrolment in **IBH 3AC3** 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.

### **Email Etiquette**

- 1) Utilize **ONLY** your **McMaster email** to email the Instructor  
i.e. Do not use Gmail, Rogers, Live, etc.
- 2) Always **START** the “**Subject Line**” with “**3AC3**”.
- 3) Turnaround / respond time = up to two (2) business days



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**TENTATIVE COURSE SCHEDULE**

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**Note: Modifications *may* be made with advance notice.**

Week #	Topic	Chapter(s)	Assessment(s)
1	Cost of Capital	14	Participation
2	Raising Capital	15	Participation
3	Capital Structure	16	Participation
4	Dividend Policy	17	Participation
5	Mergers & Acquisitions	23	Participation
<b>Mid-term Recess =&gt; October 10 to October 16</b>			
6	Midterm	Weeks One (1) to Four (4) (inclusive) - 14, 15, 16, 17	Midterm
7	Leasing I	22	Participation
8	Leasing II	22	Participation
9	Enterprise Risk Management	24	Participation
10	Options	25	Participation
11	International Finance	21	Participation
12	Group Presentations I	---	Presentations I & Group Assignment
13	Group Presentations II & Review	---	Presentations II
<b>Final Exam (FOCUS is on contents AFTER Midterm): December 9 to December 22</b>			