

**IBH 3AC3
Corporate Finance
Fall 2023 Course Outline**

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

COURSE OBJECTIVE

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.

INSTRUCTOR AND COURSE INFORMATION

Instructor: Jason Tome
Email: tomej1@mcmaster.ca
Lectures: Fridays from 8:30 – 11:20
Tutorials: Mondays from 10:30 – 11:20
Office Hours: By Appointment

REQUIRED MATERIALS AND TEXTS

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.

Texas Instruments BA II Plus Financial Calculator is recommended for this course. However, any calculator that performs time value of money and other financial functions is acceptable.

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

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

COURSE EVALUATION

Type	Description	Due Date	Weight
Test	Term Test 1	10/06/2023	20%
Test	Term Test 2	11/10/2023	20%
Group Assignment	Video Project	12/01/2023	20%
Test	Final Exam During Exam Period	TBA	40%

Group Assignment – Video Project (20%)

In addition to the Term Tests and Final Exam, students will be required to do a video project. The details for the video project will be outlined on A2L. Broadly, the video is a group project in groups of 3-4 students. Students will produce a 5-6 minute video about the topic and a one-page "executive" summary". More instructions will be given during the semester.

Term Tests (40%) and Final Exam (40%)

The Term Tests and Final Exam will be a combination of comprehensive questions and multiple choice questions. More details on the format, structure, and content coverage will be provided on A2L well before the Term Tests and the Final Exam. The Final Exam will be cumulative.

Please Note, an MSAF will be required for a missed midterm. The weight of the midterm exam of a student who filed a successful MSAF will be automatically reallocated to that of the final exam. A student missing the final exam is subject to the policies and procedures outlined in the undergraduate Academic Calendar for missed final exams.

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 25% for each calendar day they are late.

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.

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.

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, Avenue to Learn and/or McMaster email.

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.

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

GENERATIVE AI

Students may use generative AI throughout this course in whatever way enhances their learning; no special documentation or citation is required.

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](#).

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. Avenue to Learn, 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.

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.

ACKNOWLEDGMENT OF COURSE POLICIES

Your enrolment in Commerce 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.

COURSE SCHEDULE

WEEK	DATE	ASSIGNMENT
1	Friday September 8th	Lecture 1: Cost of Capital Suggested Readings: Chapter 14
2	Monday September 11th	Tutorial 1: Cost of Capital Problems
	Friday September 15th	Lecture 2: Free Cash Flows and Valuation Suggested Readings: Chapters 2 and 14A
3	Monday September 18th	Tutorial 2: Free Cash Flows and Valuation Problems
	Friday September 22nd	Lecture 3: Financial Leverage and Capital Structure Suggested Readings: Chapters 16
4	Monday September 25th	Tutorial 3: Capital Structure Problems
	Friday September 29th	Lecture 4: Financial Leverage and Capital Structure cont. Suggested Readings: Chapter 16
5	Monday October 2nd	Tutorial 4: Capital Structure Problems cont.
	Friday October 6th	Term Test 1 (Covers Lectures 1 – 4)
6	Friday October 13th	READING WEEK (No Lectures, Tutorials, or Quizzes)
7	Monday October 16th	No Tutorial
	Friday October 20th	Lecture 5: Mergers & Acquisitions Suggested Readings: Chapter 23
8	Monday October 23rd	Tutorial 5: Mergers & Acquisitions Problems
	Friday October 27th	Lecture 6: Dividend Policy Suggested Readings: Chapter 17

WEEK	DATE	ASSIGNMENT
9	Monday October 30th	Tutorial 6: Dividend Policy Problems
	Friday November 3rd	Lecture 7: Derivatives (Forwards, Futures, and SWAP's) Suggested Readings: Chapter 24
10	Monday November 6th	Tutorial 7: Forwards, Futures, and SWAP's Problems
	Friday November 10th	Term Test 2 (Covers Lectures 5 – 7)
11	Monday November 13th	No Tutorial
	Friday November 17th	Lecture 8: Derivatives (Options) Suggested Readings: Chapter 25
12	Monday November 20th	Tutorial 8: Option Problems
	Friday November 24th	Lecture 9: Derivatives (Options) Suggested Readings: Chapter 25
13	Monday November 27th	Tutorial 9: Dividend Policy Problems
	Friday December 1st	Lecture 10: Behavioral Finance Suggested Readings: Chapter 26 Assignment Due: Group Video Project