

**Commerce 2FA3  
Introduction to Finance  
Winter 2024 Course Outline**

**Information, Marketing, Operations 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 a 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 the time value of money, capital budgeting, risk/return trade-off, and security valuation.

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***INSTRUCTOR AND CONTACT INFORMATION***

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**William Huggins**  
Instructor  
[hugginsw@mcmaster.ca](mailto:hugginsw@mcmaster.ca)  
Office: RJC/Zoom  
Office Hours: by appt (before class)

**Student TA**  
XXXX@mcmaster.ca  
Office: online  
Office Hours: TBA  
**Tutorials:** time/day TBA

**Course website:** Avenue to Learn

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***COURSE ELEMENTS***

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

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## ***COURSE DESCRIPTION***

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The course focuses on the various problems and decisions confronting the CFO of a corporation. The CFO's decision making involves both short-term and long-term horizon, as well as both investing and financing choices. Major topics include the time value of money, the valuation of bonds, stocks, and large capital projects, returns, portfolios, and the capital asset pricing model. This course is taught through lectures, readings, and in-class discussions.

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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. During the lectures, the course will also discuss applications of the concepts that we cover. The course will, at every opportunity, discuss the ethical practices to be followed by a financial manager in the decision-making process. Upon completion of this course, students will be able to complete the following key tasks:

- Use the time value of money to value basic securities like stocks and bonds;
  - Estimate the net present value of a large capital project;
  - Calculate returns and estimate the required rate of return based on systematic risk.
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## ***COURSE MATERIALS AND READINGS***

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Required textbook: Fundamentals of Corporate Finance with access to Connect\*, Tenth (11th) Canadian Edition; McGraw-Hill Ryerson, 2022

Connect is NOT required but you may find it helpful as a self-study tool.

**You will use this SAME BOOK from your 2FB3 class so you should seriously consider taking advantage of Inclusive Access as described in the announcements on A2L.**

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## ***COURSE OVERVIEW AND ASSESSMENT***

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This course will be offered in person with live lectures once per week. Tutorials will be held online to facilitate attendance. Our course portal will be Avenue to Learn with assignments due there regularly throughout the course.

**Missed tests cannot be MSAF'd** as they are worth 25% (policy has a max of 24%). Late assignments will receive a grade of zero as the solutions will be posted the day after they are due. Your final grade will be calculated as follows:

## Components and Weights

<b>Three Homework Assignments (6% each)</b>	(Due dates are Fridays, 11:59pm EST) (Feb 2, Mar 8, Apr 5)	18%
<b>Test 1</b>	(Feb 5, during class time)	25%
<b>Test 2</b>	(Mar 11, during class time)	25%
<b>Final Exam</b>	(TBA, during final exam period)	32%
<b>Total</b>		<b>100%</b>

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## ***COURSE DELIVERABLES***

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### ***Assignments***

In the week before each test you will be expected to complete a brief assignment worth 6% which are to be solved individually (submit to dropboxes on A2L are set up for each one). As these questions are more involved than the questions you will encounter during the tests and exam, be sure to provide more than just your final answer if you hope to earn part marks for process. Excel sheets are fine but should include CLEAR notes explaining your approach.

Solutions will be posted after the deadline so no late submissions will be accepted.

### ***Tests #1/#2 – Multiple Choice – YOU CANNOT USE AN MSAF FOR THESE***

There are two multiple choice tests in this course that accounts for 25% of your final grade each. These have 30 questions each, covering material from the text book, readings, lectures and class discussion. The penalties for academic dishonesty are severe.

You are allowed a one-sided formula sheet (you prepare it) that you **MUST** submit along with your test. Formula sheets will not be returned. You will have two hours to complete each test.

### ***Final Exam***

This exam will be cumulative. Like the tests it will be a multiple-choice exam as well. You will be allowed a two-sided crib sheet for the final, which must be submitted along with your exam as with the term tests. The final exam will be comprised of 45 questions and will take 3 hours.

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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.

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

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## ***COURSE MODIFICATION***

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From time to time there may be a need to remove/add topics or to change the schedule or the delivery format. If these are necessary, you will be given as much advance notice as possible.

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## ***GENERATIVE AI***

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### **USE PROHIBITED**

**Students are not permitted to use generative AI in this course.** In alignment with [McMaster academic integrity policy](#), it “shall be an offence knowingly to ... submit academic work for assessment that was purchased or acquired from another source”. This includes work created by generative AI tools. Also state in the policy is the following, “Contract Cheating is the act of “outsourcing of student work to third parties” (Lancaster & Clarke, 2016, p. 639) with or without payment.” Using Generative AI tools is a form of contract cheating. Charges of academic dishonesty will be brought forward to the Office of Academic Integrity.

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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](#).

The following illustrates only three forms of academic dishonesty:

- 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 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. e-mail, Avenue to Learn, LearnLink, web pages, capa, 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.

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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 A2L, 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 more 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.

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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, Avenue to Learn and/or McMaster email.

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## ***ACKNOWLEDGEMENT OF COURSE POLICIES***

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Your enrolment in Commerce 3FM3 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.

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## ***COURSE SCHEDULE***

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### **Commerce 2FA3 - Introduction to Finance Winter 2024 Course Schedule**

<b>WEEK</b>	<b>DATE</b>	<b>TOPIC</b>
1	Jan 8	<b>Finance and the Financial System</b> READ: Chapter 1
2	Jan 15	<b>The Time Value of Money</b> READ: Chapter 5, 6
3	Jan 22	<b>The Value of a Bond</b> READ: Chapter 7
4	Jan 29	<b>The Value of a Stock</b> READ: Chapter 8
5	Feb 5	<b>TEST 1</b>
6	Feb 12	<b>Tools of Project Valuation</b> READ: Chapter 9
7	Feb 19	<b>READING WEEK</b> NO CLASS
8	Feb 26	<b>Project Valuation pt 1</b> READ: Chapter 10
9	Mar 4	<b>Project Valuation pt 2</b> READ: Chapter 11
10	Mar 11	<b>TEST 2</b>
11	Mar 18	<b>Risk and Return</b> READ: Chapter 12
12	Mar 25	<b>Portfolios</b> READ: Chapter 13
13	April 1	<b>The Capital Asset Pricing Model</b> READ: Chapter 13
14	April 8	<b>Full Course Review</b>