

**Commerce 2FB3  
Managerial Finance  
Winter 2024 Course Outline**

**Finance and Business Economics  
DeGroot School of Business  
McMaster University**

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***COURSE OBJECTIVE***

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The goal of this course is to give students a passion for finance and develop an understanding of the key concepts used in the business world. This course continues the introduction to modern business finance begun in Commerce 2FA3. The course balances theory, evidence and applications to prepare students for elective courses in finance and taxation and to provide some of the knowledge required to work effectively in the contemporary business environment.

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***INSTRUCTOR AND TA CONTACT INFORMATION***

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**Instructor: Waquar Ahmad**  
Email: [ahmadw9@mcmaster.ca](mailto:ahmadw9@mcmaster.ca)  
Office hour: **Thursday 2 pm to 3 pm**

TA: TBA (See the course outline on Avenue once the term starts)

**Course website:** <http://avenue.mcmaster.ca/>

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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: No
Participation: No	Innovation: Yes	Group work: No	Oral skills: Yes
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 raising long-term capital, cost of capital and capital structure, dividend policy, mergers and acquisitions, working capital management, and risk management techniques.

This course is taught primarily 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 real world applications of the financial 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:

- Knowledge of the sources of long-term and short-term sources of capital to finance projects and the ways to structure the sources to maximize shareholder wealth.
- Understand short term financial management of the corporate firm, sources, and uses of short-term funds.
- Identify and have an appreciation of the complex decisions that a CFO faces such as dividend decisions, mergers and acquisitions.
- Recognize the financial risks that a firm faces and the use of derivative instruments to encounter them.

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### ***COURSE MATERIALS AND READINGS***

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Required textbook: *Fundamentals of Corporate Finance with access to Connect\**, *Eleventh (11<sup>th</sup>) Canadian Edition*; Ross, Westerfield, Jordan, Pandes, Holloway; McGraw-Hill Ryerson, 2022.

**You should have the book from your 2FA3 class. You will need access to Connect which will be used for graded weekly homework assignments.**

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

This course will be delivered in physical classrooms. Besides the in-person classes held by the instructor, the course will also have the student TAs hold two weekly office hours, each running for one hour. These TA office hours are optional for students to attend. The TA sessions will be used to answer student queries on the materials covered on a weekly basis, and to go over the immediate-past weekly assignments.

There will be ten weekly assignments (on Avenue), two midterm tests (7<sup>th</sup> February and 16<sup>th</sup> March) and a final exam (date TBA) for the course. Each weekly assignments on Avenue will have a specific open date (and time) and a specific due date (and time). **The due dates for these assignments are NEVER extended under any circumstances.** Midterm tests and the final exams are closed book in-person tests. Students will be able to use help sheet during the midterm tests and the final exam. **The final exam is cumulative**, i.e., it will test students on ALL materials taught during the term.

**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
<b>Weekly assignments (x10)</b>	1.5%*10 = 15%	Multiple choice questions, True/False	Each Monday 11:59 pm	Connect
<b>Midterm test (x2)</b>	25%*2 = 50%	Multiple choice questions and short word problems	Mid 1: 7 <sup>th</sup> February (7:00 pm) Mid 2: 16 <sup>th</sup> March (12:30 pm)	Location TBA
<b>Final exam</b>	35%	Forty-five Multiple choice questions	Exam week (Cumulative) 150 minutes	Date and Location TBA

### **Tutorial and Connect Sessions**

There will be **one** weekly tutorial session and **one** Connect session conducted by the TAs for the course. These sessions are **optional** for students to attend.

In the tutorial session, each section's designated TA will 1) answer student questions for the materials covered that week, 2) go over two/three end-of-chapter problems for the materials covered for the week, and 3) go over four questions from previous year's tests from the concurrent week's materials. These will be live sessions on zoom and the recordings will be posted on Avenue.

In the weekly Connect session, a TA will go over ALL problems in the weekly Connect quiz for the week before. These sessions will not be live; they will be recorded and posted on Avenue.

The times and zoom links of all these sessions will be posted on Avenue. The tutorial session starts from week 1 while the Connect sessions will commence from week 2.

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## ***COURSE DELIVERABLES***

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### ***Weekly homework (10 carrying 15%) – Connect***

Every week a set of questions will be assigned **on Connect**. Students will complete these individually. These assignments will have deadlines – they will **open every Wednesday at 10:00 pm and will be due the following Monday at 11:59 pm** (Hamilton, ON time). Each of these assignments carry 1.5% of total grade.

**Time extensions are not granted for the homework assignments under any circumstances. Missed weekly homework assignment will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF.**

### ***Midterm tests (2 carrying 50%):***

There will be two midterm tests. Both will be closed books and notes, held in person, and will run for two hours. Each test will have thirty-two (32) multiple choice questions (MCQs) and two (02) short word problems. These tests are non-cumulative. The detailed course schedule at the end of this outline provides the coverage of these tests. Students are allowed to bring a personal one-sided one-page help sheet for the test. If a student has an academic conflict with the scheduled times for the test(s), they will have to apply to their faculty office (for business students, it is ([buscom@mcmaster.ca](mailto:buscom@mcmaster.ca)) at least ten (10) business days prior to the date of the test requesting an alternate date for the test. The instructor does not offer tests on alternate dates; alternate test dates are approved and managed by the faculty office at DSB.

**The first midterm test will take place on 7<sup>th</sup> February (Wednesday) from 7 pm to 9 pm.**

**The second midterm test will take place on 16<sup>th</sup> March (Saturday) from 12:30 pm to 2:30 pm.**

**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.**

### ***Final Exam (1 carrying 35%)***

**This exam will be cumulative.** The final exam will comprise of forty-five (45) multiple-choice questions carrying equal weight. 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 assignments. The exam will be scheduled by the registrar's office and take place during the finals week. The exam will be held in person. The duration of the final exam is 150 minutes (2 and a half hours).

Students are allowed to bring personal two-sided one-page help sheet for the test.

A student missing the final exam is subject to the policies and procedures outlined in the undergraduate Academic Calendar for missed final exams.

**NOTE: Students can use any calculator (regular and financial) during all assessments in this course.**

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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.

**Students should only send emails to the TA assigned for their section which will be shared in week 1. Please add 'COM 2FB3' in the subject line of email correspondence with the designated TA.** 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.

The instructor 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.

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

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This course will use on-line elements (e.g. email, Avenue to Learn (A2L), web pages, Connect, 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, usernames 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 behaviors 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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***ACKNOWLEDGEMENT OF COURSE POLICIES***

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Your enrolment in Commerce 2FB3 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 2FB3  
Introduction to Finance  
Winter 2024 Course Schedule**

Week	Week Starting	Textbook Chapter	Materials Covered	Connect HW Due @11:59 pm
1	08-Jan	Chapter 14	Cost of Capital	
2	15-Jan	Chapter 15	Raising Capital	Ch 14 Jan-15
3	22-Jan	Chapter 16	Capital Structure Policy	Ch 15 Jan-22
4	29-Jan	Chapter 17	Dividends and Dividend Policy	Ch 16 Jan-29
5	5-Feb	<b>NO CLASS</b>		
	<b>7-Feb</b>	<b>Ch 14, 15, 16</b>	<b>Midterm 1 (7 pm to 9 pm)</b>	
6	12-Feb	Chapter 18	Short-term Financial Policy (Part 1)	Ch 17 Feb-12
7	19-Feb	<b>MIDTERM RECESS WEEK - NO CLASSES/LECTURES</b>		<b>No HW</b>
8	26-Feb	Chapter 19	Short-term Financial Policy (Part 2)	Ch 18 Feb-26
9	4-Mar	Chapter 23	Mergers and Acquisitions	Ch 19 Mar-04
10	11-Mar	<b>NO CLASS</b>		Ch 23 Mar-11
	<b>16-Mar</b>	<b>Ch 17, 18, 19, 23</b>	<b>Midterm 2 (12:30 pm to 2:30 pm)</b>	
11	18-Mar	Chapter 24	Enterprise Risk Management	<b>No HW</b>
12	25-Mar	Chapter 25	Options and Corporate Securities	Ch 24 Mar-25
13	1-Apr	Chapter 26	Behavioral Finance	Ch 25 Apr-01
14	8-Apr	Catchup and Wrap		Ch 26 Apr-08
Exam Week		<b>Final Exam (Cumulative): Ch 14-19, 23-26</b>		TBA

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