

**Commerce 2FB3
Managerial Finance
Winter 2025 Course Outline**

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

INSTRUCTOR AND TA CONTACT INFORMATION

Instructor: Waquar Ahmad
 Email: ahmadw9@mcmaster.ca
 Office hour: **Wednesday 1 pm to 2 pm**
 Location: DSB 311

TA: TBD (Zoom)

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

COURSE ELEMENTS

| | | | |
|---------------------|------------------|-----------------|----------------------|
| 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 |

COURSE INFORMATION

| | C01 | C02 | C03 | C04 | C05 | C06 |
|-----------------|--------------------|---------------------|----------------------|---------------------|----------------------|--------------------|
| Lecture | Wed 2:30 – 4:20 | Mon 2:30 – 4:20 | Mon 12:30 – 2:20 | Tue 12:30 – 2:20 | Tue 10:30 – 12:20 | Wed 4:30 – 6:20 |
| Tutorial | Thu 3:30 – 4:20 | Thu 9:30 – 10:20 | Thu 11:30 – 12:20 | Thu 12:30 – 1:20 | Thu 10:30 – 11:20 | Thu 2:30 – 3:20 |

Course Delivery Mode: In-person

Course Description: 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, and risk management techniques.

This course is taught primarily through lectures, readings, and in-class discussions.

IMPORTANT LINKS

- [Mosaic](#)
- [Avenue to Learn](#)
- [Student Accessibility Services - Accommodations](#)
- [McMaster University Library](#)

COURSE LEARNING OUTCOMES

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 should be able to:

- Calculate the cost of capital (WACC) of a corporate firm and evaluate firm value by using discounted cash flow (DCF) and Capital Asset Pricing Model (CAPM)
- Identify and evaluate various sources of financing for a business venture at various stages of its life cycle by considering flotation cost of VC financing, IPO, SEO, and rights offering
- Construct optimal capital structure for a firm by using capital structure theories
- Evaluate the complex dividend decisions that a CFO at a corporate firm faces by considering clientele effect, signaling and information content of a dividend announcement
- Examine the factors a corporate CFO considers in a merger decision (M&A) by using synergy and NPV of an M&A for the bidder and the target firm
- Apply financial derivative tools to manage financial risk of a corporate firm by creating hedging techniques appropriate for the risk profile the firm faces

Student knowledge, understanding and application of each of these ILOs will be assessed by weekly assessments (on Connect) and tests (midterm tests and final exam).

COURSE LEARNING GOALS

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.

COURSE MATERIALS AND TEXTS

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

Students should have the book from the COM 2FA3 class. You will need access to Connect which will be used for graded weekly assessments.

CLASS FORMAT

This course will be delivered in physical classrooms. Besides the one-hour fifty-minute in-person classes held by the instructor, the course will also have TAs holding fifty-minute in-person tutorial sessions every week. The TAs will cover supplementary materials during the weekly tutorial session which students should attend and treat like a session held by the instructor.

Weekly Q&A sessions will be held by the TAs, which are optional for students to attend. The Q&A sessions will be online and used to answer student queries on the materials covered on a weekly basis, to go over the immediate-past weekly assignments and past exam problems.

TA Engagement: Tutorial Sessions and Q&A Hours

There will be **one** weekly tutorial session for each section, and two/three Q&A sessions conducted by the TA for the course. The tutorial sessions are in-person, the Q&A sessions will be on zoom.

In the tutorial session, the TAs will provide supplementary resources each week. Materials covered during these sessions will feature in the assessments (midterm tests and final exam). There will also be a weekly quiz (on Connect) carrying 1% weight which features TA-covered resources. **Students are strongly advised to attend these tutorial sessions.**

In the weekly Q&A sessions, the TAs will 1) answer student questions for the materials covered that week, 2) go over few questions from previous year's tests from the concurrent week's materials, and 3) answer queries on immediate past week's Connect assessments that students need clarification on. These will be live sessions on zoom and the recordings will be posted on Avenue. The timing and links of these sessions will be provided on Avenue.

The TA engagement starts from the first class of the term.

COURSE EVALUATION

There will be eight weekly **assignments** (on Connect), eight weekly **quizzes** covering materials taught by the TA (on Connect), two midterm tests (7th February and 21st March respectively) and a final exam (date TBA) for the course. Each weekly assignment and quiz on Connect will have a specific open date (and time) and a specific due date (and time). **The due dates for these assessments 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 |
|-------------------------------|-------------------------|--|--|-----------------------|
| Weekly assignment (x8) | $1.5\% \times 8 = 12\%$ | Multiple choice questions, True/False | Open: Friday at 8 am Due by: Thursday 11:59 pm | Connect |
| Weekly quiz - TA content (x8) | $1\% \times 8 = 8\%$ | Multiple choice questions | Open: Thursday at 5 pm Due by: Sunday 11:59 pm | Connect |
| Midterm test (x2) | $25\% \times 2 = 50\%$ | Multiple choice questions (32) & short word problems (2) | Mid 1: 7 th February (3 pm) Mid 2: 21 st March (3 pm) | TBA |
| Final exam | 30% | Multiple choice questions (45) | Exam week (Cumulative) 150 minutes | Time and Location TBA |

COURSE DELIVERABLES

Weekly assignments (8 carrying 12%) – 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 Friday at 8:00 am and will be due the following Thursday at 11:59 pm** (Hamilton, ON time). Each of these assignments carry 1.5% of total grade. Students can spend as much time as needed on these assignments within the deadline. However, you can ‘submit’ these only once.

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

Weekly quiz (8 carrying 8%) – Connect

Every week a set of questions from the TA-covered resources will be assigned **on Connect**. Students will complete these individually. These assignments will have deadlines – they will **open every Thursday at 5:00 pm and will be due 3 days later, i.e., Sunday at 11:59 pm** (Hamilton, ON time). Each of these assignments carry 1% of total grade. Students can spend as much time as needed on these assignments within the deadline. However, you can ‘submit’ these only once.

Time extensions are not granted for the weekly quizzes under any circumstances. Missed weekly quiz 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 material tested on these tests will include the material covered in class as well as the suggested end of chapter problems and weekly assessments. 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) 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 7th February from 3:00 pm to 5:00 pm.
The second midterm test will take place on 21st March from 3:00 pm to 5:00 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 30%)

This exam will be cumulative. The final exam will comprise of forty-five (45) multiple-choice questions carrying equal weight. The material tested on 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 final exam week. The exam will be held in person. The duration of the final exam is 150 minutes.

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.

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.

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 instructor and the TA. Students will receive evaluation feedback for at least 20% of the final grade prior to Week #9 in the term.

Students who have concerns about the course content, evaluation methods, or delivery should first reach out to the course instructor. If your concern remains unresolved after speaking with the instructor, you may then reach out to the relevant Area Chair for further consideration.

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

* Non-Commerce students must follow the Missed Course Work protocols outlined by their home faculty and Program Office.

COURSE MODIFICATION

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.

GENERATIVE AI

UNRESTRICTED USE

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.

COURSES WITH AN ON-LINE ELEMENT

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, 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.

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.

ACKNOWLEDGEMENT OF COURSE POLICIES

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
Managerial Finance
Winter 2025 Course Schedule**

| Week | Week Starting | Materials Covered | |
|-----------|---------------|--|----------------------|
| 1 | 06-Jan | Introduction, 2FA3 revisit Cost of Capital (Chapter 14) | |
| 2 | 13-Jan | Cost of Capital (Chapter 14) Raising Capital (Chapter 15) | |
| 3 | 20-Jan | Raising Capital (Chapter 15) Capital Structure Policy (Chapter 16) | |
| 4 | 27-Jan | Capital Structure Policy (Chapter 16) | |
| 5 | 03-Feb | No Classes | |
| | 07 Feb | Midterm 1 | Ch 14, 15, 16 |
| 6 | 10-Feb | Dividends and Dividend Policy (Chapter 17) | |
| 7 | 17-Feb | No Classes – Midterm Recess Week | |
| 8 | 24-Feb | Enterprise Risk Management (Chapter 24) | |
| 9 | 03-Mar | Enterprise Risk Management (Chapter 24) Options and Corporate Securities (Chapter 25) | |
| 10 | 10-Mar | Options and Corporate Securities (Chapter 25) | |
| 10 | 17-Mar | No Classes | |
| | 21 Mar | Midterm 2 | Ch 17, 24, 25 |
| 11 | 24-Mar | Mergers and Acquisitions (Chapter 23) | |
| 12 | 31-Mar | Behavioural Finance (Chapter 26) | |
| 13 | 07-Apr | Catch-up and wrap | |
| Exam Week | | Final Exam (Cumulative): Ch 14-17, 23-26 | |

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