

**Commerce 2FB3  
Managerial Finance  
Summer 2025 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 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 CONTACT INFORMATION***

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**Tuesdays and Thursdays  
6:30pm – 9:30pm**

Instructor  
**Robert G. Mulligan, CFA**

[mullir7@mcmaster.ca](mailto:mullir7@mcmaster.ca)

Office: Online...  
Office Hours: by appointment  
via email

Class Location: BSB B135

Student TA  
**TBA**

Office Hours: 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 raising long-term capital, cost of capital and capital structure, dividend policy, leasing, mergers and acquisitions, and working capital management. The course also looks into some of the behavioral aspects in finance and management. This course is taught through lectures, readings, and in-class discussions.

## ***COURSE 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 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).

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## ***COURSE LEARNING GOALS***

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

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Required textbook: Fundamentals of Corporate Finance with access to Connect\*, Eleventh (11th) Canadian Edition;  
McGraw-Hill Ryerson: ISBN- 13:978-1-26-088138-7  
e-text is available

\* You will need access to Connect which will be used for graded chapter quizzes and assignments

You should already have access to this book through Inclusive Access if you took 2FA3 in the past year – there's no need for them to purchase again if you did not opt out.

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## ***IMPORTANT LINKS***

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

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

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This course will be offered in person with live lectures twice per week. Tutorials (if any) will be held online. Our portal for the course will be Avenue to Learn with testing during class times and assignments due there regularly throughout the course.

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 day they are late. Your final grade will be calculated as follows:

### **Components and Weights**

<b>Ten Homework Quizzes (2% each)</b>	See Avenue/Connect for Due Dates	20%
<b>Midterm # 1</b>	(July 8, during class time)	25%
<b>Midterm # 2</b>	(July 22, during class time)	25%
<b>Final Exam</b>	(August 7, during class time)	30%
<b>Total</b>		<b>100%</b>

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### ***COURSE DELIVERABLES***

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#### ***Quizzes***

You will be expected to complete several brief quizzes worth 2% each in Connect which are to be solved individually.

#### ***Midterm Tests #1/#2 – Multiple Choice***

There are two tests in this course that accounts for 25% of your final grade each. These have 20 – 40 questions each, covering material from the textbook, readings, lectures and class discussion. These are closed-book tests, but a one-page single sided 'crib' sheet is allowed. Under no circumstances should you collaborate with others (the penalties for academic dishonesty are severe). They will be organized in such a fashion that you will NOT be able to return to prior questions once they have been answered so be careful about which answers you select before moving on to the next batch of questions. You will have two hours to complete each test.

#### ***Final Exam***

This exam will be cumulative. Like the mid-term tests it is also closed, but a one-page double sided 'crib' sheet is allowed. Like the tests, you will not be able to go back to change the answers to earlier questions.

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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.

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.

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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/>

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

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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:

- 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. 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  
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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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## ***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, Avenue to Learn 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.

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## COURSE SCHEDULE

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### COMM2FB3 Managerial Finance Summer 2025 Course Schedule

WEEK	DATE	
1	June 24	<b>Time Value of Money and the Cost of Capital</b> READ: Chapter 14 (review 5,6) Connect Week 1 Quiz
1	June 26	<b>Raising Capital</b> READ: Chapter 15 Connect Week 2 Quiz
2	July 1	No Class – Canada Day
2	July 3	<b>Capital Structure</b> READ: Chapter 16 Connect Week 3 Quiz
3	July 8	<b>Dividend Policy</b> READ: Chapter 17  <b>Midterm # 1</b>
3	July 10	<b>Dividend Policy</b> READ: Chapter 17 Connect Week 5 Quiz
4	July 15	<b>Working Capital</b> READ: Chapters 18, 20.1-7 Connect Week 6 Quiz
4	July 17	<b>Leasing</b> READ: Chapter 22 Connect Week 7 Quiz
5	July 22	<b>Financial Statement Analysis and Forecasting</b> READ: Chapters 3, 4 (review Ch. 2 if necessary)  <b>Midterm # 2</b>
5	July 24	<b>Financial Statement Analysis and Forecasting</b> READ: Chapters 3, 4 (review Ch. 2 if necessary) Connect Week 9 Quiz
6	July 29	<b>Mergers and Acquisitions</b> READ: Chapter 23 Connect Week 10 Quiz
6	July 31	<b>Hedging with Derivatives</b> READ: Chapter 24 Connect Week 11 Quiz
7	Aug. 5	<b>Options</b> READ: Chapter 25 Connect Week 12 Quiz

7	Aug. 7	<b>FINAL EXAM</b>
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