

Lectures

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Class	Mondays and Wednesdays (MB-2.210) 11:45-13:00
Office Hours	Mondays 13:00 – 14:00 (and by appointment) MB 12-280

Introduction

This course introduces core concepts central to financial management and firm value maximization. You will learn the basic methods of: valuing corporate securities, estimating cash flows, and making capital budgeting decisions. Introductions to portfolio management theory, cost of capital, and options will round out the course.

Learning Outcomes

At the end of this course, students should be able to demonstrate a general understanding and specific skills on the following:

- **General:** Conceptual frameworks underlying valuation, asset pricing, risk/return tradeoffs, and investment vs. financing decisions. In addition, students are expected to use these frameworks to (i) identify relevant information (ii) define major from minor issues, and (iii) apply concepts to solve problems and make recommendations.
- **Specifics:** Time value of money; Terminology and Techniques that value bonds, shares and investment projects; Identification of relevant cash flows; Mechanics of determining the firms cost of capital; and Recognizing payoffs for call and put options.

Textbook (Required): Ross, Westerfield, Jordan, and Roberts (2013). *Fundamentals of Corporate Finance, Eighth Canadian Edition*: McGraw-Hill.

Supplemental text (recommended but not required):

DeMarzo P. & Berk J, Stangeland D. (2010). *Corporate Finance (Canadian Edition)*: Pearson Canada

Brealey, Myers, Marcus, Maynes, Mitra (2009). *Fundamentals of Corporate Finance*: McGraw-Hill.

Booth L& Cleary S.W (2013). *Introduction to Corporate Finance third edition*, John Wiley & Sons

Instructional Methods (Lectures and Tutorials): Last page of this syllabus provides a tentative lecture schedule for this course. In addition to lectures, several tutorial sessions are conducted every week for Comm 308 students. Tutorial schedule has been selected to provide opportunities that fit every student’s learning style. Tutorials are designed to reinforce the objectives of the course and to create an enjoyable learning experience. All Com 308 students are encouraged to attend at least one tutorial session every week.

Detail tutorial schedule is posted in the Comm 308 common folder in FirstClass.

Note: We will use First Class to facilitate interaction. Each student should have access to the course site via existing computer accounts. The “Client” can be downloaded from: <http://jmsb.concordia.ca> problems should be directed to FirstClassHelp@concordia.ca .

Office Hours: Office hours are as stated above and by appointment. I am also available by e-mail. Under normal circumstances, e-mail questions will be answered within 48 hours. **Before emailing me, make sure that you have checked the MessageBoard** as the information you are after could very well be there. Answers to e-mail questions will be either a posting to the MessageBoard section of First Class or a direct response to the sender.

Please send all your questions DIRECTLY to me and DO NOT POST YOUR QUESTIONS ON MESSAGEBOARD.

Assessment of Learning Objectives: The learning objectives are assessed through homework assignments, a mid-term examination and a final examination.

Learning Objective	Learning Activity	Assignments	Examinations (Quizzes, mid-term and final)
	Acquire knowledge of the language of Finance, the conceptual framework of Corporate Finance and asset pricing and be aware of their limitations		Theory-based exam questions
	Apply Finance concepts and rules to specific situations.	Application-based questions	Application-based exam questions
	Use computer technology to solve problems related to the course content.	Application based questions requiring the use of computing tools	

Course Assessment: Course grades will be determined by combining points on: *two mid-term* examinations, and *the final examination*.

		Missed Midterm1	Missed Midterm 2	Missed both midterms
Midterm -1	25%	0%	25%	0%
Midterm - 2	25%	50%	0%	0%
Final	50%	50%	75%	100%
Total	100%	100%	100%	100%

Note 1: A minimum grade of 40% on the final and 50% overall is required to pass the course.

Note 2: If you miss a midterm examination, you are required to provide a doctor's note or any other valid official documentation for missing the exam. On the basis of that document, you are allowed to transfer the entire weight of that midterm. **If you miss the midterm with no valid reason you will receive a grade of zero on that midterm.**

Letter grades will be assigned based on the table below. Grades will not be rounded up.

Score Range		Letter grade	Score Range		Letter grade
	< 50%	FNS	>= 67%, and	< 70%	C+
>=50%, and	< 53%	D-	>= 70%, and	< 73%	B-
>= 53%, and	< 57%	D	>= 73%, and	< 77%	B
>= 57%, and	< 60%	D+	>= 77%, and	< 80 %	B+
>= 60%, and	< 63%	C-	>= 80%, and	< 85%	A-
>= 63%, and	< 67%	C	>= 85%, and	< 90%	A
			>= 90%		A+

More information about the grading system, examinations, and performance requirements is available in section 16.3 of the Undergraduate Calendar.

(<http://registrar.concordia.ca/calendar/16/16.html#16.3>)

Mid-term examination:

- The *midterm - 1* exam will cover everything covered up to and including February 2nd, 2015. The exam will be held on **Sunday February 15th from 18:00 to 20:00 (2 hours)**.
- The *midterm - 2* exam will cover everything covered up to and including March 23rd, 2015. The exam will be held on **Sunday March 29th from 18:00 to 20:00 (2 hours)**.

The exam locations will be announced in class as well as through class messageboard on FirstClass. The exam will be a combination of multiple choice (70%) and short answer/problems (30%).

Once assigned, the final grade in the class will not be changed except in the case of a recording error. If you feel that your grade is incorrect, you must notify me in writing during the one-week period following the return of the midterm. After that, the problem will not be researched. Please note that a request to have a question on your midterm re-graded entails a request to have the entire exam re-graded.

Final examination: The final exam will be cumulative. It will be a combination of multiple choice (70%) and Essay/problems (30%)

Exam procedures: You should bring picture ID with you to all examinations in addition to your calculator and writing implements. Be sure to bring your own calculator and be sure that the batteries have sufficient power. For the midterm and the final examination students will be provided with a formula sheet. The same sheet is posted in the “Comm 308 all sections” folder in FirstClass. You should familiarize yourself with this sheet and through the term use it for solving all your practice questions. That will help you in your final exam.

Calculator: A financial calculator is not essential, (although, strongly recommended) for this course. I would personally suggest the Texas Instruments BAI+ as you may use this model for CFA exams should you undertake that program.

Classroom Decorum: Students are free to come and go to class as they see fit so long as they do so quietly. If you need to talk to a colleague or on the cell-phone please excuse yourself from the room to do so and return when you can. Laptops may be used only in the back row of the class so that these devices do not distract anyone sitting behind the laptop user. You may bring food or drink into the classroom as long as it does not disturb other students and me – it should not have strong odour and should not make noise (example: bag of crackers).

Academic Integrity: I expect honesty and integrity from my students. Cheating of any sort will be dealt with as sternly as University policy allows.

The Code of Conduct (Academic) at Concordia University states that the “integrity of University academic life and of the degrees, diplomas and certificates the University confers is dependent upon the honesty and soundness of the instructor-student learning relationship and, in particular, that of the evaluation process. As such, all students are expected to be honest in all of their academic endeavours and relationships with the University.” [Undergraduate Calendar, section 16.3.14 or Graduate Calendar, Code of Conduct (Academic).]

- All students enrolled at Concordia are expected to familiarize themselves with the contents of this Code. You are strongly encouraged to visit the following web address: <http://johnmolson.Concordia.ca/ugrad/codeofconduct.pdf>, which provides useful information about proper academic conduct.
- Student Advocate Program has produced a short video presentation on academic misconduct as well as pamphlets in four languages: English, French, Chinese and Arabic. These are available to students at: <http://supportservices.concordia.ca/studentadvocateprogram>

Extraordinary Circumstances: In the event of extraordinary circumstances beyond the University’s control, the content and/or evaluation scheme in this course is subject to change.

Schedule:

Please note that this schedule is tentative, i.e. we will sometimes go faster or slower. To ensure that you are well prepared for each class, I recommend that you always read one chapter ahead and bring the slides not only for the current class listed but also for the following class.

Date	Topic	Chapter (Ross, Westerfield, Jordan, Roberts, 8 th Canadian Edition)
07-Jan-15	Introduction to Corporate Finance; Financial Statements, Cash Flow, and Taxes	Chapter 1 (1.1 to 1.4) & Chapter 2 (2.1 to 2.4)
12-Jan-15	Capital Cost Allowance	Chapter 2 (2.5)
14-Jan-15 19-Jan-15 21-Jan-15 26-Jan-15	Time value of Money	Chapter 5 & Chapter 6
28-Jan-15 02-Feb-15	Bond Valuation	Chapter 6 & Chapter 7 (Omit 7.7)
04-Feb-15 09-Feb-15	Stock Valuation	Chapter 8 (Omit pages 209, 2010: “Preferred Stock and Taxes”, and, “Beyond Taxes”); A brief discussion about “Short selling stocks”
11-Feb-15	Midterm Review	Topics up to and including February 2nd, 2015
15-Feb-15	Midterm – 1	Topics up to and including February 2nd, 2015
16-Feb-15 18-Feb-15	NPV and other investment criteria & Making Capital investment decisions	Chapter 9 & 10; Omit 10.5, and 10.7, except: Evaluating equipment with different Lives Pages 272-273)
23-Feb-15 25-Feb-15	Midterm Break - University closed	
02-Mar-15	Risk and return I	Chapter 12
04-Mar-15	No Class - Class moved to 15-Feb-15	
09-Mar-15	Risk and return I	Chapter 12
11-Mar-15 16-Mar-15	Risk and return II	Chapter 13(Omit 13.8), include Sharpe ratio (add to section 13.2), and Traynor ratio (section 13.7): what they are, and difference between them
18-Mar-15 23-Mar-15	Cost of Capital	Chapter 14 (Omit 14.6)
25-Mar-15	Raising Capital	Chapter 15(Omit 15.8, and 15.9)
29-Mar-15	Midterm – 2	Topics up to and including March 23rd, 2015
30-Mar-15 01-Apr-15	Options	Chapter 24.6(Pages 701 to 703 only)&Chapter 25(Sections 25.1, 25.2, and 25.3)
06-Apr-15	No Class - University closed	
08-Apr-15	Unfinished Topics	
13-Apr-15	No Class – Class moved to 15-Feb-15	
16-Apr-15	Make-up day for classes scheduled on April 6 - Final Review	
Apr 17th to May 2nd	Final exam (Exact date will be announced on FirstClass, once available)	