



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 333H1S - Introduction to Corporate Finance

Winter 2015

Course Meets:

L0101	Mon: 9-11 am	WO25	L0501	Tue: 2-4pm	WO20
L0201	Mon: 11-1pm	WO25	L0701	Wed: 4-6pm	WO35
L0301	Mon: 2-4pm	WO20	L0801	Thurs: 4-6pm	WW121
L0401	Tue: 12-2pm	WO20	L5101	Wed: 6-8 pm	WO35
			L5201	Thurs: 6-8 pm	WW121

Instructor: Olivier Dessaint, sections L0101, L0201, L0301
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Office Hours: TBA

Instructor: Sabrina Buti, sections L0401, L0501, L0701, L5101
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Instructor: Otto Yung, sections L0801, L5201
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Lead Teaching Assistant: Christoph Maximilian Schiller, C.Schiller13@Rotman.Utoronto.Ca

Course Scope and Mission

This is an introductory course in corporate finance. The course provides a framework for analyzing the major types of investment and financial decisions made by corporations. Lectures and readings will provide an introduction to capital budgeting principles, capital structure and dividend decisions of firms, mergers and acquisitions, the use of options for risk management, working capital management and corporate governance.

Course Prerequisites

Exclusion: [ACT349H1](#), [ECO359H1](#)

Prerequisite: [RSM219H1](#), [RSM332H1](#)

Course Materials

The required textbook is:

L. Booth, and W. S. Cleary, **Introduction to Corporate Finance**, 3rd edition, John Wiley & Sons Canada, 2007 (BC, ISBN: 978-0-470-16110-4).

Three optional texts are recommended for this course:

T. E. Copeland, J. F. Weston, and K. Shastri, **Financial Theory and Corporate Policy**, 4th edition, Addison-Wesley, 2004 (ISBN: 0-32-112721-8).

C. Holden, **Excel Modeling in Corporate Finance**, 3rd ed, Prentice Hall, 2008 (ISBN: 0-13-602561-7).

B. Malkiel, **A Random Walk Down Wall Street**, 9th edition, Norton, 2007 (ISBN: 0-39-333033-8).

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

<u>Work</u>		<u>Due Date</u>
Assignments 1&2	10%	February 5 and April 2, respectively
Group presentation	5%	See group presentation schedule
Mid Term Exam	35%	February 13
Final Exam	50%	During Faculty of Arts & Science Final Examination period

Weekly Tutorials

Tutorials for this course will be held each week during which a TA will be available to help you understand the course material and work through some of the quantitative problems you may encounter. During these sessions, questions from past exams which cover topics from that week will be reviewed. Students should attempt to attend one of the tutorial sessions on a weekly basis. During the first week of classes, there will be no tutorials.

Mondays: 5-6:30 pm in ES B142

Tuesdays: 5-6:30 pm in ES B142

Thursdays: 9-10:30 am in GB 221

Course Format and Expectations:

Although the majority of the assignments are mathematical problem sets, please note that clear, concise, and correct writing will be considered in the evaluation of assignments. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (www.asc.utoronto.ca) or one of the College Writing Centres (www.writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

For Assignment Group Work:

Both assignments allow students to work in teams of **no less than 4 and no more than 5 people**. One assignment is then handed in for each group. If you have concerns about the grading of the assignment, please bring them to the attention of the lead TA within two weeks of the assignment being returned. Please re-submit the assignment with a written explanation of your concerns.

For Presentation Group Work:

A 1-hour presentation workshop taught by external coaches will take place during class time in week 2, introducing the basics of an effective presentation and discussing expectations for the group presentation.

Students will also be randomly assigned to a group (within their section) by the Rotman Commerce program office on Monday January 12th. Each group will be of 4 students, but depending on the number of students in the section we could have one or two groups of 3 to 5 students. No change is allowed in the group composition, if some group members drop the course, the group will remain even if it gets smaller. Once groups are available on Blackboard, students can view/contact other group members via the course page.

Presentations will take place **outside of regular class time on Fridays** starting from week 4. Groups must sign up in advance for a presentation time between the hours of 9am-12pm and 1pm-4pm via the RC Portal. Each group should **elect a representative** who will book a time slot for the presentation (**do not book multiple slots, if this happens the group will lose all selected slots and be reassigned to a new slot decided by the course coordinator**). The portal will open on Friday January 16th at 10 A.M. Each group member is expected to present and therefore has to ensure that he/she is available that day. Each group member is also expected to inform **both the lead TA and the instructor** with sufficient notice (i.e., at least 2 weeks) if he/she has a **documented conflict with the group presentation time slot**, so that a different time slot can be arranged.

Week of:	Section
1: Friday Jan. 9	No presentation
2: Friday Jan. 16	No presentation
3: Friday Jan. 23	No presentation
4: Friday Jan. 30	Presentations
5: Friday Feb. 6	Presentations
Friday Feb. 13	No presentation (Midterm week)
Friday Feb. 20	No presentation (Reading week)
6: Friday Feb. 27	Presentations
7: Friday March 6	Presentations
8: Friday March 13	Presentations
9: Friday March 20	Presentations
10: Friday March 27	Presentations
11: Friday April 3	No presentation - Holiday

Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students and you are therefore reminded of the following expectations with respect to behaviour and contributions to your team project.

1. Read the document entitled, “*Working in Teams: Guidelines for Rotman Commerce Students*” which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving differences:

Conflicts can – and do – occur. Conflicts are part of the team’s process of learning how to work together effectively and can actually generate exciting debate and creative solutions.

Student teams are collectively expected to resolve disputes or misunderstandings as soon as they arise (and prior to submission of the final project). In cases where teams are unable to reach a mutually agreeable solution, the entire team must meet with the Rotman Commerce Team Coach** as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

** For an appointment with a Rotman Commerce Team Coach, please contact Nikoleta Vlamis at nikoleta@nikoletaandassociates.com or Elaine Zapotoczny at elaine@nikoletaandassociates.com. Nikoleta and Elaine are highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach’s role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

For Midterm and Final Exam:

Both the midterm and the final examination will not be open book. You will be permitted a 8.5x11 inches 1-sided aid sheet for the midterm and a 8.5x11 inches 2-sided aid sheet for the final with notes and/or formulae. You are also permitted a non-programmable calculator.

The following schedule of topics covered is subject to modification as the course progresses.

Week of:	Topic	Readings
1: January 5	Project Evaluation	Chapters 13-14
2: January 12	Special Cases in Capital Budgeting Presentation workshop	Chapters 13-14
3: January 19	Project Evaluation under Uncertainty	CLASS NOTES
4: January 26	Options	Chapter 12
5: February 2	Working Capital Management	Chapters 23-24
Assignment #1 due by 4:00 pm at Rotman Commerce Office Thursday, Feb. 5th, 2015		
Week of Feb. 9	Friday February 13th 6-8 PM, Mid Term Exam - NO CLASSES	
Week of Feb. 16	Reading Week - NO CLASSES	
6: February 23	Cost of Capital and Investment Banking	Chapter 17, 20
7: March 2	Capital Structure	Chapter 21
8: March 9	Dividend Policy	Chapter 22
9: March 16	Firm Valuation	Chapter 15 and class notes
10: March 23	Mergers & Acquisitions	Chapter 15 and class notes
11: March 30	Corporate Governance	CLASS NOTES
Assignment #2 due by 4:00 pm at Rotman Commerce Office Thursday, April 2nd, 2015		

POLICY AND PROCEDURE

Missed Tests and Assignments (including midterm examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a report of illness made by the student and documented by the physician.

There is no make-up Mid Term Exam. If the Mid Term Exam is missed, its weight will be shifted to the Final Exam bringing the new weight of the Final Exam to 85%.

If you have concerns about the grading of the midterm, please bring them to the attention of the lead TA within one week of the midterm being returned. Please re-submit the midterm with a written explanation of your concerns.

Missed Presentation

No points will be given for the group presentation unless the student is presenting himself. Students who miss the presentation for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration (see procedure for the missed test and assignments above). If approved, the weight of the presentation (5%) will be added to the Final Exam.

Late Assignments

As solutions are provided immediately after the due date, late assignments will not be accepted.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://www.accessibility.utoronto.ca/>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore the Portal Information and Help at www.portalinfo.utoronto.ca/students and review the Frequently Asked Questions.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been

previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.