



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 333H1S

Introduction to Corporate Finance

Spring 2017

Course Meets:

L0101	Mondays: 9am – 11am	WO 35
L0201	Mondays: 11am – 1pm	WO 35
L0301	Mondays: 4pm – 6pm	WO 30
L0401	Tuesdays: 2pm – 4pm	WI 523
L0501	Wednesdays: 1pm – 3pm	WO 20
L0601	Wednesdays: 4pm – 6pm	WO 35
L0701	Thursdays: 11am – 1:00pm	WW 126
L0801	Thursdays: 4pm – 6pm	WW 126
L5101	Wednesdays: 6pm – 8pm	WO 35
L5201	Thursdays: 6pm – 8pm	WO 20

Instructor: Craig Geoffrey (L0101, L0201, L0501, L0601)
RT 442
E-Mail: craig.geoffrey@rotman.utoronto.ca
Phone: 416-946-0551
Office Hours: Wednesdays 10am - noon, by appointment, Open Door Policy

Instructor: Otto Yung (L0701 & L0801)
Rotman PhD House – Room 3050 / Kaneff Centre – Room 254
E-Mail: otto.yung@utoronto.ca
Phone: 416-708-9807
Office Hours: TBA

Instructor: William Huggins (L0301, L0401, L5101, L5201)
RT 434
E-Mail: william.huggins@rotman.utoronto.ca
Phone: 647-289-9240
Office Hours: Tuesdays 2pm – 4pm

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

Required Readings

The required textbook:

Booth, L., Cleary, W. S., and Rakita, I., **Introduction to Corporate Finance**, 4th Edition, John Wiley & Sons, Canada, 2016 (ISBN: 978-1-119-17128).

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.

Work

Assignments (4) 10%

Mid Term Exam 40%

Final Exam 50%

Due Date

Jan 23rd, Feb 6th, Mar 20th, Apr 3rd by 4:00pm in the Commerce Office

Monday, February 27th, 6pm – 8pm, EX100/300/310

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.

Time and location of Tutorials TBD

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 Work:

The assignments are individual work, and each student is required to hand-in their own assignment. Learning to work together in teams is an important aspect of your education and preparation for

your future careers. Students are encouraged to work in groups to aid in learning the material presented on the assignment, but each individual student is required to hand-in their own assignment. Since assignments are graded for each student individually, a student that does not hand-in their assignment will not receive a grade.

Assignments will be submitted to the Commerce Office.

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 Midterm and Final Exam:

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

Weekly Schedule (Monday, Tuesday, and Wednesday sections)

Session	Week of	Topic	Readings
1	Jan 9 th	Project Evaluation	Ch. 13 - 14
2	Jan 16 th	Special Cases in Capital Budgeting	Ch. 13 - 14
Assignment #1 Due by 4pm Monday, Jan 23 rd in the Commerce Office			
3	Jan 23 rd	Project Evaluation under Uncertainty	Class Notes
4	Jan 30 th	Options	Ch. 12
Assignment #2 Due by 4pm Monday, Feb 6 th in the Commerce Office			
5	Feb 6 th	Working Capital Management	Ch. 23 - 24
6	Feb 13 th	Cost of Capital	Ch. 17
Feb 20 th Reading Week – No Classes			
7	Feb 27 th	No Class	
Mid-Term: Monday February 27 th , 6pm – 8pm EX100/300/310			
8	Mar 6 th	Capital Structure	Ch. 21
9	Mar 13 th	Dividend Policy	Ch. 22
Assignment #3 Due by 4pm Monday, Mar 20 th in the Commerce Office			
10	Mar 20 th	Firm Valuation	Ch. 15 and Class Notes
11	Mar 27 th	M&A	Ch. 15 and Class Notes
Assignment #4 Due by 4pm Monday, Apr 3 rd in the Commerce Office			
12	Apr 3 rd	Corporate Governance	Class Notes

Weekly Schedule (Thursday sections)

Session	Date	Topic	Readings
	Jan 5 th	Cancelled – No Class	
1	Jan 12 th	Project Evaluation	Ch. 13 - 14
2	Jan 19 th	Special Cases in Capital Budgeting	Ch. 13 - 14
Assignment #1 Due by 4pm Monday, Jan 23 rd in the Commerce Office			
3	Jan 26 th	Project Evaluation under Uncertainty	Class Notes
4	Feb 2 nd	Options	Ch. 12
Assignment #2 Due by 4pm Monday, Feb 6 th in the Commerce Office			
5	Feb 9 th	Working Capital Management	Ch. 23 - 24
6	Feb 16 th	Cost of Capital	Ch. 17
Feb 20 th Reading Week – No Classes			
7	Feb 27 th	Mid-Term: Monday February 27 th , 6pm – 8pm EX100/300/310	
8	Mar 2 nd	Capital Structure	Ch. 21
9	Mar 9 th	Dividend Policy	Ch. 22
10	Mar 16 th	Firm Valuation	Ch. 15 and Class Notes
Assignment #3 Due by 4pm Monday, Mar 20 th in the Commerce Office			
11	Mar 23 rd	M&A	Ch. 15 and Class Notes
12	Mar 30 th	Corporate Governance	Class Notes
Assignment #4 Due by 4pm Monday, Apr 3 rd in the Commerce Office			

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 a make-up Mid Term Exam scheduled for TBD. Both the Mid Term Exam and the scheduled make-up exam are subject to the verification process through the Commerce Office.

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.

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: accessibility.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 <http://www.portalinfo.utoronto.ca/content/information-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.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.