

Faculty Liberal Arts and Professional Studies
Department of Economics

Course: AP/ECON4410A – Corporate Finance

Course_Webpage: <https://moodle.info.yorku.ca/>

Term: Summer 1 Term 2019

Calendar Description / Prerequisite / Co-Requisite

Examines topics such as dividend policy, capital structure, the valuation of corporate debt, other corporate liabilities (including leases) and options, merges, international finance, and financial planning.

Prerequisites: AP/ECON 2300 3.00, AP/ECON 2350 3.00 and AP/ECON 4400 3.00, or equivalents.

Course credit exclusions: AP/ADMS 4540 3.00, GL/ECON 4315 3.00, SB/FINE 3100 3.00.

Note: Acceptable course substitutes are available in the Calendar. PRIOR TO FALL 2009: Course credit exclusions: AK/ADMS 4540 3.00, AS/ECON 4410 3.00, GL/ECON 4315 3.00, SB/FINE 3100 3.00.

Course Instructor

Instructor: David K. Lee, Ph. D.

Office: Ross S 109

Email: dklee@yorku.ca

Phone: 416-736-2100 Ext. 33527

Course Consultation Hours: F: 9:30 am – 11:30 am

Teaching Assistants: TBA

Time and Location

Lectures: T/TR 3:00pm – 6:00pm ACW204

Extended Course Description:

This course provides the student an introduction to the theories, applications, and financial tools within a corporate financial environment. It emphasizes understanding, analyzing, and integrating financial information as an aid to managerial decision-making. Topics include: value and capital budgeting, risk and return, capital structure and dividend policy, options, futures and corporate finance, etc.

Learning Objectives:

As a result of active participation in these sessions, a student can expect to:

- Calculate and interpret time value of money
- Estimate bond prices and identify factors that affect bond prices
- Classify and distinguish various types of risk and their relation to portfolio choice

- Describe and calculate a firm's capital structure and interpret how leverage and firm value are related using Miller-Modigliani propositions
- Calculate efficient portfolio using stock data
- Understand and evaluate capital budgeting decision rules and explain how real options affect these decisions
- Estimate the value of a common stock and evaluate if the stock is under or over priced
- Explain options, futures and corporate finance

Organization of the Course

This course involves formal lectures presented by the course instructor. The classroom technology will be used extensively, such as PowerPoint, or MS word format presentation. There will be extensive usages of the course web site. Reading assignments, practice problems, problem solving, etc., for each lecture session, tutorial sessions or TA availability, etc., will be announced on the course web site.

Course Text / Readings (Required)

Ross, Westerfield, Jaffe, and Roberts, *Corporate Finance, Eighth Canadian Edition*, McGraw-Hill Ryerson, 2019.

Evaluation

The grade for this course is composed of the mark received for each of the following components:

Type of Assessment	Group/Individual	Percent/Weight	Date
Midterm Exam (120 minutes)	Individual	40	May 21
Final Exam (180 minutes)	Individual	60	June 12-14
TOTAL		100%	

The following conversions will be used in converting percentage grades to letter grades:

90-100 (A+), 80-89 (A), 75-79 (B+), 70-74 (B), 65-69 (C+), 60-64 (C), 55-59 (D+), 50-54 (D), 40-49 (E), 0-39 (F).

Please note that I strongly believe that the best learning experiences occur when there are healthy attendance and discussions in the classroom. Therefore, I have a policy to give some bonus points based on **class attendance and participation (usually no more than 5%)** in order to encourage attendance and classroom discussion. Feel free to ask any questions or simply make comments on relevant topics at any time.

Problem sets will be posted in the course web site throughout the semester. Some of them may be solved in class. These problems will not be graded, however, I encourage you to work through them. It will help you understanding the course material and consequently, increase the probability that you will do well in the course. Practice may not always make perfect, but it's a good start.

Deferred Exam Policy:

The deferred exam policy will be announced shortly after each exam. Deferred students are strictly required to follow the instruction.

NO multiple deferrals allowed: Students can defer only one of the three exams. If students defer more than one exams, the successive deferred exams will be marked zero.

No makeup exam will be given if a student misses the midterm.

If a student misses the midterm and can provide appropriate documentation (i.e. medical note) that explicitly indicates the student was incapable of writing the midterm at the scheduled time, the weight of the midterm will be added to the final exam (i.e. the final exam will be worth 80% of the final grade if you missed one of the two midterms). The documentation submission policy will be announced in Moodle.

Deferring the Final Exam:

There will be generally no deferments offered for missed final exams except under very unusual circumstances. Anyone wishing to write a deferred final exam generally will be required to formally petition for such. Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.

TENTATIVE SEQUENCE AND SCHEDULE

Session	Topic	Reading and Activity
01 April 30	Review of Basics:	Ch 5
02 May 2	<ul style="list-style-type: none"> • Time Value of Money • Value of Bond and Stock • NPV and Other Investment Rules, 	Ch 6 Ch 7
03 May 7	Risk and Return and Capital Asset Pricing Model	Ch 10 and 11
04 May 9	The Arbitrage Pricing Model	Ch 12
05 May 14	Capital Budgeting	Ch 13
06 May 16	Capital Structure: Basic Structure	Ch 16
07 May 21	Midterm Exam (Weeks 1-5 Covered) (Note: Drop Deadline: May 27)	
08 May 23	Capital Structure: Limits to the Use of Debt	Ch 17
09 May 28	Valuation and Capital Budgeting for the Levered Firm	Ch 18
10 May 30	Options and Corporate Finance: Basic Concepts	Ch 23
11 June 4	Options and Corporate Finance: Extensions and Applications	Ch 24
	Warrants and Convertibles	Ch 25
12 June 6	Derivatives and Hedging Risk	Ch 26
Final Exam	June 12-14	

New Information and Changes:

The schedule is subject to change –sometimes there are unexpected absences or we bog down on an issue. Check your class notes, or contact me for up-dated work schedules.

It may be very possible to make some adjustments of lectures and/or exams schedules. Students may also have handouts for the topics discussed in the class. It is students' responsibility to be aware of any policy (or schedule change), or to collect handouts from classes. If you miss classes, contact the instructor before or immediate after, and check if there is any policy change or handout distributed.

There is no excuse for not knowing course policies or schedule changes, or for not having handouts

Additional Information / Notes

Important Course Information for Students

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Curriculum & Academic Standards webpage (see Reports, Initiatives, Documents)

- http://www.yorku.ca/secretariat/senate_cte_main_pages/ccas.htm

- York's Academic Honesty Policy and Procedures/Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

IMPORTANT COURSE INFORMATION

The Senate Academic Standards, Curriculum and Pedagogy (ASCP) provides a [Student Information Sheet](#) that includes:

- [York's Academic Honesty Policy](#) and Procedures / [Academic Integrity Web site](#)
- [Access/Disability](#)
- [Ethics Review Process](#) for Research Involving Human Participants
- [Religious Observance Accommodation](#)
- [Student Code of Conduct](#)

Additional information:

- [Academic Accommodation for Students with Disabilities](#)
- [Alternate Exam and Test Scheduling](#)

- [Grading Scheme and Feedback Policy](#)

The Senate Grading Scheme and Feedback Policy stipulates that (a) the grading scheme (i.e. kinds and weights of assignments, essays, exams, etc.) be announced, and be available in writing, within the first two weeks of class, and that, (b) under normal circumstances, graded feedback worth at least 15% of the final grade for Fall, Winter or Summer Term, and 30% for 'full year' courses offered in the Fall/Winter Term be received by students in all courses prior to the final withdrawal date from a course without receiving a grade.

- Important University Sessional Dates (you will find classes and exams start/end dates, reading/co-curricular week, add/drop deadlines, holidays, University closings and more. <http://www.registrar.yorku.ca/importantdates/index.htm>)

- "20% Rule"

No examinations or tests collectively worth more than 20% of the final grade in a course will be given during the final 14 calendar days of classes in a term. The exceptions to the rule are classes which regularly meet Friday evenings or on Saturday and/or Sunday at any time, and courses offered in the compressed summer terms.

- Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.

- Services for Mature and Part-time Students

The Atkinson Centre for Mature and Part-time Students (ACMAPS) maintains and strengthens York University's ongoing commitment to welcome and to serve the needs of mature and part-time students. For further information and assistance visit: <http://www.yorku.ca/acmaps>

SUMMER 2019 SESSIONAL DATES

	S1	S2
Course start date	April 29	June 17
Last date to add a course without permission of instructor	May 3	June 21
Last date to add a course with permission of instructor	May 10	June 28
Last date to drop course without receiving a grade	May 27	July 15
Reading Week	N/A	N/A
Study days	June 11	July 30
Course end date	June 10	July 29
Examinations	June 12-14	July 31-Aug. 9

****Policy and Guidelines on Withdrawn from Course:** <http://secretariat-policies.info.yorku.ca/policies/withdrawn-from-course-w-policy-and-guidelines/>