

York University  
Faculty of Liberal Arts & Professional Studies  
**Department of Economics**

**AP/ECON 4410 3.0 A**

**Corporate Finance**

S1 2020 Course Outline

**Course Instructor Contact:**

Instructor: David K. Lee, Ph. D.

Office and Phone: N/A

Email: [dklee@yorku.ca](mailto:dklee@yorku.ca)

**Virtual Course Consultation Hours:** Fridays/Saturdays 10:00-11:00 (Zoom connection information will be available through Moodle)

Course Web Site: Moodle

**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.

**Lecture Time and Location**

Lecture:

- Online delivery format.
- Course Materials will be delivered on Moodle every T/Th 3:00pm-6:00pm
- This is an online course. The entire course, including the submission of assignments, participation/discussion and test-taking, will take place on the course's Moodle.

**Teaching Assistants:** N/A

**Organization of the Course**

This course is an online lecture delivery format. Lectures will be delivered through lecture notes and audio files and/or virtual lectures with Zoom. Office hours will be held in a virtual space with Zoom. All students must have a Zoom account.

**Technical requirements for taking the course:**

A computer with microphone and webcam, and a high speed and reliable internet connection, and/or a smart device with these features. These technical features are required for students in order to fully participate in the course. There are some live information sessions including Q & A that will be conducted through Zoom video conferencing, where students are expected to participate. Also, you may be required to appear on video for exams/tests proctoring purposes. If you are not comfortable with these requirements, you should not enroll in this section of the course.

Here are some useful links for student computing information, resources and help:

[Student Guide to Moodle](#)

[Zoom@YorkU Best Practices](#)

[Zoom@YorkU User Reference Guide](#)

[Computing for Students Website](#)

[Student Guide to eLearning at York University](#)

To determine Internet connection and speed, there are online tests, such as [Speedtest](#), that can be run.]

**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

**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:

<b>Type of Assessment</b>	<b>Percent/Weight</b>	<b>Date</b>
Midterm Test I (Online, 120 minutes)	Higher mark 35%	May 26
Midterm Test II (Online, 120 minutes)	Lower mark 15%	June 11
Final Exam (Online, 180 minutes)	50%	June 24 - 26
<b>TOTAL</b>	<b>100%</b>	

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).

**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:**

There are no makeups for missed midterm exams. Anyone missing any one of the two midterm exams will automatically have their final exam reweighted to be worth 75% and the final grade will be calculated based on a 25% midterm and 75% final. If a student missed both midterms, the final grade will be calculated based on 0 % from midterm and 75% from the final.

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.

Deferring the Final Exam: The deferred final exam policy will be applied only for those who completed all of the course requirements but the final exam. Students who do not complete one of the course requirements during the semester **MUST** attend the regular final exam session to complete the course. If a student were to miss a course requirement during the semester and has to defer the final exam as well then the student may submit a formal petition to the Faculty.

## Tentative Sequence of Topics Covered and the Lecture Schedule

Session	Topics, Reading and Activity
01 May 12	Review of Basics: Ch 5 & 6
02 May 14	<ul style="list-style-type: none"><li>• Time Value of Money</li><li>• Value of Bond and Stock</li></ul>
03 May 19	Risk and Return and Capital Asset Pricing Model, Ch 10 and 11
04 May 21	The Arbitrage Pricing Model, Ch 12
05 May 26	<b>Midterm Exam I (Weeks 1-4 Covered)</b> (Drop deadline: June 8 )
06 May 28	Capital Budgeting, Ch 13
07 June 2	Capital Structure: Basic Structure, Ch 16
08 June 4	Capital Structure: Limits to the Use of Debt, Ch 17
09 June 9	Valuation and Capital Budgeting for the Levered Firm, Ch 18
10 June 11	<b>Midterm Exam II: (Weeks 6-9 Covered)</b>
11 June 16	Options and Corporate Finance: Basic Concepts, Ch 23
12 June 18	Derivatives and Hedging Risk, Ch 26
<b>Final Exam: June 24 - 26</b>	

### **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](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>