



**Faculty Liberal Arts and Professional Studies
Department of Economics**

Course: AP/ECON 4410A 3.0 – Corporate Finance

Course Webpage: <http://moodle.yorku.ca>

Term: Fall 2020

Prerequisite / Co-requisite: 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.

COURSE INSTRUCTOR

Professor: **Djogbenou, Antoine**
Email: daa@yorku.ca
Phone: (416) 736-2100 Ext. 77027

TIME AND LOCATIONS

Virtual Lectures: Friday 11:30 AM–2:30 PM
Virtual Office Hours: Wednesday 3:00 – 5:00 PM or by appointment

Please note that this is a fully online course that depends on remote teaching and learning. There will be no in-person interactions or activities on campus

TECHNICAL REQUIREMENTS FOR TAKING THE COURSE

The entire course, including lectures and test-taking, will take place on the course's Moodle website. I will use the Moodle and Zoom platforms, through which you will interact with the course materials, the course director, as well as with one another. The Zoom link for lectures, office hours and tests will be accessible through Moodle. Please review the syllabus to determine how the class meets, and how office hours and lectures will be conducted.

Please note the following:

- Zoom is hosted on servers in the U.S. This includes recordings done through Zoom.
- If you have privacy concerns about your data, provide only your first name or a nickname when you join a session.
- The system is configured in a way that all participants are automatically notified when a session is being recorded. In other words, a session cannot be recorded without you knowing about it.

To attend virtual office hours and participate in our virtual classroom, it is required that you have a computer with webcam and microphone or a smart device with these features.

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](#)

For test taking, you will need a stable, higher-speed Internet connection. To determine Internet connection and speed, there are online tests, such as [Speedtest](#), that can be run.

ORGANIZATION OF THE COURSE

The entire course will be run synchronously, i.e., with 'live' sessions scheduled according to your meeting times. Thus, the sessions are in the form of a synchronous online lecture by the professor. Please note that you are expected to meet at the scheduled times, via Zoom. Students will find the slides related to the covered topics on the course webpage before each class. More details and explanations on the topics are provided during the lectures. I will use the class time for interactive activities, to answer questions related to the presentation and/or examples to illustrate the theoretical concepts. I may record some videos

and make them available for student viewing. Please note that the recordings should be used for educational purposes. Students do not have permission to duplicate, copy and/or distribute the recordings outside of the class (these acts can violate not only copyright laws but also FIPPA). All recordings will be destroyed after the end of classes.

COURSE DESCRIPTION

The main objective of this course is to provide the conceptual background for corporate financial analysis for corporate value creation purposes. The course covers the modern fundamentals of the theory of corporate finance and makes the theory come to life with contemporary examples. The topics covered include dividend policy, capital structure, the valuation of corporate debt, other corporate liabilities and options, merges, international finance, and financial planning. As nothing beats practice, as a learning tool, students need to practice by solving many practical problems. The practical works include exercises involving Microsoft Excel and a financial calculator. Students may also use their favorite software (e.g., R, SAS, MATLAB). Announcements, lecture slides, questions, and problems will be posted on the course website, which students are invited to consult regularly.

At the end of this course, students will be able to analyze financing decisions. Learners could understand and communicate about the behavior of corporates in financial markets. Moreover, the course will enable them to deal with real financial data using their knowledge of corporate finance theory.

THE REQUIRED TEXTBOOK

Ross, Westerfield, Jaffe, Roberts, and Driss, Corporate Finance, 8th Canadian Edition, McGraw-Hill Ryerson, 2019 (RWJRD). The ISBN for the print text is 978-1-259-27011-6, and the digital version is 978-1-259-27010-9.

The course will be based on this book and its copies are available in the campus bookstore. Additional readings may be assigned or recommended during the course.

EVALUATION

Some Important Dates

- Assignment 1 October 2, 2020
- Midterm Exam October 23, 2020
- Assignment 2 November 27, 2020
- Final Exam December 9-23, 2020

Weighting of the Course

- Assignments 20 %
- Midterm Exam 30 %
- Final Exam 50 %

September 30 and November 25 are the due dates of the assignments. Assignments received later than the due date will not be accepted. Note also that the final exam will be cumulative.

Grading System: The grading scheme for the course conforms to the 9-point grading system used in undergraduate programs at York (e.g., A+ = 9, A = 8, B+ = 7, C+ = 5, etc.). Assignments and exams will bear either a letter grade designation or a corresponding number grade (e.g. A+ = 90 to 100, A = 80 to 90, B+ = 75 to 79, etc.) For a full description of York grading system see: <https://calendars.students.yorku.ca/2020-2021/grading-scheme-and-feedback>

ASSIGNMENT SUBMISSION, LATENESS PENALTIES AND MISSED TESTS

Assignment Submission: Proper academic performance depends on students doing their work, not only well, but on time. Accordingly, assignments for this course must be received on the due date specified for the assignments.

Lateness Penalty: Assignments received later than the due date will not be accepted and will be given a grade zero. Exceptions to the lateness penalty for valid reasons such as illness, compassionate grounds, etc., may be entertained by the Course Instructor but will require supporting documentation (e.g., a doctor's letter). If a student misses the assignments, and have a documented excuse, the final exam will carry the extra weight.

Missed Exams: If a student misses the midterm, and have a documented excuse, the final exam will also carry the extra weight. There will be no make-ups for the midterm exam. A deferral for the final exam will be granted only for with a documented reason, such as illness, compassionate grounds, etc., which is confirmed by supporting documentation (e.g., doctor's letter). These students must fill out the Deferred Standing Agreement form and submit it along with all original supporting

documentation to the Department of Economics within ten business days of the original exam date. See <https://econ.laps.yorku.ca/students/academic-policies-procedure/deferred-standing/> for details.

OUTLINE

Part I: Determinants of Capital Structure

1. Arbitrage Pricing Theory (RWJRD 12/ Sept. 11)
2. Risk, Return, and Capital Budgeting (RWJRD 13/ Sept. 18)
3. Long-Term Financing: An Introduction (RWJRD 15/ Sept. 25)
4. Irrelevance of Capital Structure: The Modigliani-Miller Theorem (RWJRD 16/ Oct. 2)
5. Taxes, Agency Problems and Asymmetric Information (RWJRD 17/ Oct. 9)
6. Dividend and Payout Policy (RWJRD 19/ Oct. 30)

Part II: Derivative Securities

7. Options: Basic Concepts, Definitions (RWJRD 23/ Nov. 6)
8. Option Pricing: The Binomial Model and Black-Scholes Formula (RWJRD 24/ Nov. 6)
9. Warrants and Convertibles, Derivatives, and Hedging (RWJRD 25&26/ Nov. 13)

Part III: Other Topics

10. Debt and Equity Issuing in Practice, IPOs (RWJRD 20&21/ Nov. 20)
11. Mergers, Takeovers, Acquisitions, and Buyouts (RWJRD 30/ Nov. 27)
12. International Corporate Finance, Foreign Exchange Markets (RWJRD 32/ Dec. 4)

Note: This lecture schedule is a guide. Dates and coverage may vary given time constraints.

OTHER IMPORTANT COURSE INFORMATION FOR STUDENTS

All students are expected to familiarize themselves with the information on Academic Standards, Curriculum & Pedagogy.

Academic honesty and integrity: In this course, we strive to maintain academic integrity to the highest extent possible. Please familiarize yourself with the meaning of academic integrity by completing SPARK's Academic Integrity module at the beginning of the course. Breaches of academic integrity range from cheating to plagiarism (i.e., the improper crediting of another's work, the representation of another's ideas as your own, etc.). All instances of academic dishonesty in this course will be reported to the appropriate university authorities, and can be punishable according to the Senate Policy on Academic Honesty.

Turnitin: To promote academic integrity in this course, students will be normally required to submit their written assignments to Turnitin (via the course Moodle) for a review of textual similarity and the detection of possible plagiarism. In so doing, students will allow their material to be included as source documents in the Turnitin.com reference database, where they will be used only for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin service are described on the Turnitin.com website.

Additional important information can be found on the Senate Committee webpage; <http://secretariat-policies.info.yorku.ca/> :

- 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

COURSE ADD/DROP DEADLINES

Information on important dates are available at <https://registrar.yorku.ca/enrol/dates/fw20>

	Fall Term 2020 (F)	Winter Term 2021 (W)
Last date to add a course without permission of instructor (also see Financial Deadlines)	Sept. 22	Jan. 25
Last date to add a course with permission of instructor (also see Financial Deadlines)	Oct. 6	Feb. 8
Last date to drop a course without receiving a grade (also see Financial Deadlines)	Nov. 6	March 12
Course Withdrawal Period (withdraw from a course and receive a grade of "W" on transcript – see note below)	Nov. 7 - Dec. 8	March 13 - April 12