



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

[Best practices for students taking an online quiz](#)

[Student Guide to eClass](#)

[Zoom@YorkU Best Practices](#)

[Zoom@YorkU User Reference Guide](#)

[Computing for Students Website](#)

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

## Course Organization

Technology is extensively used for delivering instruction and test-taking in this online course. The course is organized in a lecture format. Typically, lectures will be delivered live through video conferencing via Zoom at the scheduled class time. On occasion, narrated PowerPoints will be provided ahead of time and I will use the class time for interactive activities and/or case studies.

Please kindly note that lectures will be recorded and made available on eClass after class to accommodate students who maybe unable to attend live sessions. Lecture recordings should be used for educational purposes only. You 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.

I completely understand if you prefer to have your videos turned off during lectures to protect your privacy during the recording. As a matter of fact, it is preferable for technical reasons if you do so. However, I will incorporate in lectures opportunities for you to interact with me as well as each other. Such in-class activities will not be recorded and I will appreciate if you can participate with both audio and video so that we can create a small virtual community.

Your questions, comments and feedback are welcome at any point of time. There is a separate discussion board for each textbook chapter of the course as well as for general and course administration questions on eClass. Please kindly post all questions about course content, interesting news/readings related to the course material, and any comments to the eClass discussion boards rather than e-mailing me. Feel free to respond to questions your classmates have posted. I monitor these boards and respond to your questions on a regular basis.

Please make it a habit of checking the course website on eClass on a regular basis for current course announcements, lecture notes, practice questions, and assigned readings. Although **lecture notes** will be provided on eClass ahead of time, they **are not** meant to be a comprehensive treatment of the material, nor are they **a substitute for the textbook or virtual lectures. You are responsible to make up for the material covered in class if you miss a lecture.**

**Please use your York email account for correspondence.** Do not forget to sign your name.

## Expanded course description

ECON 4400: Financial Economics and its continuation, ECON 4410: Corporate Finance, are applied courses in corporate finance, which aim to develop an understanding of the theoretical foundation of modern finance and make the theory come to life through contemporary examples. In ECON 4400, we focus on two major questions faced by the firm:

- 1) In what projects should the firm invest?
- 2) What sources of financial capital can the firm use for its investment activities?

The course will assist you in improving your quantitative skills as well as your ability to read critically and understand the financial press. Topics include net present value, capital budgeting, efficiency of capital markets, treatment of risk, valuation of equity and debt, and financial strategy.

## Course Objectives and Learning Outcomes

Upon completing this course, you will be able to:

- describe and analyze basic accounting statements
- define and apply modern approaches to asset valuation
- describe, compare and contrast the major capital budgeting methods
- identify the limitations of each capital budgeting method
- identify relevant inputs for a capital budgeting problem
- display awareness of behavioral theories of human decision-making
- describe and interpret fundamental theories of asset pricing behavior and their implication for corporate decision making
- identify underlying assumptions of financial theories and assess the implications of changes to these assumptions
- apply concepts and models learned in class to solve financial problems in written mathematical form
- apply concepts and theories learned in class to case studies and real-world problems
- identify the potential and limitations of financial theory in dealing with real-world problems

## Course Text / Readings

**Required Text:** Ross, Stephen A., Randolph W. Westerfield, Jeffrey F. Jaffe, Gordon S. Roberts, and Hamdi Driss, *Corporate Finance*, 8<sup>th</sup> Canadian Edition, McGraw-Hill Ryerson, 2019.

ISBN:

- Print text: 1259270114 / 9781259270116
- eBook: 1259270130 / 9781259270130

For those on a tight budget, second-hand copies or previous editions of the text are widely available.

### Optional:

Financial Post, Wall Street Journal, Financial Times, Economist, and any other business news magazine or newspaper

Readings and videos suggested on the eClass course website

## Evaluation

The evaluation is based on three exams. Each exam will be 1 hour long and cover about 1/3 of the course material. Two of these exams will take place during the term (midterm exams) and the third will take place during the final examination period (final exam). The exams will comprise of multiple choice and numerical questions. All exams will be completed online via eClass. While none of the exams is cumulative, the material is interrelated and knowledge of concepts covered in the first third of the course, for example, will be needed to answer questions on the final.

All exams are **open book and open notes individual** exams. However, these are **timed** exams and **navigation between questions is sequential** meaning that you cannot go back to change your response once you submit your answer. **Study for them as you would for an in-class exam.** While you can consult your book and notes, the allotted time will not allow you to learn the material during the exam.

**1. Two midterm exams.** Midterm 1 and Midterm 2 are scheduled on **Feb. 24<sup>th</sup>** and **March 24<sup>th</sup>**, respectively. The second midterm is not cumulative, that is, it will cover only the material covered in class after the first midterm. These online exams will take place at the beginning of the class, during regular class time, via eClass. The exams are synchronous meaning that you all have to take the exams on the same date and during the same time. It is your responsibility to ensure your availability.

**2. A final exam.** The date and time will be set by the Registrar's Office during the final examination period, **April 14-28**. The final exam is not cumulative; it will cover the material covered in class after the second midterm.

The course **grade will** be determined by the following rule, which is designed to **reward consistent work on the course**:

**Course Grade = 40% Highest exam grade + 40% Second highest exam grade + 20% Third highest exam grade.**

**Homework problem sets and quizzes on each chapter** will be made available on eClass. They will not be graded but you are encouraged to work on the assigned problems to reinforce the course material and prepare for exams. I tend to select some of these problems for your exams.

Bonus points (up to 2) may be assigned if you are on the margin for regular and insightful posts on the eClass **discussion boards** and participation in **in-class activities**. There is no make-up for such activities.

You will be able to review your exams after the exam date via Zoom. You have to turn on your camera during the exam review. **Concerns about apparent grading errors will be considered during the term, but requests for "extra credit" or other special considerations in assigning grades will be ignored.**

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

## Grading

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 tests will bear a number grade that you can convert into a letter grade using the standard York University conversion table (e.g., A+ = 90 to 100, A = 80 to 90, B+ = 75 to 79, etc.). For a full description of York grading system see the York University Undergraduate Calendar –

<https://calendars.students.yorku.ca/2020-2021/grades-and-grading-schemes>

## Missed Exams

### Midterm

If you **miss a midterm exam, you will receive a grade of zero** unless you email me within two weeks of the exam date with a detailed explanation of the reasons for missing the midterm exam.

If you **miss a midterm exam for a valid reason** (e.g., medical emergency), you will have the opportunity to write a make-up midterm exam at the end of the term. **The weight of one missed midterm cannot be transferred to the second midterm or the final exam.** The only way to earn the marks if you miss a midterm exam for a valid reason is to write the make-up midterm exam. The make-up midterm will take place on the same date as the final and after the final exam. In the unlikely scenario that you miss both midterms for a valid reason, you will write the two make-up midterm exams back-to-back after your final exam.

## **Final**

For students who **miss the final**, the Department of Economics Guidelines on Deferred Standing apply (<https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/department-policies/deferred-standing/>). In such cases, students should submit a completed Deferred Standing Agreement form together with the supporting documents to the Department of Economics to my attention. The date and time of the deferred exam will be set at a later date. Students who may require further extensions will have to submit a formal petition to the Faculty.

## **Academic honesty and integrity**

In this course, it is our joint responsibility to strive to maintain academic integrity to the highest extent possible. Academic integrity is the pillar of higher education. Breaches of academic integrity such as cheating on exams affect all of us adversely, including the cheaters - your degree is as valuable as the reputation for academic honesty of our institution.

Please familiarize yourself with the meaning of academic integrity by completing SPARK's Academic Integrity module at the beginning of the course. 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.

The following quote by Madison Sarratt, (1891-1978), an academic and administrator from Vanderbilt University, sums up beautifully my personal beliefs:

Tomorrow I will give you two examinations, one in trigonometry and one in honesty. I hope you will pass them both, but if you must fail one, let it be trigonometry, for there are many good people in this world today who cannot pass an examination in trigonometry, but there are no good people in the world who cannot pass an examination in honesty.

## **Tentative Course Topics**

<b>Week</b>	<b>Topic</b>
<b>Jan. 11</b>	Ch. 1 Introduction to Corporate Finance
<b>Jan. 18</b>	Ch. 2 Accounting Statements and Cash Flow Ch. 3 Financial Planning and Growth
<b>Jan. 25</b>	Ch. 4 Financial Markets and Net Present Value: First Principles of Finance
<b>Feb. 1</b>	Ch. 5 The Time Value of Money
<b>Feb. 8</b>	Ch. 6 Valuing Bonds and Stocks
<b>Feb. 22</b>	<b>Feb. 24: Midterm 1 exam</b> Ch. 7 Net Present Value and Other Investment Rules
<b>March 1</b>	Ch. 8 Net Present Value and Capital Budgeting
<b>March 8</b>	Ch. 9: Risk Analysis, Real Options, and Capital Budgeting
<b>March 15</b>	Ch. 10 Risk and Return: Lessons from Market History Ch. 11: Risk and Return: The CAPM
<b>March 22</b>	<b>March 24: Midterm 2 exam</b> Ch. 12 An Alternative View of Risk and Return: The Arbitrage Pricing Theory
<b>March 29</b>	Ch. 13 Risk, Return, and Capital Budgeting
<b>April 5</b>	Ch. 14 Corporate Financing Decisions and Efficient Capital Markets
<b>TBA</b>	<b>Final exam</b>

*Note: The above list of topics is tentative and subject to change. Dates are firm.*

## IMPORTANT COURSE INFORMATION FOR STUDENTS

All students are expected to familiarize themselves with the following information, available on the University Secretariat webpage - <http://secretariat-policies.info.yorku.ca>.

- Senate Policy on Academic Honesty and the Academic Integrity Website <http://www.yorku.ca/secretariat/policies/document.php?document=69>.
- 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

	Winter 2021
Last date to add a course <b>without permission</b> of instructor (also see Financial Deadlines)	Jan. 25
Last date to add a course with permission of instructor (also see Financial Deadlines)	Feb. 8
Last date to drop a course without receiving a grade (also see Financial Deadlines)	March 12
<b>Course Withdrawal Period (withdraw from a course and receive a grade of "W" on transcript – see note below)</b>	<b>March 13 – April 12</b>