

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

AP/ECON 4400 3.0 N
Financial Economics
Winter 2022 Course Outline

Course Instructor Contact:

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Course Consultation Hours: By appointment (In-person or zoom meeting, Zoom connection information will be available through eclass)

Course Web Site: eclass

Calendar Course Description / Prerequisite / Co-Requisite:

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Analyzes investment and financing decisions, the separation between ownership and control, the risk inherent in decision-making, and how shareholders' wealth and utility are maximized. Topics include net present value, capital budgeting, efficiency of capital markets, treatment of risk, valuation of debt, dividend policy, short-term financing, and financial strategy. Prerequisites: AP/ECON 2300 3.00 and AP/ECON 2350 3.00 or equivalents. Course credit exclusions: AP/ADMB 3530 3.00, AP/ADMS 3530 3.00, GL/ECON 4310 3.00. PRIOR TO FALL 2009: Course credit exclusions: AK/ADMS 3530 3.00, AK/ECON 4082 3.00, AS/ECON 4400 3.00, GL/ECON 4310 3.00, SB/FINE 2000 3.00, SB/FINE 3100 3.00.

Lecture Time and Location

Lecture: F 11:30am – 2:30pm RS 201

Note: The first several lectures will be delivered online (Zoom live). Students are required to check the announcement in a timely manner

Teaching Assistants: TBA

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.

Technical requirements for taking the course:

This course is, in principle, a face-to-face lecture in a classroom. However, the Covid-19 situation is still ongoing, the first several lectures will be held online, and some student consultations are expected to take place online, all students taking this course must have the following technical requirements.

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 may be conducted through Zoom video conferencing, where students are expected to participate. Also, students 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.

Students shall 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.

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.

Course Text / Readings (Required)

BMM: Brealey, Myers, and Marcus, *Fundamentals of Corporate Finance, 7th Canadian Edition*, McGraw-Hill Ryerson, 2018

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	Fri, Feb 18
Final Exam (180 minutes)	Individual	60	Apr 12-29
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).

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.

Midterm Exam is in an online format, and both sections (N and O) take the same exam on the same schedule, Friday February 18, 2022. The exam site in eclass can be opened at any time from 11am to 11pm (12 hour period), and the exam time is given for the total of 150 minutes from the opening time (120 min plus 30 extra min for meeting tech). Students must be available for this exam schedule, even if it differs from the lecture schedule.

Deferred Exam Policy:

There are no makeups for missed midterm exams. Anyone missing the midterm exam will automatically have their final exam reweighted to be worth 100%.

NO multiple deferrals allowed: Students can defer only one of the two 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.

Requesting Deferred Final Exam

Students will be required to complete a Mach form requesting a deferred exam. For complete instructions for using the Mach form, please go to our website:

<https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/department-policies/deferred-standing/>

The Mach form replaces the Final Exam/Assignment Deferred Standing Agreement (DSA).

A student must submit the form within 5 business days from the final exam date.

Tentative Sequence of Topics Covered and the Lecture Schedule

Session	Topics, Reading and Activity
01 Jan 14	Ch 3: Accounting and Finance
02 Jan 21	Ch 5: Time Value of Money
03 Jan 28	Ch 6: Valuing Bonds
04 Feb 4	Ch 7: Valuing Stocks
05 Feb 11	Ch 8: NPV and Other Criteria
06 Feb 18	Midterm Exam: (Weeks 1-4 Covered) (Mar 18: Last day of Drop)
Winter Reading Week (Feb 19 – 25)	
07 Mar 4	Ch 9: Discounted Cash Flow Analysis
08 Mar 11	Ch 10: Project Analysis
09 Mar 18	Ch 11: Introduction to Risk, Return, and the OC of Capital
10 Mar 25	Ch 12: Risk, Return, and Capital Budgeting
11 Apr 1	Ch 13: The WACC
12 Apr 8	Review
Final Exam	Apr 12-29

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.

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;

<http://www.yorku.ca/secretariat/policies/index-policies.html/>

- York's Academic Honesty Policy and Procedures/Academic Integrity Website

Academic Honesty and Integrity: Conduct that violates the ethical or legal standards of the University community or of one's program or specialization is subject to severe penalties. Students are responsible for understanding the nature and consequences of these offences, as contained in the Senate Policy on Academic Honesty, found on the York University Senate WEB page: <http://www.yorku.ca/secretariat/policies/document.php?document=69>

- Ethics Review Process for research involving human participants

<http://www.yorku.ca/secretariat/policies/document.php?document=94>

- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities

<http://www.yorku.ca/secretariat/policies/document.php?document=68>

- Student Conduct Standards

<http://www.yorku.ca/oscr/standards.html>

- Religious Observance Accommodation

<https://w2prod.sis.yorku.ca/Apps/WebObjects/cdm.woa/wa/regobs>