

York University
Faculty of Liberal Arts & Professional Studies
Department of Economics
Winter 2024

Course # and Title: AP/ECON 4400.N 3.0 – Financial Economics

Course Webpage: <https://eclass.yorku.ca>

Professor: Mir Ahasan Kabir, Ph.D.
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Lecture: F, 11:30 AM - 2:30 PM (ACW 205)
Virtual office hours: by email appointment only.

Course Description:

The objectives of this course are to analyze 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. At the end of this course, students will be able to analyze financing decisions.

Prerequisite: 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.

Course Text/Readings:

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.

Evaluation:

Online Quizzes: 10% of the course final grade. There are 11 graded quizzes. For each chapter we cover in class, there will be an online quiz on eClass. The online quizzes are timed and navigation between questions is sequential. Each quiz will be assigned upon covering the chapter in class and you will have one week to complete the quiz at a convenient time for you. You have one attempt meaning that once you start the quiz, you must complete it during the allotted time. Under any circumstances, there are no extensions to the deadlines or make-up for the missed quizzes. The lowest quiz grade will be dropped.

Group Project: 10% of the course final grade. Detailed instructions on Group Project and marking rubric will be provided in separate documents. Should you miss the due dates for the Group Project every day will lose one whole percentage of the course.

Term Test: 30% of the course final grade, on the 1st of March Friday during the class time, from 11:30 AM to 1:30 PM, 120 Minutes. Under any circumstances, there will be no makeup for missing the term test and weight will automatically be transferred to the final exam.

Final Exam: 50% of the course final grade (To be scheduled by the Registrar's Office between Apr. 10 - Apr. 26) 120 Minutes, comprehensive, covering all course material, with more emphasis on later chapters.

If a student receives a higher grade on the final exam than the term test, the final exam grade will substitute the term test score. In that case, the final exam will be 80% of the final grade.

Course Grade = $\text{Max}\{(10\% \text{ Quizzes} + 10\% \text{ Group Project} + 30\% \text{ Midterm} + 50\% \text{ Final}), (10\% \text{ Quizzes} + 10\% \text{ Group Project} + 80\% \text{ Final})\}$

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 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.)

Weekly Schedule

Chapter	Topic	Tentative Class Day
1	Introduction to Corporate Finance	Jan. 12
2	Accounting Statements and Cash Flow	Jan. 19
3	Financial Planning and Growth	Jan. 26
4	Financial Markets and Net Present Value: First Principles of Finance	
5	The Time Value of Money	Feb. 2
6	How to Value Bonds and Stocks	Feb. 9
7	Net Present Value and Other Investment Rules	Feb. 16
	<i>Reading Week</i>	<i>Feb. 17-23</i>
	<i>Term Test - 25%</i> (Chs. 1, 2, 3, 4, 5, 6 and 7)	<i>Mar. 1</i>
8	Net Present Value and Capital Budgeting	Mar. 8
9	Risk Analysis, Real Options, and Capital Budgeting	Mar. 15
10	Risk and Return: Lessons from Market History	Mar. 22
11	Risk and Return: The CAPM	Mar. 29
	End-of-term group project presentations	Apr. 5
<i>Cumulative</i>	<i>Final Exam 50%</i>	<i>Apr. 10 - 26</i>

Note: There may be small changes to the reading list, which will be announced as the course progresses. I may provide additional material during class.

Online Quiz Rules:

- There are 11 graded quizzes (Quizzes 1 - 11). Total worth 10% of your final course grade. There are no make-up quizzes or alternative assignments.
- You will have at least 1 week to complete each of the 11 graded quizzes, and they can be accessed from any computer or tablet with an internet connection, anywhere in the world. Accordingly, we do not accept any excuses for missing a quiz.
- Each quiz has 10 multiple-choice questions including numerical and conceptual questions. For each quiz, you have one attempt, and 30 minutes to complete it. You must finish a quiz once you start it.
- Every time a student takes a quiz, new questions are taken from a pool of questions, the order of the questions and answers is scrambled. Sometimes longer questions require you scroll down to see the entire question. If that is the case, you will see a scroll bar on the right.
- You will receive a score immediately after taking each graded quiz. You will only be able to review each quiz after the due date. To review quiz answers after the due date, click on the Grades tab on the left navigation bar in eClass.
- Do not take any quiz until you have completed reading the assigned chapters and completed as many end of the chapter questions as possible. Doing those problems will dramatically improve your chances of getting a higher score on the quizzes. Remember, you have only one attempt, just like on an in-class test.
- Access all graded quizzes from the links that will appear on the course homepage of eClass. The link will become available approximately one week before the quiz is due.

Exam Rules:

- No student will be allowed to write the exam before the scheduled date.
- No student ever be allowed to re-write the exam or do additional activities to improve the letter grade of the course .
- York University is committed to respecting the religious beliefs and practices of all members of the community. In case, any of the exam dates clash with the day of your religious observance, you are responsible for contacting me at least two weeks in advance. To arrange for an alternative date, you must complete a Religious Accommodation Form (see Important Academic Forms section).
- Cheating and plagiarism are considered to be serious offenses by York University. Please visit the Academic Integrity website <http://www.yorku.ca/acadinte/students/index.htm> to read the Senate Policy on Academic Honesty.
- Cell phones, electronic translators, iPods, MP3 players, and other electronic devices are not permitted into exams. Other permissible items to carry in exams are pens, pencils, student IDs, coats, and purses.

Deferred Final Exam Policy:

Students must fill out the Deferred Standing Mach form (the link to the form will be posted to eClass closer to the exam date) within 7 days of the original exam date. For Winter 2024, no supporting documentation is required. Students who do not submit the Deferred Standing Mach form within 7 days of the missed exam, will receive a zero for their final exam score.

There is only one date for the Deferred Final Exam. It will be held in-person in June 2024, with the exact date being announced at the end of May 2024.

Deferred Standing for the final exam will be considered only under the following circumstances:

1. MEDICAL CIRCUMSTANCES: Exams missed due to medical circumstances must be supported by a York Attending Physicians Statement filled out completely by a medical doctor or licensed psychologist/counselor, dated within 48 hours of the final exam date. The statement must include:

- Full name, mailing address, telephone number of the physician.
- The nature of the illness and its duration (i.e., specific dates covered)
- An indication of whether the illness and/or medication prescribed would have **SERIOUSLY** affected the student's ability to study and perform over the period in question.

The physician's office may be contacted to verify that the statement was completed by the physician.

2. NON-MEDICAL CIRCUMSTANCES: Exams missed due to non-medical circumstances must be supported by appropriate documentation, i.e., death certificates, obituary notice, automobile accident reports, airline/bus ticket receipt for emergency travel (with the date of booking on the ticket), etc. Airline/train/bus ticket/receipts for emergency travel must indicate destination, departure, and return dates. Having to work at the time of the exam or non-emergency travel are not valid excuses for missing an exam.

Important Academic Forms:

Religious Accommodation: http://registrar.yorku.ca/sites/registrar/files/pdf/exam_accommodation.pdf

Deferred Standing Form: http://registrar.yorku.ca/pdf/deferred_standing_agreement.pdf

Attending Physician's Statement Form: http://registrar.yorku.ca/pdf/attending_physicians_statement.pdf

York's Academic Honesty Policy and Procedures is located on the [York University Senate webpage](#). As per Senate Policy, academic honesty and integrity is defined as 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. More information on academic integrity for students can be found on the following websites:

[York Academic Integrity Website](https://www.library.yorku.ca/web/research-learn/academic-integrity/)

<https://www.library.yorku.ca/web/research-learn/academic-integrity/> and

[Academic Honesty, Senate Policy](https://secretariat-policies.info.yorku.ca/policies/academic-honesty-senate-policy-on/)

<https://secretariat-policies.info.yorku.ca/policies/academic-honesty-senate-policy-on/>

Important Dates

	Winter Term 2024
Last date to add a course without permission of instructor (also see Financial Deadlines)	Jan. 22
Last date to add a course with permission of instructor (also see Financial Deadlines)	Jan. 31
Last date to drop a course without receiving a grade (also see Financial Deadlines)	Mar. 11
Course Withdrawal Period (withdraw from a course and receive a grade of “W” on transcript)	Mar. 12 - Apr. 8

Important Information for Students: All students are expected to familiarize themselves with the following information, available on the [Senate Committee on Curriculum & Academic Standards webpage](#).

- York’s Academic Honesty Policy and Procedures are located on the [York University Senate webpage](#). As per Senate Policy, academic honesty and integrity are defined as conduct that violates the ethical or legal standards of the University community, or one’s program or specialization is subject to severe penalties. Students are responsible for understanding the nature and consequences of these offenses, as contained in the Senate Policy on Academic Honesty. More information on academic integrity for students can be found on the [York Academic Integrity Website](#).
- Ethics Review Process for research involving human participants located using the [Senate Policy Research Involving Human](#)
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities can be accessed using the [Academic Accommodation for Students with Disabilities link](#).
- Information on student conduct standards can be reviewed on the [Code of Student Rights and Responsibilities webpage](#).
- Students requiring religious accommodation should review the Religious Accommodations Guidelines using the [Religious Observance link](#).