

General Course Information	
<b>Instructor:</b>	Zhenzhen Fan
<i>Email</i>	Zhenzhen.fan@uoguelph.ca
<i>Office Location</i>	736
<i>Office Hours</i>	M/W 1:00-2:00 pm (or by appointment)
<i>Department/School</i>	Economics and Finance
<b>Class schedule:</b>	M/W 2:30 – 3:50 pm
<b>Class venue:</b>	MCKN 029
<b>Pre-requisites:</b>	ECON 2560 or FIN 2000

## Course Description

This is a course on the theory and practice of corporate finance. The course provides a framework for analyzing main financial decisions of a corporation. The topics covered in this course include firm valuation, capital budgeting, cost of capital, capital structure, financial frictions, corporate bonds, governance, and managerial bias.

## Course Learning Outcomes

### Upon successfully completing this course, you will:

1. Analytical skills: Integrate and apply knowledge in a specific area of interest related to corporate finance.
2. Quantitative skills: Demonstrate advanced quantitative skills in analysis, synthesis, and appraisal of financial information.
3. Written communication skills: The essay questions in the final exam will provide an opportunity for students to provide a written evaluation of firms' financial decisions.

## Knowledge and Understanding:

1. Mathematical methodology: We will be using mathematical techniques to value firms and projects, to measure risk and return, and to model financial managers' decisions.
2. Statistical and econometric methodology: We will be using simple distributions and will be computing descriptive statistics to help us understand the probability of certain future outcomes occurring.

3. Understanding of specific markets: This course is devoted to understanding firm behavior in frictional financial markets and how to make investment and financing decisions when equity and bond markets contain financial frictions.
4. Historical and Global context: We will investigate the historical performance of global financial markets and study firms' responses to risk and frictions.

## Summary of Course Content and Materials

**Required Text:** "Corporate Finance" by Berk, Demarzo, and Stangeland. Fifth Canadian Edition. Pearson (earlier version should be fine; MyLab access required)

New textbooks and calculators are available through the University Bookstore. The option to instead purchase a Pearson e-text is also available through the textbook website at [www.pearson.com/mylab](http://www.pearson.com/mylab).

An access code will be required to register for the portion of the course which uses the textbook's companion website, MyLab Finance. An access code is included with the purchase of a new textbook (hardcopy or Pearson eText). Please see Courselink for further details on how to register and enroll in your MyLab Finance course.

**Other Resources:** Instructor's slides will be posted on the Courselink.

## Detailed schedule

**Here is a tentative schedule. The schedule and topics are subject to change.**

- Week 1: Introduction and financial statements (Chapter 1-2)
- Week 2: Arbitrage pricing (Chapter 3)
- Week 3 - 4: Stock valuation (Chapter 7)
- Weeks 5: Investment decision rules (Chapter 8)
- Week 6: Capital budgeting (Chapter 9)
- Weeks 7 - 8: Cost of capital (Chapter 12)
- Weeks 9 - 10: Capital structure and financial frictions (Chapter 17-19)
- Week 11: Mergers and acquisitions (Chapter 28)
- Week 12: Guest lecture and review
- Final Exam

## Course Assessment

			<b>Associated Learning Outcomes</b>	<b>Due Date/ location</b>
<b>MyLab:</b>	20%	Weekly	LO 1 - 2	<i>Due weekly</i>
<b>Midterm:</b>	20%	Will cover weeks 1-6	LO 1 - 2	<i>Oct 16/ In Class</i>
<b>Group project:</b>	20%	Will cover weeks 1-8	LO 1 - 3	<i>Nov 17</i>
<b>Final exam:</b>	40%	Will cover everything	LO 1 - 3	<i>See exam schedule</i>
<b>Total</b>	<b>100%</b>			

**MyLab Finance Homework Assignments** – will be provided regularly throughout the course using the MyLab Finance software. These assignments are meant to help reinforce financial concepts as well as prepare students for examinations. Students must pay attention to the dates and times that assignments are available and assignment due dates which are listed in the Class Schedule section. Please note late assignments will not be accepted. As well, if you want to practice any of the textbook end-of-chapter questions then you can access these questions online using MyLab Finance via its Study Plan – from there you can review detailed solutions too.

**Group Project** – this project will involve all the skills you have learned over the entire course, including time-value of money, finding cost of debt and equity, calculating weighted average cost of capital, examining stakeholder issues, making investment decisions, etc.

The project is due Nov 17 and must be submitted electronically on CourseLink. Further details of the project will be provided after the course has begun.

## Course Policies

### Exams

You are responsible for all the materials discussed in class, posted on courselink, and assigned in lectures. Textbook materials that are not covered are not required in exams. Some textbook problems may be helpful in preparing for exams. Exams are closed book. For midterm exams, you may bring **one piece of A4 paper** on which you may write on **both sides**. For the final exam, you may bring **two pieces of double-sided A4 paper**. You need to make those note by yourself and you can write anything on the notes. You may bring a calculator, but not a computer. All the exams may contain multiple choices (or true/false) and/or long questions including quantitative and non-quantitative parts. You will need pencils for Scantron in exams.

### Missing exams

Students who find themselves unable to attend the exams because of medical or personal reasons, should review the regulations on academic consideration in the Academic Calendar and discuss their situation with the instructor, program counselor or other academic counselor as appropriate.

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-grds.shtml>

The exams are a compulsory part of your assessment. If you miss them without a legitimate reason, your grades will be zero. However, if you miss exams for legitimate reasons or illness, the weight will be shifted proportionally to other exams you write unless you opt for a make-up exam.

### Make-up exam

The make-up exams are optional if you miss a Midterm exam for legitimate reasons or illness. This is for students who wish for the weights to not become larger on the remaining exams. The format of the make-up exam may not necessarily be the same as the original exam, The instructor may demand an oral exam as the make-up exam.

### Appeals

If you appeal to re-grade one of the midterm questions, the entire midterm test will be re-graded. This may lead to a lower or higher overall grade. The course instructor will hold office hours once grading is complete, for students to review their midterm tests, this is where appeals can be made.

### **Academic Consideration**

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

### **Academic Misconduct**

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-amisconduct.shtml>

### **Accessibility**

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email [sas@uoguelph.ca](mailto:sas@uoguelph.ca) or see the website: <https://wellness.uoguelph.ca/accessibility/>

### **Course Evaluation Information**

Please refer to the [Blue by Explorance system](#).

### **Recording of Materials**

Presentations which are made in relation to course work—including lectures—cannot be recorded or copied without the permission of the presenter, whether the instructor, a classmate or guest lecturer.

Material recorded with permission is restricted to use for that course unless further permission is granted.

### **Drop date**

The last date to drop one-semester courses, without academic penalty, is **Nov 29, 2024**. For regulations and procedures for Dropping Courses, see the Academic Calendar

<https://www.uoguelph.ca/thelinc/dates/>

### **Equity, Diversity, and Inclusion Statement**

*At the Lang School of Business and Economics, we are committed to developing leaders with a social conscience, an environmental sensibility, and a commitment to their communities. A core tenet within this vision is that diversity is a strength with which we can experience greater connection and understanding.*

*As such, we affirm the importance and shared responsibility of our students, faculty, and staff creating and promoting equity and inclusion within our learning spaces. Creating these kinds of learning cultures is a process, not a destination; it requires ongoing willingness on the part of each person to thoughtfully and critically listen, unlearn, learn, and engage as they are exposed to a multitude of perspectives and lived experiences. We encourage dialogues between students and instructors to address and advance opportunities for fostering greater diversity and inclusion in the learning environment. Openness to conversations with each other enables us to reflect and grow as we learn from one another respectfully and holistically.*

*As a department that is training the professionals of the future, we expect our learning spaces to abide by all institutional policies and guidelines, in particular those outlined by the Office of Diversity and Human Rights and the [University of Guelph Human Rights Policy](#). Discrimination and harassment, as defined by our policies, will not be tolerated. Individuals should inform the appropriate party as per University policies if they experience any such behaviours.*