

Concordia University
The John Molson School of Business

COMM 308 – Introduction to Corporate Finance

Course Outline – Fall 2012

Instructor: Ali Bloor
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Office Hours: Thursday 10:30-11:30 or by appointment
Lectures: Tuesday and Thursday 8:45-10:00
Classroom: MB 2.210

OBJECTIVES

This course introduces core concepts central to financial management and firm value maximization. You will learn the basic methods of: valuing corporate securities, estimating cash flows, and making capital budgeting decisions. Introductions to portfolio management theory, cost of capital, and options will round out the course. At the end of this course, students should be able to demonstrate a general understanding and specific skills on the following:

General: Conceptual frameworks underlying valuation, asset pricing, risk/return tradeoffs, and investment vs. financing decisions. In addition, students are expected to use these frameworks to (i) identify relevant information (ii) define major from minor issues, and (iii) apply concepts to solve problems and make recommendations.

Specifics: Time value of money; Terminology and Techniques that value bonds, shares and investment projects; Identification of relevant cash flows; Mechanics of determining the firms cost of capital; and Recognizing payoffs for call and put options.

TEACHING MATERIAL

Booth L& Cleary S.W (2010). *Introduction to Corporate Finance second edition*, John Wiley & Sons
Note: There are two versions of this book available: Hardbound book and the lose leaf (binder ready) version. They are both identical in content.

GRADING

Grades will be determined by combining points on homework assignments, midterm examination, and the final examination.

	Best of A and B		
	A	B	Missed Midterm
Two individual assignments (10% each)	20%	20%	20%
Mid-term	30%	15%	0%
Final	50%	65%	80%
Total	100%	100%	100%

The option “Missed Midterm” is only applicable to those who miss the midterm with a legitimate excuse. A minimum grade of 40% on the final and 50% overall is required to pass the course.

Once assigned, the final grade in the class will not be changed except in the case of a recording error. If you feel that your grade is incorrect, you must notify me in writing during the one-week period following the return of the exam. After that, the problem will not be researched. Please note that a request to have a question on your midterm re-graded entails a request to have the entire exam re-graded.

Deferred final examinations will be allowed for students following University procedures for obtaining deferrals. Refer to <http://registrar.concordia.ca/exam/faqdef.html> for more information.

Letter grades will be assigned based on the table below. Grades will not be rounded up.

Grade Breakpoint	0%	50%	54%	58%	60%	64%	68%	70%	74%	78%	80%	85%	90%
Letter Grade	FNS	D-	D+	D+	C-	C	C+	B-	B	B+	A-	A	A+

ASSIGNMENT

You will be given 2 assignments. Assignments are due on the date indicated in this syllabus. However, instructor may change the submission date under certain circumstances. All changes will be announced in class and on FirstClass message board. Assignments are to be submitted in the beginning of the class on the due date. If you fail to submit a homework assignment on time, you will receive a grade of zero for that assignment.

MIDTERM EXAM

The mid-term exam will be based on everything covered till (including) October 11th 2012. The exam will be held on **Sunday October 21st**. The time and location will be announced through message board on FirstClass, at least one week before the exam. The exam will be a combination of multiple choice, short-answer questions, and problems.

Final EXAM

The final exam will be cumulative. It will be a combination of multiple choice (70%) and Essay/problems (30%).

TUTORIALS

In addition to lectures, a number of other instructional techniques will be used - including questioning and discussions. These methods have been selected to provide opportunities that fit your learning style, to reinforce the objectives of the course and to create an enjoyable learning experience. Your participation in these methods is crucial for your success.

Detail tutorial schedule is posted in the Comm 308 common folder in FirstClass.

We will use First Class to facilitate interaction. Each student should have access to the course site via existing computer accounts. The “Client” can be downloaded from: <http://jmsb.concordia.ca> problems should be directed to FirstClassHelp@concordia.ca.

EXAM PROCEDURES

You should bring picture ID with you to all examinations in addition to your calculator and writing implements (no red or green pens allowed). Be sure to bring your own calculator and be sure that the batteries have sufficient power. For the midterm and the final examination students will be provided with a formula sheet. The same sheet is posted in the “Comm 308 all sections” folder in FirstClass. You should

familiarize yourself with this sheet and through the term use it for solving all your practice questions. That will help you in your final exam.

CALCULATOR

A financial calculator is not essential, (although, strongly recommended) for this course. I would personally suggest the Texas Instruments BAII+ as you may use this model for CFA exams should you undertake that program.

ACADEMIC INTEGRITY

The Code of Conduct (Academic) at Concordia University states that the “integrity of University academic life and of the degrees, diplomas and certificates the University confers is dependent upon the honesty and soundness of the instructor-student learning relationship and, in particular, that of the evaluation process. As such, all students are expected to be honest in all of their academic endeavours and relationships with the University.” [Undergraduate Calendar, section 16.3.14 or Graduate Calendar, Code of Conduct (Academic).]

- All students enrolled at Concordia are expected to familiarize themselves with the contents of this Code. You are strongly encouraged to visit the following web address: <http://johnmolson.Concordia.ca/ugrad/codeofconduct.pdf>, which provides useful information about proper academic conduct.
- Student Advocate Program has produced a short video presentation on academic misconduct as well as pamphlets in four languages: English, French, Chinese and Arabic. These are available to students at: <http://supportservices.concordia.ca/studentadvocateprogram>

SCHEDULE

Please note that this schedule is tentative, i.e. we will sometimes go faster or slower. To ensure that you are well prepared for each class, I recommend that you always read one chapter ahead.

Date	Chapter (Booth/Cleary Text)	Topic
September 6	1.2 to 1.4, 2.1 to 2.4	Overview; Introduction; Outline
September 11, 13	5.1 to 5.7, Appendix 5A	Time Value of Money
September 18, 20	5.1 to 5.7, Appendix 5A	Time Value of Money
September 25, 27	6.1 to 6.5 (Section 6.3, Omit Yield to Call)	Bond Valuation
October 2, 4	7.1 to 7.4	Equity Valuation
October 9, 11	8.1 to 8.5	Risk, Return and Portfolio Theory
October 11		Assignment 1 due date
October 16*		Guest Speaker
October 21		Midterm Exam
October 23, 25	9.1 to 9.3, 10.1 to 10.4	CAPM & Market Efficiency
Oct.30, Nov. 1	12.1 to 12.3	Derivative Securities
November 6,8	13.1 to 13.3	Capital Budgeting
November 13, 15	14.1, 14.2, 14.4, 3.5 (Omit capital gains, recapture and terminal losses)	Cash Flow Estimation
November 13		Assignment 2 due date
November 20, 22	20.2, 20.3, 20.5, 20.6	Cost of Capital
November 27, 29		Unfinished Business/Review

* The class of October 18th has been shifted to October 21st. This has been done to facilitate a two-hour midterm.