BUS I601

Managing Financial Resources

Fall 2021 Course Outline

DeGroote School of Business

**McMaster University**

Course Objective

The objective of the course is to introduce students to both the fundamental concepts and practical issues in business finance and accounting. This course aims to improve students’ skills in interpreting, analyzing, and applying accounting and financial information in order to make superior financial decisions.

Instructor and Contact Information

Accounting Section:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Section:** | **C01**  **Mo 11:30–13:30**  **We 11:30–13:30** | **C02**  **Mo 14:30–16:30**  **We 14:30–16:30** | **C03**  **Tu 8:30–10:30**  **Th 8:30–10:30** | **C04**  **Tu 11:30–13:30**  **Th 11:30–13:30** |
| Class Location: | TBA | TBA | Virtual | TBA |
| Instructor  Email:  Office:  Office Hours: | **Dr. Justin Jin**  [jinjus@mcmaster.ca](mailto:jinjus@mcmaster.ca);  DSB-319  After class or by appointment | **Dr. Justin Jin**  [jinjus@mcmaster.ca](mailto:jinjus@mcmaster.ca);  DSB-319  After class or by appointment | **Dr. Justin Jin**  [jinjus@mcmaster.ca](mailto:jinjus@mcmaster.ca);  DSB-319  After class or by appointment | **Dr. Justin Jin**  [jinjus@mcmaster.ca](mailto:jinjus@mcmaster.ca);  DSB-319  After class or by appointment |

Finance Section:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Section:** | **C01**  **Mo 11:30–13:30**  **We 11:30–13:30** | **C02**  **Mo 14:30–16:30**  **We 14:30–16:30** | **C03**  **Tu 8:30–10:30**  **Th 8:30–10:30** | **C04**  **Tu 11:30–13:30**  **Th 11:30–13:30** |
| Class Location: | TBA | TBA | Virtual | TBA |
| Instructor  Office Hours: | **Adeel Mahmood**  After class or by appointment | **Adeel Mahmood**  After class or by appointment | **Adeel Mahmood**  After class or by appointment | **Adeel Mahmood**  After class or by appointment |

**Course website:** Available on avenue.mcmaster.ca.

Course Elements

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Credit Value: | 3 | Leadership: | Yes | IT skills: | Yes | Global view: | Yes |
| Avenue: | Yes | Ethics: | Yes | Numeracy: | Yes | Written skills: | Yes |
| Participation: | Yes | Innovation: | No | Group work: | Yes | Oral skills: | Yes |
| Evidence-based: | Yes | Experiential: | Yes | Final Exam: | Yes | Guest speaker(s): | No |

Course Description

This course will provide students a basic understanding of the fundamentals of financial reporting as well as preparation, interpretation and analysis of financial statements. The course will emphasize the following key introductory concepts of financial management: financial performance analysis using financial statements, time value of money and valuation of bonds and stocks, capital budgeting techniques and the capital investment decision procedures followed in a corporate framework.

Learning Outcomes

Upon completion of this course, students will be able to complete the following key tasks:

* Read and understand financial statements.
* Understand the accounting cycle and implement selected steps including analyzing, journalizing and posting accounting transactions.
* Prepare financial statements such as the Statement of Earnings, Statement of Retained Earnings, Statement of Changes in Equity, Statement of Financial Position, and Statement of Cash Flows.
* Report and interpret liabilities (debt) and Shareholders’ equity, including bonds, and time value of money concepts.
* Understand and apply the basic framework of financial ratio analysis in assessing the economic status and progress of an organization.
* Understand the time value of money and discounted cash flow valuation.
* Be able to assess the value of bonds and stocks and understand corporate cost of capital.
* Evaluate corporate projects and make decisions based on projected financial information.

Required Course Materials and Readings

Paul D. Kimmel, Jerry J. Weygandt, Donald E. Kieso, Barbara Trenholm, Wayne Irvine, Christopher D. Burnley. Financial Accounting: Tools for Business Decision-Making, 7th Canadian Edition.

**Please buy a HARDCOVER or Loose Leaf Book. Do Not buy an E-Book.**

|  |  |  |
| --- | --- | --- |
| **School** | **Rep Name** | **Contact Details** |
| |  | | --- | | MCMASTER UNIVERSITY | | 1280 MAIN ST W | | HAMILTON, ON  L8S 4L8 | | CANADA | | |  | | --- | | STEPHANIE NICASSIO | | |  | | --- | | Phone:  800-567-4797 | | Email:  [stnicassio@wiley.com](mailto:stnicassio@wiley.com) | |

(**BERK**) Berk et Al, **Corporate Finance**, ***Fourth (4th) Canadian*** Edition; Pearson Education, 2020

• ISBN: 9780136963059 (eText) or 9780134632285 (Hardcover)

Evaluation

Learning in this course results primarily from in-class lectures and discussion, completion of assignments, and out-of-class analysis in preparing case report. The assignments and the case reports will be evaluated either on an individual or on a group basis where group members will share the same grade. If the majority of the group feels that a member does not deserve 100% of the mark assigned, it is the group’s responsibility to inform the instructor and the member involved, in writing, specifying the reasons and the percentage of the mark that should be assigned. Your final grade will be calculated as follows:

***Components and Weights***

This course has two segments – accounting and finance. Assessments for the two components will be carried out in the following manner:

|  |  |  |  |
| --- | --- | --- | --- |
| **Accounting segment** | | **Finance Segment** | |
| Quizzes | 10% | Quizzes | 10% |
| Group Assignment | 10% | Group Assignment | 10% |
| Exam 1 (non-cumulative) | 30% | Exam 2 (non-cumulative) | 30% |
| **Sub-total** | **50%** | **Sub-total** | **50%** |

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

[www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

## Accounting Segment

***Quizzes (10%)***

Four in-class quizzes evaluate the students’ class attendance and participation. Each quiz has questions covering the content covered in the preceding set of lectures.

## Group Assignment (10%)

## The details on group assignment requirements will be distributed in class.

***Exam 1 (30%)***

Exam 1 (close-book) is mandatory. All the students are required to take the Exam 1. The make-up exam for the Exam 1 follows the make-up exam procedure at McMaster University.

***Finance Segment***

***Quizzes (10%)***

There are four (4) quizzes in total, and they are to be written online in Avenue. A longer time window (of up to one week) is generally provided for each quiz during which a student can complete the quiz with a timer in effect. Each quiz has questions covering the content covered in the preceding set of lectures. The weight of any missed quiz will be automatically re-allocated to that of Exam.2.

***Group Assignment (10%)***Students will complete a group assignment during the term. More guidance on the project and group formation will be provided once the Finance segment of the course has started. The group members will be assigned individual grades relative to the group grade based on the intragroup peer assessments completed at the end of the assignment.

## Exam 2 (30%)

Exam 2, written during the final exam period, will cover the course content with a slightly higher emphasis on the topics after the second term test. More details of the format, structure, and content coverage will be provided after the second term test. A student missing the final exam is subject to the policies and procedures outlined in the MBA Academic Calendar for missed final exams.

**Grade Conversion**

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

|  |  |  |
| --- | --- | --- |
| Letter Grade | Percent | Points |
| A+ | 90-100 | 12 |
| A | 85-89 | 11 |
| A- | 80-84 | 10 |
| B+ | 75-79 | 9 |
| B | 70-74 | 8 |
| B- | 60-69 | 7 |
| F | 00-59 | 0 |

Communication and Feedback

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

Academic Dishonesty

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

Authenticity/Plagiarism Detection

***Some courses may*** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity.](http://www.mcmaster.ca/academicintegrity)

Courses with an On-Line Element

***Some courses may*** use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

On-Line Proctoring

**Some courses may** use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

Conduct Expectations

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [*Code of Student Rights & Responsibilities*](https://secretariat.mcmaster.ca/app/uploads/Code-of-Student-Rights-and-Responsibilities.pdf) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

Missed Academic Work

***Missed Mid-Term Examinations / Tests / Class Participation***

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor.  Documentation explaining such an absence must be provided to the Student Experience – Academic (MBA) office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide to Student Experience – Academic (MBA) office the [Petition for Relief for MBA Missed Term Work](http://www.degroote.mcmaster.ca/MBA/documents/relief.pdf) and the [McMaster University Student Health Certificate](http://www.degroote.mcmaster.ca/MBA/documents/McMasterUniversityDraftRevisedMedicalForm_April2009.pdf) which can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide Student Experience – Academic (MBA) office the [Petition for Relief for MBA Missed Term Work](http://www.degroote.mcmaster.ca/MBA/documents/relief.pdf) and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation.  Instructors cannot themselves allow students to unofficially write make-up exams/tests.  Adjudication of the request must be handled by Student Experience – Academic (MBA).

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

***Missed Final Examinations***

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student’s transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the [Application for Deferred MBA Final Examination](http://www.degroote.mcmaster.ca/curr/academ/mba/MBA_Deferred_Final_Exam_Form.pdf) and a statement from a doctor certifying illness on the date of the examination. The [Application for Deferred MBA Final Examination](http://www.degroote.mcmaster.ca/curr/academ/mba/MBA_Deferred_Final_Exam_Form.pdf) and the [McMaster University Student Health Certificate](http://registrar.mcmaster.ca/forms/medical.htm) can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/> Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

* Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
* Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student’s immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of $50 will be charged for a deferred exam written on campus and a fee of $100 for deferred exams written elsewhere. In cases where the student’s standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

Academic Accommodation of students with disabilities

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

Religious, Indigenous or Spiritual Observances (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](https://secretariat.mcmaster.ca/app/uploads/2019/02/Academic-Accommodation-for-Religious-Indigenous-and-Spiritual-Observances-Policy-on.pdf) policy. Students should submit their request to their Faculty Office ***normally within 10 working days*** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

Copyright and Recording

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

Potential Modification to the Course

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

Acknowledgement of Course Policies

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA course will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

Course Schedule

MBA I601

Fall 2021 Course Schedule

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Lecture | Date | Chapter | Lecture Topics | Textbook Exercises |
| 1 | Sept. 27 – Oct. 1 | Chapter 1 | The Purpose and Use of Financial Statements | TBA |
| 2 | Sept. 27 – Oct. 1 | Chapter 2 | A Further Look at Financial Statement | TBA |
| 3 | Oct. 4 – Oct. 8 | Chapter 3 | The Accounting Information System | TBA |
| 4 | Oct. 4 – Oct. 8 | Chapter 4 | Accrual Accounting Concepts | TBA |
| 5 | Oct. 11 – Oct. 15 | Chapter 7 | Internal Control and Cash | TBA |
| 6 | Oct. 11 – Oct. 15 | Chapter 8 | Reporting and Analyzing Receivables | TBA |
| 7 | Oct. 18 – Oct. 22 | Chapter 9 | Reporting and Analyzing Long-Lived Assets | TBA |
| 8 | Oct. 18 – Oct. 22 | Chapter 10 | Reporting and Analyzing Liabilities | TBA |
| 9 | Oct. 25 – Oct. 29 | Chapter 11 | Reporting and Analyzing Shareholders’ Equity | TBA |
| 10 | Oct. 25 – Oct. 29 |  | Review  **Group Assignment** (Due by 11.00 AM on Oct. 29, 2021) | TBA |
| Exam 1 TBA | | | | |

Monday: <https://mcmaster.zoom.us/j/98438967613>

Tuesday: <https://mcmaster.zoom.us/j/98136626955>

Thursday: <https://mcmaster.zoom.us/j/93694590326>

MBA I601

Fall 2021 Course Schedule (Continued)

|  |  |  |  |
| --- | --- | --- | --- |
| **Wk.** | **Starting** | **Textbook (BERK) Chapters\*** | **Quiz #: Due by** |
| 6 | Nov 1 | **2**: Introduction to Financial Statement Analysis | **-** |
| 7 | Nov 8 | **4**: The Time Value of Money | **1: Nov 14** |
| 8 | Nov 15 | **5**: Interest Rates  **6**: Valuing Bonds  ***Group Details Due*** | **2: Nov 21** |
| 9 | Nov 22 | **7**: Valuing Stocks | **-** |
| - | Nov 29 | **Group Assignment** (Due by 11.00 AM on Nov 29, 2021) | |
| 10 | Nov 29 | **8**: Investment Decision Rules | **3: Dec 3** |
| 11 | Dec 6 | **9**: Fundamentals of Capital Budgeting | **4: Dec 10** |
| - | Dec 11 - 22 | **Exam 2** (As Scheduled by the MBA Office) | |

*\* Please refer to the* ***Assigned Practice Questions*** *available online for full topical coverage, including assigned* ***BERK*** *textbook problems to prepare as well as any excluded sections.*

*This is a tentative schedule of classes. The schedule may be changed during the semester at the discretion of the instructors. The instructors will provide advance notice to the students in case a change in schedule is made.*