

**MBA F712
Applied Corporate Finance
Winter 2019 Course Outline**

**Finance and Business Economics
DeGroot School of Business
McMaster University**

COURSE OBJECTIVE

The goal of this course is to enable students to recognize, understand, analyze, and craft corporate strategies aimed at the creation of shareholder wealth. This case-based course aims to embolden student understanding of a CFO's decisions and to explore completely the strategic assumptions, the theoretical underpinnings, and the appropriate use of valuation techniques and principles.

INSTRUCTOR AND CONTACT INFORMATION

Tue 8:30 – 11:30

Waquar Ahmad

Instructor

medcofj@mcmaster.ca

Office: TBA

Class Location: RJC 357

Student TA

Qiao Wang

Wangq31@mcmaster.ca

Office: TBA

Office Hours: TBA

Course website: On Avenue To Learn

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: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: Yes	Final Exam: Yes	Guest speaker(s): No

COURSE DESCRIPTION

This course is taught primarily through the lectures and case studies. Through the extensive use of case analysis this course provides a rigorous introduction to corporate value creation in global competitive markets. Value creation principles and valuation framework are used to provide answers to such questions as: What is the most appropriate notion of value and how is it measured? How do we use finance to evaluate corporate strategies and determine whether they create or destroy value? How to effectively communicate corporate and financial strategies to financial markets? Students will also develop a proficiency in the technology necessary to implement this knowledge in a real-world setting. The objective is to familiarize students with principles of value-based management as well as cutting-edge valuation tools that are based on modern finance theory.

LEARNING OUTCOMES

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

- Assess the intrinsic value of the company;
- Be able to allocate funds to the most attractive investment opportunities;
- Manage the firm's cash-flow to ensure financial solvency;
- Structure the financial claims on the firm between debt and equity securities such that it creates shareholder value;
- Receive a knowledge of a firm's optimal cash payout policy;
- Monitor and control all aspects of the firm's risk in order to maintain a balance of risk and returns that is consistent with share-price maximization;

REQUIRED COURSE MATERIALS AND READINGS

Avenue to Learn registration for course content, readings, and assignments

- <http://avenue.mcmaster.ca/>

Foerster, Dunbar, Hatch, Shaw, & Wynant, Cases in Financial Management, Fourth Edition; John Prentice Hall, 2003 (FDHSW).

- purchase a copy at the bookstore Articles and other materials passed out in class

EVALUATION

Case analysis and presentation involves group work. However, the exams and class participation is evaluated on an individual basis. In case of group work, members will share the same grade. Your final grade will be calculated as follows:

Grade components and weights		
Case presentation	Group	20%
Case report	Group	10%
Shadow case presentation	Group	10%
Midterm exam	Individual	20%
Final exam	Individual	20%
Participation	Individual	20%

Case presentation

Each group, consisting of 2 students, would have one case to analyze during the semester. The group will prepare slides/ notes/ other tools necessary to convey their position on the case being analyzed. The group work will also involve a small report submission on the case due the night before the presentation. Each presentation will run for approximately 45 minutes. Class participants and the instructor will ask questions on the presentation.

Shadow Case presentation

Each group will be assigned to produce confirming/conflicting viewpoint to the original group making the case presentation. During the semester each group will be assigned to work as a shadow presenter of a case. The shadow group can decide on their mode of presenting their case. Time allotted for a shadow group is 15 minutes. Class participants and the instructor will ask questions on the shadow presentation.

Participation

Name cards and class pictures are used to help give credit for your participation. You must have a name card with your **full first and last name** clearly written and displayed in front of you for every class. You should use the same seat for identification in the classroom every week in addition to using name card.

Expectations on Case presentations and participation

Since this course makes extensive use of classes and class discussion, it is imperative that the class, both as individuals and collectively, prepare for each class and participate in the discussion. For this

reason, my evaluation of your performance weights effective classroom participation. Perceptive questions are as effective as solid answers. Students who are absent or passive during discussions will not score well on this dimension. Similarly, students who develop a pattern of dominating class discussion with trivial comments will see their participation scores suffer. I also reserve the right to cold-call on anyone at any time.

Any student who demonstrates disrespectful to others and/or disruptive conduct in class will receive automatic zero for participation component.

Midterm and Final exam

Both midterm exam and final exam will be open book, case-based assessments. Participants will be provided with a case to analyze individually during the exam. You will not have access to internet during the exam. You can bring any other tools to assist you during these exams. The final exam will test your knowledge for the materials learned for the whole semester.

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.

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

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

In this course we will be using a web-based service (Turnitin.com) to reveal plagiarism. Students will be expected to submit their work electronically to Turnitin.com and in hard copy so that it can be checked for academic dishonesty. Students who do not wish to submit their work to Turnitin.com must still submit a copy to the instructor. No penalty will be assigned to a student who does not submit work to Turnitin.com. All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, etc.). To see the Turnitin.com Policy, please go to;

<http://www.mcmaster.ca/academicintegrity/turnitin/students/>

Language for Use in Courses with an On-Line Element

In this course we will be using X*. Students should be aware that when they access the electronic components of this course, 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 this course will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

X* = e-mail, Avenue to Learn

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 and the McMaster University Student Health Certificate which can be found on the DeGroot 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 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 and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroot 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.

STUDENT ACCESSIBILITY SERVICES

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>

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 F712 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 F712
Applied Corporate Finance
Winter 2019 Course Schedule

Week	Date	Case	Presenter	Shadow	Lecture
1	8 Jan				FSA
2	15 Jan	Dell	Group 1	Group 9	Cost of Cap
3	22 Jan	Telus	Group 2	Group 8	Cap Budgeting
4	29 Jan	Pepsico	Group 3	Group 7	Cap Structure
5	05 Feb	Borders Hotel	Group 4	Group 6	Dividend Policy
6	12 Feb	Champion Road Machinery	Group 5	Group 1	Raising Capital
7	19 Feb	<i>Midterm Recess – No class</i>			
8	26 Feb	MIDTERM EXAM			
9	05 Mar	Eaton Company	Group 6	Group 3	Valuation
10	12 Mar	Oxford Learning	Group 7	Group 2	Acquisitions
11	19 Mar	Empire Company	Group 8	Group 4	Risk Management
12	26 Mar	Spencer Hall	Group 9	Group 5	Review
13	02 Apr	FINAL EXAM			

Every effort will be made to manage the course as stated here. However, adjustments may be necessary for various reasons at the discretion of the professor. Any alterations will be announced prior to being implemented.