



**Business F712  
Applied Corporate Finance  
Winter 2025 Course Outline**



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

**COURSE OBJECTIVE**

1. To recognize, understand, analyze, and craft corporate strategies aimed at the creation of shareholder wealth.
2. To explore fully the strategic assumptions, the theoretical underpinnings, and the appropriate use of valuation techniques and principles.

**INSTRUCTOR AND CONTACT INFORMATION**

**Section 1: Monday 19:00 – 21:50 pm**

**Dr. Anna N. Danielova**

Instructor

[adaniel@mcmaster.ca](mailto:adaniel@mcmaster.ca)

Office: TBA

Office Hours: By appointment

**Ruohan Jin**

Teaching Assistant

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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:	No	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:

1. Assess the intrinsic value of the company;
2. Be able to allocate funds to the most attractive investment opportunities;
3. Manage the firm's cash-flow to ensure financial solvency;
4. Structure the financial claims on the firm between debt and equity securities such that it creates shareholder value;
5. Receive a knowledge of a firm's optimal cash payout policy;
6. 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/>

Damodaran, Aswath, Corporate Finance: Theory and Practice, 2001, Wiley, 2<sup>nd</sup> edition.

- purchase a copy at the bookstore

Cases

- purchase a digital case pack

Articles and other materials passed out in class

## EVALUATION

All work will be evaluated on an individual basis except in certain cases where group work is expected. In these cases group members will share the same grade adjusted by peer evaluation if necessary. Your final grade will be calculated as follows:

GRADE COMPONENTS AND WEIGHTS	
Project (group)	35%
Project Presentation (group)	5%
Midterm (individual)	40%
Participation (individual)	20%
Total	100%

### ***Conversion***

Course grades are assigned on the curve, with B- starting at 60%. Overall percentage total below 60% will be converted to F.

### ***Participation***

Name cards and assigned seating 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.

### ***Expectations***

Since this course makes extensive use of classes and class discussions, 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 discussions with trivial comments will see their participation scores suffer. Since I judge your participation score from the point of view of your immediate supervisor, consider your score as your three-month performance review. I also reserve the right to cold-call on anyone at any time.

### ***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.

## LOGISTICS

Everything regarding the course (including syllabus, lecture notes, project, announcements, etc.) will be posted on Avenue to Learn. It is your responsibility to follow up the Avenue page to be current with the class. Lecture notes, if available, should be downloaded before each lecture if available. Have them ready for every class.

### **Calculators**

Calculators are encouraged for exams, and for all practical purposes, required. Calculators must be silent. Prior to exams or quizzes, calculator memories will be subject to inspection if they are programmable. Notebook PCs are not allowed during exams. The use of a McMaster standard calculator is suggested.

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)

### **Team Project**

Students will assemble 4 person teams to complete a Project. The final report, due March 31, 2024, is a comprehensive analysis of company corporate strategies: you will be asked to comment on the company's capital structure, dividend policy, and appropriate cost of capital, and their effect on value. In addition, you should estimate the intrinsic value of the company's stock. The overall project will be evaluated in light of the completeness of the analysis you choose to do, the techniques you choose to employ, and the impact of the results you choose to present in your written report. Begin each report with a summary memorandum and make effective use of tables and graphs. Extensive footnoting and compilations of long bibliographic lists are not encouraged. I will judge your work from the point of view of your senior financial officer. More detailed information on the project will be provided in class.

### **Exam**

You are responsible for anything covered in class (regardless of whether or not you attended). The midterm exam is open book and notes. I do not want to test your memory, but your knowledge.

## ***Punctuality***

Classes begin on time. Latecomers disrupt the presentation of lecture materials.

## **ACADEMIC INTEGRITY**

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

## **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.

Students may be required to use the Respondus LockDown Browser and Respondus Monitor. The Respondus LockDown Browser is a downloadable program that allows a student to take an Avenue to Learn quiz in a secure environment. Quizzes can be set to use LockDown Browser or LockDown Browser.

For more details about McMaster’s use of Respondus Lockdown Browser please go to <https://avenuehelp.mcmaster.ca/exec/respondus-lockdown-browser-and-respondus-monitor/>

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.

## 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](#) (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 Missed Final Examinations***

Please do not use the online [McMaster Student Absence Form \(MSAF\)](#) as this is for Undergraduate students only. The MBA program will not accept an MSAF.

When students miss regularly scheduled term work which contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO (Student Experience Academic Office)), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary with the nature of the course and the missed requirement. They include, but are not restricted to, an alternative assignment, a rescheduled midterm exam, or re-weighting the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO (Student Experience Academic Office) within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the [Petition for Missed Term Work](#) and the [MBA Student McMaster University Student Health Certificate](#), can be found on the DeGroot MBA Student website ([mbastudent.degroot.mcmaster.ca](http://mbastudent.degroot.mcmaster.ca)). Please direct any questions about acceptable documentation to the MBA Academic Advisors ([askmba@mcmaster.ca](mailto:askmba@mcmaster.ca)). University policy states

that a student may submit a maximum of three (3) Petition for Missed Term Work per academic year, after which the student must meet with the Director of the program. If term work is missed without an approved reason, students will receive a grade of zero (0) for that component.

### ***Missed Final Examinations***

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure student availability throughout the entire exam period in the event that an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO (Student Experience Academic Office) to write a deferred examination by submitting an [Application for Deferring a Final Exam](#) with supporting documentation. The application must be made within five days of the scheduled exam.

The [Application for Deferring a Final Exam](#) and the [MBA Student McMaster University Student Health Certificate](#) can be found on the DeGroote MBA Current Student website ([mbastudent.degroote.mcmaster.ca](http://mbastudent.degroote.mcmaster.ca))

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred examination may be written at a time facilitated by the SEAO (Student Experience Academic Office) (Student Experience Academic Office) and agreed to by the course instructor.

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

## **ACADEMIC ACCOMMODATION FOR 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>

## ***Use of Test Accommodations at McMaster University Burlington Campus Ron Joyce Centre***

Whereas Student Accessibility Services (SAS), on Main Campus, determines all MBA student accommodations, the MBA Faculty Office manages the coordination of accommodations for tests, midterms, and exams at the Ron Joyce Centre in Burlington.

### **Process for Students**

- Students must activate their accommodation(s) (e.g., extra-time, memory aid, etc.) for each upcoming test, midterm, or exam, at least two weeks in advance. Students can do this by emailing their Instructor and the DeGroot MBA SAS scheduling office at [DSBSAS@mcmaster.ca](mailto:DSBSAS@mcmaster.ca). If a student cannot meet this deadline, they should contact [DSBSAS@mcmaster.ca](mailto:DSBSAS@mcmaster.ca) to discuss alternative arrangements. The program is committed to exploring flexibilities where possible to support students.
- All tests, midterms, and exams are booked synchronously with the class's start time. Any deviations from the start time (e.g. start earlier than the class to enable completion at the same end time) requires a discussion with their instructor on protocol at the time of accommodation activation.
- Students will leverage the accommodation (e.g., extra-time, memory aid, etc.), in a designated testing room. Rooms will be booked according to the student's SAS accommodation. Unless the accommodation states otherwise, students should expect that they will be writing in a room with other students. One or more invigilators will always be in the room.
- Following the request to activate the accommodation(s), [dsbsas@mcmaster.ca](mailto:dsbsas@mcmaster.ca) will reach out to the student with their test, midterm, or exam details, including the date, time, and room number. As there may be other students writing tests in the room, we ask that students enter the room quietly and leave all personal items at the front of the room

All policies and procedures, including restroom access, how extra-time is allocated for assessments under Universal Design, and the submission of memory aids in advance, are consistent with those of SAS on Main Campus. The only variance in procedure is communication around, and physical location of, assessment. There is not a dedicated testing space at RJC. Existing classrooms and lecture halls will be used for most testing. All SAS-approved accommodations will be honoured by our staff; however, core testing elements are not eliminated in alternative testing formats. Students should expect and plan for invigilation, incidental noise, and other potential distractions.



## ACADEMIC ACCOMMODATION FOR RELIGIONS, 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](#) 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 MODIFICATIONS 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.**

A 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.

## **ARTIFICIAL INTELLIGENCE**

### USE PROHIBITED

Students are not permitted to use generative AI in this course. In alignment with McMaster academic integrity policy, it “shall be an offence knowingly to ... submit academic work for assessment that was purchased or acquired from another source”. This includes work created by generative AI tools. Also stated in the policy is the following, “Contract Cheating is the act of “outsourcing of student work to third parties” (Lancaster & Clarke, 2016, p. 639) with or without payment.” Using Generative AI tools is a form of contract cheating. Charges of academic dishonesty will be brought forward to the Office of Academic Integrity.

<b>COURSE SCHEDULE<sup>1</sup></b>
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<b>Week</b>	<b>Date</b>	<b>Topic</b>	<b>Case of the Week</b>	<b>Reading List</b>
1	1/06	Introduction; Financial Statement and CF Analysis		Ch 2, 3, 4, 5
2	1/13	Discount Rates; Uncertainty and Risk Cost of Capital	Case: <i>Dell Computer(I)</i>	Ch 6, 7, 8, 16
3	1/20	<i>Project description</i> Capital Budgeting Risk Management	Case: <i>Telus (I)</i>	Ch 9, 10, 11, 12, 13, 14, 15
4	1/27	Capital Structure	Case: <i>Pepsico (I)</i>	Ch 16, 17, 18, 19
5	2/3	<b>Company requests due</b> Capital Structure	Case: <i>Rocky Mountain (I)</i>	Ch 20
6	2/10	Capital Structure Bankruptcy – Choice of Funding	Case: <i>Stelco Inc.: Bankruptcy and Restructuring (I)</i>	
7	<b>2/17-23</b>	<b>Mid-term recess</b>		
8	2/24	<b>Midterm</b>		
9	3/3	Valuation and Firm Value		Ch 24, 25
10	3/10	The Dividend Decision	Case: <i>Roku, Inc.: Initial Public Offering (D)</i>	Ch 21, 22, 23
11	3/17	Options in Corporate Finance	Case: <i>Autozone Inc. (D)</i>	Ch 27; Handouts to be distributed
12	3/24	Corporate Finance for Private Firms	Case “ <i>Arundel Partners</i> ” (H)	Read Capital Projects as Real Options
13	3/31	<b>Project is due</b> Project Presentations		
14	4/07			

<sup>1</sup> 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.