

Course Outline

Course Code	RSM 333 H1F
Course Name	Introduction to Corporate Finance
Term, Year	Fall, 2022
Course Schedule	L0101 Tues 1-3 pm / WO 30 L0201 Tues 3-5 pm / WO 30 L0301 Wed 1-3 pm / UC 163 L0401 Wed 3-5 pm / UC 163 L0501 Wed 9-11 am / WO 30
Web page URL	https://q.utoronto.ca

Instructor Details

Name	Email	Phone	Office Hours	Office Link
Dana Boyko	dana.boyko@rotman.utoronto.ca	416-946-5795	TBA	Posted on Quercus

Course Scope, Mission and Learning Outcomes

The objective of a firm's management is to maximize the value of the firm. We will cover the main financial decisions that managers take to achieve this objective. Management must decide what investments or projects to undertake – for example, buying machinery, launching a new product, or potentially acquiring another firm. These projects need to be funded. As a result, investment decisions and financing decisions are inter-related. We will also discuss how firms manage cash and other liquid assets (working capital) and learn about corporate financial planning. The diagram below provides a framework to consider the main topics we will cover.

This course will benefit not only finance specialists but those in a variety of careers. It is useful to understand corporate finance principles, as corporate financial decisions have implications for accounting, marketing, strategy, and human resource planning decisions and vice versa. We will include discussions of recent events to highlight concepts covered in the course.

INVESTMENTS / PROJECTS

- Capital Budgeting Methods (Session 1)
- Estimating Cash Flows (Session 2)
- Capital Budgeting Decisions (Session 2)
- Risk and Return (Session 3)
- Cost of Capital (Session 4)
- Valuation (Session 9)
- Mergers and Acquisitions (Session 10)

FINANCING

- Cost of Capital (Session 4)
- Capital Structure: Choosing the Debt/Equity Mix (Session 5)
- Capital Structure: Limits to the Use of Debt (Session 6)
- Dividend Policy (Session 8)

WORKING CAPITAL MANAGEMENT (Session 11)

- has implications for long-term investments and is a source of short-term financing

FINANCIAL PLANNING (Session 11) - Determining Sustainable Growth Rate

After successful completion of the course, students should be able to:

- Evaluate whether a project should be undertaken by a firm and how a project should be financed.
- Calculate a firm's cash flows; identify the discount rate to use; conduct scenario and sensitivity analysis; and incorporate real options in project analysis.
- Compare and contrast different approaches to assessing a project; discuss the pros and cons of each method.
- Describe and apply the Modigliani-Miller theories of capital structure and dividends.
- Identify factors a firm should consider in determining its debt/equity mix and dividend policy.
- Estimate the value of a firm using discounted cash flow analysis and trading multiples.
- Explain the potential benefits of a merger and estimate possible prices at which a transaction could take place.
- Calculate a firm's sustainable growth rate and identify factors affecting this measure.
- Explain working capital, why it is important, and what factors may affect cash holdings or decisions to offer credit to customers or take credit from suppliers.

Course Prerequisites

Prerequisite: [RSM219H1](#), [RSM332H1](#)

Exclusion: [ACT349H1](#), [ECO359H1](#)

Course Materials

Required Readings

Ross, S.A., R.W. Westerfield, J.F. Jaffe, G.S. Roberts and H. Driss, **Corporate Finance, 9th Canadian Edition**, McGraw-Hill Education, 2022. This is the same textbook that is assigned for RSM 230 and RSM 332. The textbook has been updated for 2022.

The publisher has made available a special exclusive deal. With your purchase of the digital textbook you have access to edition updates for FOUR YEARS in digital form. As such, if you purchased the 8th Canadian edition previously, you will be able to access the 9th Canadian edition. Information on how to upgrade to the 9th Canadian edition will be posted on Quercus.

In RSM 333 we make extensive use of the textbook, including referring to specific examples within chapters and to specific end-of-chapter problems. If you do not yet have the textbook, you can purchase a digital copy. The University of Toronto Bookstore sells access codes for both the digital copy of the text and the optional Connect resources as noted below, with relevant ISBN codes:

Print package with Connect, 4-year access card: 9781264830961
 Digital Only Connect, 4-year access: 9781264831302 (189.95)
 Digital Only Connect, ebookless (180-day access): 9781264832033 (not recommended)

Electronic Course Materials

This course will be using the following electronic course materials:

Communicado, S&P Capital IQ, Connect (optional)

There is no additional cost for these materials.

Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course. Please submit deliverables listed here **by 4pm** on the dates noted below.

Work	Percentage of grade	Due Date
Course Engagement Activities	4%	Ongoing
Financial Math Quiz (on Quercus)	3%	September 25 at 4pm
Video Quizzes (3 quizzes x 5% + debrief x 1%)	16%	Quiz 1: September 30 Quiz 2: October 21 Quiz 3: November 18 Debrief: after Quiz 3 TBD
Mid-Term Test	25%	October 28 at 7:30 pm (location TBD)
Group Assignments (2% pre-work, 10% assignment + 5% presentation)	17%	Pre-work: October 7 Assignment: November 25 Presentation: December (TBD)
Final Exam	35%	TBD

To encourage continuous effort and to reward significant improvement in performance throughout the course, the term test grade will be adjusted upwards if the final exam grade is higher than the original term test grade. To calculate the overall course grade, the adjusted grade for the term test will be calculated as $\max(T, 50\%T + 50\%F)$ where T is the original term test grade and F is the grade for the final exam. Supposing that the original term test grade is 60 and the final exam grade is 80, then the adjusted grade for the term test = $\max(60, 50\%60 + 50\%80) = 70$.

Course Format and Expectations

There will be class lectures, supplemented by pre-recorded videos (some posted ahead, some after class). Each week may vary slightly. You are expected to review the posted videos for the session ahead of class.

With the exception of group assignments and anything that is specifically identified as a group activity, you are expected to complete quizzes on your own. Please note that sharing a quiz question in any way during the quiz period is a violation of academic integrity. Sharing a quiz question without the permission of the instructor and/or outside of Quercus (e.g. on social media or email) is a violation of copyright, and depending on the circumstances may be a violation of academic integrity.

Video Quizzes

There will be three short individual video quizzes related to the course material (each worth 5%). The purpose of the quiz is to help develop your ability to speak about financial topics and communicate clearly. Increasingly, the ability to communicate well by video is a key professional skill as interviews and meetings are conducted online. We will use Communicado software for the quizzes. Further details will be posted on the course website. There will be a practice quiz posted in the second week of class. You are encouraged to take it to practice answering this type of quiz and using the technology. There will also be a debrief/reflection exercise worth 1% after Quiz 3.

Writing Assignments, Video Quizzes and Presentations

These deliverables are intended to help you develop your communication skills. How well you communicate your ideas, in writing or orally, will be considered in the evaluation of the assignment. When writing, you should aim for clarity, strong organization, concision, professionalism, and correct grammar. Your presentations should reflect strong planning and organization, clarity of speech, and an engaging demeanour. Sources, whether in written or presentation assignments, should always be correctly attributed.

Support is available through the RC Centre for Professional Skills (CPS) for students who would like help or feedback on their writing or speaking (presentations). CPS offers both individual and group appointments with trained writing instructors and presentation coaches who are familiar with the RC program and common types of business assignments. You can also access your college Writing Centres for help with written assignments.

You can [book an appointment with a writing or presentation coach](#) through the RC Centre for Professional Skills Writing Centre. For more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

Group Assignments

Group Assignments require students to work in teams of 4-5. Learning to work together in teams is a crucial transferrable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

Course Engagement Activities

These activities will have various formats, and occur both in class and outside of class. For in-class activities, there are no make-up exercises for missed classes. There will be multiple engagement activities, which will allow for occasional absences without an impact on the course engagement grade. Students are expected to prepare thoroughly and make every effort to attend every class.

Missed Tests and Assignments (including mid-term assessment)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test or assignment.
2. Complete a [Request for Special Consideration Form](#) and submit it along with your Absence Declaration on [ACORN](#) (please read the instructions on how to use the Absence Declaration in ACORN) within **2 business days** of the originally scheduled course deliverable.

Students who do not provide this information will be given a grade of 0 (zero) for the missed course deliverable.

There will be no make-up assignments. Students who miss a term test, quiz, or assignment will have marks reallocated to the subsequent deliverable of the same nature (e.g. marks for the mid-term test will be reallocated to the final exam; marks for Video Quiz 1 will be allocated to Video Quiz 2).

Late Assignments

All assignments are due on the date and at the time specified in Quercus. Late submissions will normally be penalized by 10% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day. For example, if a quiz is due at 4:00 pm on October 7, if you submit the quiz after 4:00 pm on October 7 and before 4:00 pm on October 8, there will be a 10% penalty applied to the quiz grade.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Re-Mark Requests

A student who believes that an individual item of term work has been marked incorrectly (or that the grade has been miscalculated), may ask for a re-evaluation. Such re-evaluation may involve the entire piece of work and can result in a raised mark, a lowered mark, or no change at all.

Re-mark requests must be submitted within one week of the mark being posted. Requests received after this time may not be considered.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage

with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or [visit the Accessibility Services website for more information](#) as soon as possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not

permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc. If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Weekly Schedule

Session	Week of	Topic	Readings	Deliverables
1	Sep 12	Introduction to Corporate Finance; Financial Ratios; Capital Budgeting Methods	Ch. 1 (skim), Ch. 2 (skim), Appendix 2A, Ch. 7	
2	Sep 19	Estimating Cash Flows and Capital Budgeting Decisions	Ch. 8	Sep 25: Financial Math Quiz
3	Sep 26	Capital Budgeting – Risk & Return	Ch. 9	Sep 30: Video Quiz 1
4	Oct 3	Cost of Capital	Ch 13	Oct 7: Group Pre-work
5	Oct 10	Capital Structure I – Choosing the Debt/Equity Mix	Ch. 15 Ch. 16	
6	Oct 17	Capital Structure II – Limits to the Use of Debt	Ch. 17	Oct 21: Video Quiz 2
7	Oct 24	No class this week		Oct 28 7:30 pm: Term Test
8	Oct 31	Dividend Policy	Ch. 19	
	Nov 7	READING WEEK		
9	Nov 14	Valuation	Ch. 18	Nov 18: Video Quiz 3
10	Nov 21	Mergers & Acquisitions	Ch. 30	Nov 25: Group Assignment
11	Nov 28	Financial Planning & Growth, Working Capital Management	Ch. 3, 27-29	
12	Dec 5	Group Presentations		
FINAL EXAM	TBD			

Please note that the last day you can drop this course without academic penalty is November 16, 2022.

Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)

URL links for print

- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>
- Request for Special Consideration Form: <https://rotmancommerce.utoronto.ca/current-students/forms-requests-and-appeals/forms/>
- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: accessibility.services@utoronto.ca
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>