

Course Outline

RSM 333 H1 S

Introduction to Corporate Finance

Summer 2023

Course Meets: L0101 – Mondays, Fridays 9 am -11 am , WW126
L0201 – Mondays, Fridays 11am - 1 pm, WW126

Instructor: Karine Benzacar
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Course webpage: See Quercus: <https://q.utoronto.ca>

For Office Hours: By appointment

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 on the following page 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 (ASSETS)

- Financial Ratios (Session 1)
- 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 8)
- Mergers and Acquisitions (Session 9)

FINANCING (LIABILITIES & EQUITY)

- Cost of Capital (Session 4)
- Capital Structure: Choosing the Debt/Equity Mix (Session 5 or 6)
- Capital Structure: Limits to the Use of Debt (Session 7)
- Dividend Policy (Session 10)

WORKING CAPITAL MANAGEMENT (Session 11)

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

FINANCIAL PLANNING (Session 1,11)

Course Prerequisites

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

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

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.

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. There are also Connect resources made available by McGraw-Hill Education if you would like access to online practice questions.

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. 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: 126033984X \$189.95

Digital Only Connect, 4-year access: 9781260339420 \$119 list

Digital Only Connect, ebookless (180-day access): 9781260339413 \$60 list

URL Link for the eBook: <https://connect.mheducation.com/class/r-333-rsm-333>

Optional Reference Textbook

For those who want another perspective on the same material, you may refer to the following textbook which is on hold at Robarts library:

Booth, Cleary, Rakita, Introduction to Corporate Finance, 5th Edition, John Wiley & Sons Canada, 2020.

We will not be referring to this in class but some students find it helpful to have a perspective of the material from different authors.

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well they have command of the course materials.

Work	Weight	Due Date(s)
Course Engagement activities (see below)	3%	Ongoing
Financial math quiz	4%	July 12, 2023
Comprehensive Course Assignment – Part I	3%	July 16, 2023
Capital Budgeting & Modelling Assignment	5%	July 22, 2023
Midterm test	25%	July 28, 2023
Comprehensive Course Assignment – Part II	10%	July 30, 2023
Comprehensive Course Assignment – Part III	10%	August 12, 2023
Presentation	5%	August 15, 2023
Final Exam	35%	August (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 = $\max(60, 50\%60 + 50\%80) = 70$.

*Details about **Course Engagement activities** will be provided in class. You do NOT need to be present in class to obtain these marks but you DO need to demonstrate that you are actively involved and engaged in the course.

Course Format and Expectations

The course format will be a mixture of lectures, tutorials, quizzes, tests, group assignments, a presentation, and final exam. There are various course engagement activities which may include interacting with the course portal on Quercus through quizzes or uploading simple content, attending a financial software orientation session, or consulting with Rotman Professional Services. Details will be provided throughout the course in class.

Students should plan for a 2-hour class duration, but classes may end early. You are expected to review the posted materials for the session ahead of class.

With the exception of group assignments and anything which is specifically identified as a group activity, you are expected to complete quizzes on your own. Each group should complete their assignment without consulting with other groups. Please note that sharing a quiz or test question in any way during the quiz or test period or assignments (outside of your team) 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.

Schedule

Session	Date	Topic	Readings
1	July 7	Introduction to Corporate Finance; Financial Ratios Capital Budgeting Methods	Chap 1- skim (should be a review) Chap 2 (skim) & Appendix 2A Ch 7
2	July 10	Estimating Cash Flows and Capital Budgeting Decisions	Ch. 8
	July 13 6 pm	Capital IQ Training session	Details on Quercus. Quercus Quiz to complete on Capital IQ. (Check Quercus for details)
3	July 14	Capital Budgeting – Risk & Return	Ch. 9
4	July 17	Cost of Capital	Ch 13
5	July 21	Capital Structure I: Choosing the Debt/Equity Mix	Ch. 15 Ch. 16
6	July 24	Capital Structure II – Limits to the Use of Debt	Ch. 17
7	July 28	Midterm	See Quercus for details Covers Sessions 1-5
8	July 31	Valuation	Ch. 18
9	August 4	Mergers & Acquisitions	Ch. 30
	August 7	Civic holiday – class cancelled	
10	August 11	Dividend Policy	Ch. 19
11	August 14	Financial Planning & Growth, Working Capital Management	Ch. 3, 27,29
12	August 15	Wrap-up	
	Date TBD	Final Exam	Will cover the entire course

All due dates: Posted on Quercus

Other Useful Links

Become a volunteer note taker - [Volunteer Notetaking](#)

Accessibility Services – [Note Taking Support](#)

[Credit / No-Credit in RSM courses](#)

Rotman Commerce – [Academic Support](#)

Tutorials

Tutorials will be held online weekly – mostly on Wednesdays. Details are posted on the Quercus home page. Tutorial problems will be assigned in advance. During the tutorial, a TA will demonstrate how to approach the problems and think through the solutions. To make best use of available time, tutorial sessions will focus on the most challenging of the assigned problems. Recordings of the tutorials will be posted. More information about tutorials will be posted on Quercus.

Electronic Course Materials

This course will be using the following electronic course materials:

- Capital IQ, FactSet (optional), Poll Everywhere, Connect (optional)

Required software will be available at no additional charge. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Writing Assignments or Presentations

The assignments 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. In your written assignments, 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 also can access your college Writing Centres for help with written assignments.

To book with a writing or presentation coach, visit uoft.me/writingcentres, and for more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

Team or Group Assignments

The assignment is a multi-part progressive group assignment which requires deliverables throughout the term. It requires students to work in teams of 5-6 students. You will keep the same team for the entire course. You will also create your own groups, subject to the requirement that all group members must be registered in the same section. More information about the group project will be posted throughout the semester.

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 one of RC's teamwork mentors to help you resolve or mitigate conflict, strategize on planning, or improve team communication.

To book an appointment with a teamwork mentor, go to: uoft.me/writingcentres.

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.

Class Engagement Activities

Students are expected to prepare thoroughly and make every effort to attend every class. Class engagement will be evaluated by completing various exercises which will be assigned throughout the course. The best 3 marks will count towards your final mark. Examples of engagement activities will be provided in class and will be posted on Quercus as they become available.

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. Most information will be communicated through Quercus announcements which you should ensure are forwarded to your email. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit <http://help.ic.utoronto.ca/category/3/utmail.html>. You are also responsible for reading any information which is posted as a Quercus announcement.

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.

E-mail Guidelines

If you are e-mailing about the course, please start the subject line with RSM333. This helps segregate emails and ensure faster response times. Please note that every effort will be made to return e-mails within 48 **business hours**. However, I often receive over 200 e-mails per day so it may not be possible to answer quickly. If you do not get a response within a few business days, please feel free to resend your e-mail as it might have gotten lost in transmission.

Please note that in order to be fair to all students, it may not be possible for me to e-mails which are sent 24 hours prior to an assignment deadline, test, or exam. Moreover, it is not my practice to regularly read emails over the weekends or national holidays. I will make exceptions if assignments or quizzes are given with less than a 24-hour or weekend turnaround time however, if I do respond or if I respond during a weekend or holiday, please consider it to be an exception and do not expect it for the future.

With regard to group projects, one student should email me on behalf of their group and copy all group members if the message is regarding the group assignment.

If you are emailing with respect to understanding a particular calculation, it is very helpful and will speed up response times if you are able to email me the source (eg. class slide # XX or textbook problem # XX in chapter X), the entire question (copy/paste or screenshot is fine) and solution if available, along with your detailed questions.

Missed Tests and Assignments (including mid-term and final-term assessments)

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. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>
2. Provide documentation to support the request, eg. Absence Declaration from ACORN, medical note etc.

Please note: You must complete the *Request for Special Consideration* form **within 2 business days** of the missed midterm/test/ assignment due date.

Students who do not submit their requests and documentation within 2 days may be given a grade of 0 (zero) on the missed course deliverable.

There will be no make-up assignments, tests, or exams. Students who miss a term test, quiz, or assignment will have marks reallocated to the subsequent deliverable of the same nature. There are no make-ups for course engagement activities.

Late Assignments

All assignments are due on the date and time specified on Quercus. Under normal circumstances, late assignments are not accepted. 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, prior to the deadline. Supporting documentation will be required as per the policy on missed tests and assignments.

Late submissions will normally be penalized by 10% if the assignment is not received by 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 July 12, if you submit the quiz after 4:00 pm on July 12 (eg. 4:01 pm) and before 4:00 pm on July 13, there will be a 10%% penalty applied to the quiz grade.

Please ensure to plan for technical issues and upload assignments well in advance of the deadline. Excuses relating to technical issues, internet connectivity or power failures will not be accepted.

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 contact Accessibility Services as soon as possible at accessibility.services@utoronto.ca or studentlife.utoronto.ca/as. 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.

Original

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

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.

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.

FIPPA Language

Parts of all of this course, including your participation, may be recorded on video and will be available to students in the course for viewing remotely and after each session.

Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation, and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor.

For questions about recording and use of videos in which you appear please contact your instructor.