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**FACULTY OF MANAGEMENT  
FINANCE  
MGT 3040 Y – SPRING 2017  
MONDAYS, 6:00 PM – 8:50 PM | ROOM: S4036**

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**INSTRUCTOR**

Feng Jiao, PhD  
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403-571-3360 ext. 4688

**OFFICE HOURS**

S6041 – Monday and Wednesday: 4:00 p.m. to 5:30 p.m. or by appointment

**COURSE MATERIALS**

Required Textbook: Ross, Westerfield, Jordan & Roberts,  
Fundamentals of Corporate Finance, 9<sup>th</sup> Edition  
McGraw-Hill Ryerson 2016  
ISBN-13: 9781259087585  
(Order through [bookstore.uleth.ca](http://bookstore.uleth.ca))



**PREREQUISITES/ CO-REQUISITES/EQUIVALENTS**

ECON 1010 AND ECON 1012 AND MGT 2400 AND STAT 1770

**COURSE DESCRIPTION**

*U of L Academic Calendar Description:* Corporate financial decision-making and analysis. Capital budgeting, including net present value and internal rate of return measures for project evaluation. Other topics including cost of capital and long-term financing.

This course presents a comprehensive and detailed treatment of the theories, applications, and financial tools used in a corporate financial environment. The course emphasizes understanding, analyzing, and integrating financial information as an aid to making financial decisions. The course discusses the impact of interest rates, taxation, dividends, cash flow, and other business considerations on financial decision making. It also examines the role of financial institutions and regulations in corporate financial management. Building on the conceptual foundations of financial management, the course also introduces some interesting but complex topics in corporate finance.

## **COURSE LEARNING OBJECTIVES**

This course introduces students to the theory of finance and corporate financial decision-making and analysis. Topics examined will include financial statement analysis, valuation of cash flows, capital budgeting, cost of capital and short-term financial planning and management. The key theme is maximization of the firm's value. After this course, students will have good understanding of the financial decision-making process and its importance to the firm, and be able to perform basic financial analysis.

## **METHOD OF ASSESSMENT**

The components of the course grade will be weighted as follows:

Participation	10%	(Ongoing)
Quizzes (3 × 10%)	30%	(Jan 30, Mar 6, and Mar 27)
Mid-Term Exam	30%	(Feb 13)
Final Exam	30%	(Apr 18)
<b>Total</b>	<b>100%</b>	

## **PERFORMANCE ASSESSMENTS**

The instructor reserves the right to modify the weightings to adjust for more or less material covered during the semester. There will be three quizzes, one mid-term exam and one final examination. Your physical presence in class will guarantee you only half of your participation grade: the rest is based on your active participation. This grade will not be based on the quantity, but on the quality of your participation. All tests are closed-books and closed-notes. However, you are allowed to bring a calculator and tables for Interest Factors (PVIF, FVIF, PVIFA, FVIFA) during tests, if necessary. A formula sheet is provided during all tests. If you should miss a quiz/exam without a legitimate excuse, you will be denied a make-up and get a score of zero. You must write the quiz during the assigned time in class. There will be three quizzes in the semester. They will test concepts currently being studied and will not be cumulative in nature.

The midterm and final exam will test students' ability to comprehend concepts as well as their understanding of how to apply corporate finance theories strategically in practice. The examinations will be closed book exam, including multiple choices questions, short answer questions, and computational questions.

## **LATE SUBMISSIONS**

Late assignment submissions will be penalized at the rate of 10%, per calendar day, of your assignment mark.

## **GRADING SCHEME**

The following grading criterion will be used to determined final letter grade for this course.

Percent Mark	Letter Grade	Percent Mark	Letter Grade
95-100	A+	90-94	A
86-89	A-	82-85	B+
78-81	B	74-77	B-
70-73	C+	66-69	C
62-65	C-	58-61	D+
50-57	D	0-49	F

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## **COURSE POLICIES**

- 1. Pre-requisites and Co-requisites:** It is the responsibility of the student to check the Calendar-mandated pre/co-requisites for all courses before registration (link to Course Catalogue: [www.uleth.ca/ross/courses](http://www.uleth.ca/ross/courses)). If students are found to be registered in a course where they do not sufficiently meet its associated requisites and that they have not received prior permission from the appropriate program chair to register in it, then they will be de-registered. Should this circumstance occur after the course drop deadline, tuition will not be refunded.
- 2. Makeup Examinations and Quizzes:** Alternative arrangements for writing a missed, non-final, examination (e.g. in-class test, quiz, or midterm) may be made at the discretion of the instructor. Deferrals may only be granted in extenuating circumstances beyond the student's control.
- 3. Final Examinations:** Students who are unable to write a Registrar-scheduled final exam due to extenuating circumstances or for other reasons beyond their control, must: (1) complete a Special Final Examination Request Form (link: [www.ulethbridge.ca/sites/default/files/Special%20Final%20Examination%20V%201.pdf](http://www.ulethbridge.ca/sites/default/files/Special%20Final%20Examination%20V%201.pdf)) (2) enclose evidentiary support of legitimate absence (e.g. doctor's note for severe illness), and (3) submit all compiled documentation to their respective Academic Advisor for review. The final decision for the student's Special Final Examination Request will be made at the Dean's level. Requesting an alternate final examination time for personal reasons (e.g. work commitments, holidays, traffic, the purchase of a non-refundable airline tickets etc.) is not a legitimate reason for missing a final exam.
- 4. Conduct of Examinations:** The instructor may articulate regulations for late entry to and early exit from the examination room. Instructors may also prescribe or restrict materials that may be used during the exam. No material aids including such items as: mobile phones, computers, or other digital devices, may be brought into the examination site without prior approval from the instructor. Please see additional examination policies in the 2016/2017 University Calendar page 82-83 ([www.uleth.ca/ross/sites/ross/files/imported/academic-calendar/2016-17/part04.pdf](http://www.uleth.ca/ross/sites/ross/files/imported/academic-calendar/2016-17/part04.pdf)).
- 5. Student Conduct:** Special care should be taken to understand the university's position on academic and non-academic misconduct as listed in part 4, sections 4 through 8 of the 2016/2017 Academic Calendar ([www.uleth.ca/ross/sites/ross/files/imported/academic-calendar/2016-17/part04.pdf](http://www.uleth.ca/ross/sites/ross/files/imported/academic-calendar/2016-17/part04.pdf)). It is the responsibility of the student to read, familiarize, and comply with these policies.

Students will respect the basic standards of intellectual integrity, including, but not limited to, refraining from plagiarism, cheating or duplicating someone else's work. In addition, students are expected to take an active role in encouraging other members of the academic community to refrain from academic dishonesty, and are asked to advise the instructor if they are aware of any such violations. This provision applies to any work submitted as a group project.

6. **Academic Dishonesty and Plagiarism:** Academic Dishonesty and Plagiarism will not be tolerated and will automatically result in a zero grade for the submission. Any student caught plagiarizing may also be subject to additional University sanctions.

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## **CLASSROOM EXPECTATIONS**

This course will use both lecture and discussion formats. Students are expected to read the relevant textbook chapters before topics are discussed in class. As well, students are encouraged to further their knowledge of relevant current events by reading financial newspapers and magazines. The use of a financial calculator is required in this course. Texas Instruments BAII Plus is recommended as many of the text solutions use this particular model.

Students are strongly encouraged to attend classes regularly. Most classes will consist of general discussion of current issues and a formal lecture based on PowerPoint presentations that will normally be e-mailed to students before each class.

Be considerate by showing up for classes on time and not leaving early. Kindly refrain from using cell phones for email or texting while in class or otherwise disturbing your fellow students.

## **LIBERAL EDUCATION & HOW IT APPLIES TO THIS COURSE**

Liberal education has been a community tradition at the University of Lethbridge since its founding. Our principle of Liberal Education is based on four pillars: (1) encouraging breadth of knowledge; (2) facilitating connections across disciplines; (3) developing critical thinking skills so that our graduates can adapt to ever-changing employment and social conditions; and (4) emphasizing engaged citizenship in our communities at all levels from the local to the global. We help students become creative explorers, innovative critical thinkers, and leaders who can navigate through complex global issues and who use the breadth, connections, and skills developed here to make our world a better place for all.

This course will address the Liberal Education pillars, in the following ways:

- This course offers a unique perspective of the financial market that is not addressed in any of the other courses for the Management/Finance major;
- This course is a course that encourages students to connect and integrate knowledge across disciplines, for instance requiring a high level of time management and communication skills;
- This course relies heavily upon, and works to refine and enhance critical thinking and problem solving skills; and
- This course also focuses on the need for good citizenship in the field of finance particularly that of financial market integrity.

## CLASS SCHEDULE.

Below is a tentative outline. Recognizing that teaching excellence requires a degree of flexibility and responsiveness to both students' needs and emergent circumstances, adjustments to the course outline may sometimes be necessary, provided that no student is disadvantaged by the change.

DATE	TOPIC	READING	QUIZ AND EXAM
Jan. 09	Orientation; Introduction to corporate finance	Chapter 1	
Jan. 16	Financial statements and cash flow	Chapters 2, 3	
Jan. 23	Time value of money	Chapter 5	
Jan. 30	Discounted cash flow valuation; Interest rates	Chapter 6	<b>QUIZ 1</b>
Feb. 6	Bond valuation	Chapter 7	
Feb. 13	<b>MID-TERM EXAM</b>		
Feb. 20	<b>FAMILY DAY, NO CLASS</b>		
Feb. 27	Stock valuation	Chapter 8	
Mar. 06	Net present value and other investment criteria	Chapter 9	<b>QUIZ 2</b>
Mar. 13	Capital investment decisions and cost of capital	Chapters 10, 14	
Mar. 20	Capital investment decisions and cost of capital	Chapters 10, 14	
Mar. 27	Project analysis and evaluation	Chapters 11, 15	<b>QUIZ 3</b>
Apr. 3	Short-term finance	Chapter 18	
<b>Tues, Apr. 18*</b>	<b>FINAL EXAM</b>		

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## FREQUENTLY ASKED QUESTIONS

Question: *What happens if I miss the quiz or the Mid-term?*

For students who miss a midterm test or quiz for legitimate reasons and provide the required supporting documentation according to university regulation and policies, the weight of the midterm/assignments will be reassigned to the final exam. Otherwise, a missed midterm test or quiz will be given a grade of zero. No make-up midterm tests or quiz will be provided.

Question: *If I do badly on one part of the course, can the marking weights be changed to give me a chance to improve my overall grade through a strong final exam?*

The weighting as set forth in the course outline will not be changed for any student under normal circumstance. This is to ensure fairness for all students.

Question: *I took a look at my final grade and I can't believe I did so poorly on the exam. Can I look at how my final exam to see where I went wrong or to see if there were any errors in how it was graded?*

Yes, you may. To do so, you will need to e-mail me within one week after the exam and suggest times when we can meet. At the scheduled time, you will sit in my office and review the exam under my supervision.

Question: *I desperately need a higher final grade to get a decent job in the field of finance, will the instructor be more lenient to me if I go to his office and plead my case to him?*

As an instructor, I feel very strongly that marks are based on merit rather than need. I am certain that prospective employers and most students strongly agree with me. I must mark based on what I see on the exam before me and not based on my compassion for the individual's situation who has written the exam. So, I may feel compassion for your situation but I will not let my feelings of compassion alter my objectivity. I suggest you don't waste your time and frustrate yourself by coming to my office to plead for marks.

Question: *I am not happy with my grades. Can I ask for a re-grade for my exam/quiz?*

Yes. Re-grade requests on the quiz/exams must be submitted in writing no later than one week after the release of the grades. After re-grading, the new grade might be higher, lower or unchanged.