

COURSE OUTLINES (SYLLABI) FOR UNDERGRADUATE COURSES

(To be posted no later than the first day of class in the term a course is given)

Subject FM 2555A Course Outline

1. Course Information

Course Information

Course Name: Corporate Finance

Course Number: FM 2555A

Term: Fall

Location: SEB-1059

Time: Tue 12:30 PM – 2:30 PM, Thu 12:30 PM – 1:30 PM

List of Prerequisites or Corequisite(s):
[Actuarial Science 2553A/B](#) or [Actuarial Science 2053](#).

List of Antirequisites
[Management and Organizational Studies 2310A/B](#), and [Management and Organizational Studies 3310A/B](#).

Unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you may be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.

2. Instructor Information

Instructors	Email	Office	Phone	Office Hours
Instructor: David Howard	dhowar@uwo.ca ¹	WSC 268	n/a	Thu 1:30 – 2:30
Teaching Assistant: Yiyang Chen	yche89@uwo.ca	To be provided	n/a	To be provided
Teaching Assistant: Pramod Rao	ppurigal@uwo.ca	To be provided	n/a	To be provided

Students must use their Western (@uwo.ca) email addresses when contacting their instructors. Please use FM2555 in the subject line of your e-mails.

¹ The instructor's email should be dhowar@uwo.ca for the class term. However, at the time of publishing this course outline dhowar@uwo.ca is not an active email address. Instead, dhowar@alumni.uwo.ca may be used.

3. Course Syllabus, Schedule, Delivery Mode

Goal and governance of firms, bond and stock pricing, risk and return, portfolio theory, Capital Asset Pricing Model, capital budgeting, market efficiency, corporate financing.

Learning Outcomes

Upon successful completion of this course, students will be able to:

- Understand the valuation of bonds and common stocks
- Assess investment decisions through a net present value calculation
- Understand the mathematics and summary statistics of portfolios
- Perform mean and variance analysis
- Understand the Capital Asset Pricing Model and multi-factor models
- Explain the efficient market hypothesis
- Understand the Capital structure of a corporation including methods to raise capital and the effect of capital structure on the company

Table of Contents and Schedule

Week	Lecture Dates	Topics Covered
1	September 9	<ul style="list-style-type: none">• Introduction
2	September 14 & 16	<ul style="list-style-type: none">• Goals and Governance of the Firm• How to Calculate Present Values
3	September 21 & 23	<ul style="list-style-type: none">• Valuing Bonds• The Value of Common Stocks
4	September 28 & 30	<ul style="list-style-type: none">• Net Present Value and other Criteria• Making Investment Decisions with the Net Present Value Rule
5	October 5 & 7	<ul style="list-style-type: none">• Introduction to Risk and Return (mean and variance analysis)• Portfolio Theory and the Capital Asset Pricing Model• Multi-factor models
6	October 12 & 14	<ul style="list-style-type: none">• Risk and the Cost of Capital• Project Analysis• Risk measures (VaR and TVaR / CTE)

7	October 19 & 21	<ul style="list-style-type: none"> • Review and Midterm 1
8	October 26 & 28	<ul style="list-style-type: none"> • Investment, Strategy, and Economic Rents • Agency Problems, Compensation, and Performance Management
9	November 2 & 4	<ul style="list-style-type: none"> • Fall Reading Week
10	November 9 & 11	<ul style="list-style-type: none"> • Efficient Markets and Behavioral Finance • An Overview of Corporate Financing
11	November 16 & 18	<ul style="list-style-type: none"> • Midterm 2 • How Corporations Issue Securities
12	November 23 & 25	<ul style="list-style-type: none"> • Payout Policies
13	November 30 & December 2	<ul style="list-style-type: none"> • Capital Structure • How Much Should a Corporate Borrow
14	December 7	<ul style="list-style-type: none"> • Review • Classes End

Key Sessional Dates

Classes begin: September 8, 2021;

Reading Week: November 1–7, 2021

Classes end: December 8, 2021

Contingency plan for an in-person class pivoting to 100% online learning

In the event of a COVID-19 resurgence during the course that necessitates the course delivery moving away from face-to-face interaction, all remaining course content will be delivered entirely online, synchronously. The grading scheme will **not** change. Any remaining assessments will also be conducted online as determined by the course instructor.

University Accreditation Program

This course is accredited under the Canadian Institute of Actuaries (CIA) University Accreditation Program (UAP) for the 2021-22 academic year. Achievement of the established exemption grade in this course may qualify a student from exemptions from writing certain preliminary exams.

Please see the following link for full details: <http://www.cia-ica.ca/membership/university-accreditation-program---home>

In addition to the university's internal policies on conduct, including academic misconduct, candidates pursuing credits for writing professional examinations shall also be subject to the **Code of Conduct and Ethics for Candidates in the CIA Education System** and the associated **Policy on Conduct and Ethics for Candidates in the CIA Education System**.

This course with a minimum mark of 75%, along with Financial Modelling 2557B (minimum mark of 75%) and Financial Modelling 3520A (minimum mark of 80%), can give you an exemption for the IFM exam.

4. Course Materials

Text Book: Brealey, R.A.; Myers, S.C.; and Allen F. Principles of Corporate Finance (13th Edition), 2017, McGraw-Hill

Students can order a physical copy through the Book Store's website and the books will be shipped directly to them. Alternatively, students can purchase an e-book version through the following link: <https://bookstore.uwo.ca/product/cebcodeid3321>

The course will also use a SOA study note:

<https://www.soa.org/globalassets/assets/Files/Edu/2018/ifm-21-18-study-note.pdf>

Students are responsible for checking the course OWL site (<http://owl.uwo.ca>) on a regular basis for news and updates. This is the primary method by which information will be disseminated to all students in the class.

All course material will be posted to OWL: <http://owl.uwo.ca>.

If students need assistance with the course OWL site, they can seek support on the OWL Help page. Alternatively, they can contact the Western Technology Services Helpdesk. They can be contacted by phone at 519-661-3800 or ext. 83800.

5. Methods of Evaluation

The overall course grade will be calculated as listed below:

Midterm Test 1	25%
Midterm Test 2	30%
Final Exam	45%

Midterm 1 Date: October 21, 2021, 12:30pm to 1:30pm (1 hour)

Midterm 2 Date: November 16, 2021, 12:30pm to 2:00pm (1.5 hours)

The final exam will be scheduled by the office of the registrar

Midterms, and the final exam are closed book assessments.

Accommodated Evaluations

In the event there is an excused absence for a midterm, the weight of that midterm will be proportionately redistributed to the remaining midterm and the final exam. No make up midterms will be administered. In the event there is an excused absence for the final exam, the student will write the make-up exam on a date to be determined.

Rounding of Marks Statement

Across the Sciences Undergraduate Education programs, we strive to maintain high standards that reflect the effort that both students and faculty put into the teaching and learning experience during this course. All students will be treated equally and evaluated based only on their actual achievement. **Final grades** on this course, irrespective of the number of decimal places used in marking individual assignments and tests, will be calculated to one decimal place and rounded to the nearest integer, e.g., 74.4 becomes 74, and 74.5 becomes 75. Marks WILL NOT be bumped to the next grade or GPA, e.g. a 79 will NOT be bumped up to an 80, an 84 WILL NOT be bumped up to an 85, etc. The mark attained is the mark you achieved, and the mark assigned; requests for mark “bumping” will be denied.

6. Student Absences

Academic Consideration for Student Absences

Students who experience an extenuating circumstance (illness, injury or other extenuating circumstance) sufficiently significant to temporarily render them unable to meet academic requirements may submit a request for academic consideration through the following routes:

- (i) Submitting a Self-Reported Absence (SRA) form provided that the conditions for submission are met. To be eligible for a Self-Reported Absence:
 - an absence must be no more than 48 hours
 - the assessments must be worth no more than 30% of the student’s final grade
 - no more than two SRAs may be submitted during the Fall/Winter term
- (ii) For medical absences, submitting a Student Medical Certificate (SMC) signed by a licensed medical or mental health practitioner to the Academic Counselling office of their Faculty of Registration.
- (iii) Submitting appropriate documentation for non-medical absences to the Academic Counselling office in their Faculty of Registration.

Note that in all cases, students are required to contact their instructors within 24 hours of the end of the period covered, unless otherwise instructed in the course outline.

Students should also note that individual instructors are not permitted to receive documentation directly from a student, whether in support of an application for consideration on medical grounds, or for other reasons. **All documentation required for absences that are not covered by the Self-Reported Absence Policy must be submitted to the Academic Counselling office of a student's Home Faculty.**

For the policy on Academic Consideration for Student Absences – Undergraduate Students in First Entry Programs, see:

https://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_illness.pdf

and for the Student Medical Certificate (SMC), see:

http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf.

Religious Accommodation

When a course requirement conflicts with a religious holiday that requires an absence from the University or prohibits certain activities, students should request accommodation for their absence in writing at least two weeks prior to the holiday to the course instructor and/or the Academic Counselling office of their Faculty of Registration. Please consult University's list of recognized religious holidays (updated annually) at

<https://multiculturalcalendar.com/ecal/index.php?s=c-univwo>.

Absences from Final Examinations

If you miss the Final Exam, please contact the Academic Counselling office of your Faculty of Registration as soon as you are able to do so. They will assess your eligibility to write the Special Examination (the name given by the University to a makeup Final Exam).

You may also be eligible to write the Special Exam if you are in a "Multiple Exam Situation" (e.g., more than 2 exams in 23-hour period, more than 3 exams in a 47-hour period).

If a student fails to write a scheduled Special Examination, the date of the next Special Examination (if granted) normally will be the scheduled date for the final exam the next time this course is offered. The maximum course load for that term will be reduced by the credit of the course(s) for which the final examination has been deferred. See the Academic Calendar for details (under [Special Examinations](#)).

6. Accommodation and Accessibility

Accommodation Policies

Students with disabilities work with Accessible Education (formerly SSD), which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The policy on Academic Accommodation for Students with Disabilities can be found at:

https://www.uwo.ca/univsec/pdf/academic_policies/appeals/Academic_Accommodation_disabilities.pdf,

7. Academic Policies

The website for Registrarial Services is <http://www.registrar.uwo.ca>.

In accordance with policy,

https://www.uwo.ca/univsec/pdf/policies_procedures/section1/mapp113.pdf,

the centrally administered e-mail account provided to students will be considered the individual's official university e-mail address. It is the responsibility of the account holder to ensure that e-mail received from the University at his/her official university address is attended to in a timely manner.

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site:

http://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_undergrad.pdf.

In the event of a classes moving to remote learning due to a health lock-down, tests and examinations in this course will be conducted using a remote proctoring service. By taking this course, you are consenting to the use of this software and acknowledge that you will be required to provide **personal information** (including some biometric data) and the session will be **recorded**. Completion of this course will require you to have a reliable internet connection and a device that meets the technical requirements for this service. More information about this remote proctoring service, including technical requirements, is available on Western's Remote Proctoring website at:

<https://remoteproctoring.uwo.ca>.

8. Support Services

Please visit the Science & Basic Medical Sciences Academic Counselling webpage for information on adding/dropping courses, academic considerations for absences, appeals, exam conflicts, and many other academic related matters: <https://www.uwo.ca/sci/counselling/>.

Please contact the course instructor if you require lecture or printed material in an alternate format or if any other arrangements can make this course more accessible to you. You may also wish to contact Accessible Education at (519) 661-2147 if you have any questions regarding accommodations.

Western University is committed to a thriving campus as we deliver our courses in the mixed model of both virtual and face-to-face formats. We encourage you to check out the Digital Student Experience website to manage your academics and well-being: <https://www.uwo.ca/se/digital/>.

Learning-skills counsellors at the Student Development Centre (<http://www.sdc.uwo.ca>) are ready to help you improve your learning skills. They offer presentations on strategies for improving time management, multiple-choice exam preparation/writing, textbook reading, and more. Individual support is offered throughout the Fall/Winter terms in the drop-in Learning Help Centre, and year-round through individual counselling.

Students who are in emotional/mental distress should refer to Mental Health@Western (<http://www.health.uwo.ca/mentalhealth>) for a complete list of options about how to obtain help.

Additional student-run support services are offered by the USC, <http://westernusc.ca/services>.