

FIN 7020 A02 (3.0 CH)  
CORPORATION FINANCE  
Fall 2021  
Zoom meeting

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**INSTRUCTOR**

Name: Alok Dua  
Phone: Off 474-8104 (no phone available)  
Office Location: working from home  
Email: Alok.[dua@umanitoba.ca](mailto:dua@umanitoba.ca) Office Hours: After class as needed or by apt.

**DESIRED PRE-REQUISITE KNOWLEDGE**

Aptitude for Mathematics and Economics; Basic understanding of Accounting Statements and Statistics

**COURSE DESCRIPTION**

The financial management of businesses including agency problems, valuation, capital budgeting, risk/return relationships, the term structure of interest rates, market efficiency, long-term financing, capital structure, and the use of options and futures for risk management. Not to be held with either of FIN 6070 or FIN 6072.

**PR/CR: A minimum grade of C is required unless otherwise indicated.**

Pre-requisite: MSCI 5110, FIN 7000 and MIS 5120 (or the former MIS 5110).

Equiv To: FIN 6070, FIN 6072

**COURSE OBJECTIVE**

This course introduces students to the fundamentals of finance and presents theories and tools to be used in addressing corporate finance problems and issues.

**INTENDED LEARNING OUTCOMES**

- Comprehension of financial markets & securities and their importance to economic well-being
- Comprehension of the principal-agent problem, corporate governance, and the effects on valuation, markets, and society
- Application of time value of money concepts
- Analysis of capital budgeting problems
- Synthesis of debt & equity valuation with market efficiency and the law of one price
- Application of risk/return relationships
- Evaluation of capital structure and payout policies
- Application of options, futures, forwards, and insurance
- Evaluation of risk management alternatives

## AACSB Assurance of Learning Goals and Objectives – Masters of Finance

The Asper School of Business is proudly accredited by AACSB. Accreditation requires a process of continuous improvement for the School and our students. Part of “student improvement” is ensuring that students graduate with the knowledge and skills they need to succeed in their careers. To do so, the Asper School has set the **learning goals and objectives** listed below for the **MFIN Program**. The checked goal(s) and objective(s) will be addressed in this course and done so by means of the items listed next to the checkmark.

	<b>Goals and Objectives in the MFIN Program</b>	<b>Goals and Objectives Addressed in this Course</b>	<b>Course Item(s) Relevant to these Goals and Objectives</b>
1	<b>Proficiency in Asset Valuation:</b> Knowledge and understanding of the principles, theories, and applications of asset valuation.		
	A. Demonstrate knowledge and ability to apply asset valuation models.	✓	Stock and Bond valuation
	B. Demonstrate knowledge and ability to apply asset pricing models.	✓	Risk Management and Capital budgeting, Capital structure
2	<b>Proficiency in Portfolio Construction and Management:</b> Knowledge and understanding of the principles, theories, and applications of portfolio construction and management.		
	A. Demonstrate knowledge of theories and applications of asset allocation.	✓	Capital Budgeting
	B. Demonstrate an understanding of the theories and approaches of risk management and its applications.	✓	Risk Management
	C. Demonstrate an understanding of financial markets, instruments, asset classes, and trading environment.	✓	Introduction, Bonds and Stock valuation
	D. Demonstrate an ability to apply behavioural finance models in portfolio construction and management.	✓	Through out the course
3	<b>Ethical Mindset:</b> Consideration of ethical issues in financial analysis and management.		
	A. Demonstrate an understanding of the role of ethics in financial decision-making.	✓	Throughout the course
	B. Demonstrate a knowledge of the CFA Institute’s <i>Code of Ethics</i> and the <i>Standards of Professional Conduct</i> .		
4	<b>Communication Ability:</b> Ability to communicate effectively and clearly, both verbally and in writing, in a professional context.		
	A. Communicate in a clear and concise manner.	✓	Through out Assignments, MT, Final class participation
	B. Communicate in a coherent and logical manner.	✓	Through out Assignments, MT, Final class participation

## COURSE MATERIALS

Berk, DeMarzo and Stangeland, *Corporate Finance* (4<sup>th</sup> Canadian Edition), Pearson Canada Inc., 2018.  
(you NEED the myfinancelab)

Ability to do financial calculations using finance functions: (choose one)

- Laptop with Excel – this is your best option, is most efficient, and is used extensively in industry
- Hewlett Packard calculators: HP-10B, HP-10B2, HP financial calculators. (Instruction’s will only be provided for using HP 10 series model + some instructions for excel formulas.)
- Texas Instrument: TI-BAll Plus

Alternate financial calculators are acceptable as long as they include all of the following functions: IRR, NPV, keys for individual cash-flow entry and multiple cash-flow entry, and PV, PMT & FV keys for annuities and bonds. You should be capable of displaying at least 8 decimal places for any calculation and you should set your calculator so it always displays all decimal places.

### COURSE ASSESSMENT AND EXAMINATIONS

Assignments on MYFINANCE LAB (deadline for assignment 2,3,4,5, 6 is Oct 24 6pm; for assignment 7,8,9,10,11 deadline is Dec 1 ; 6PM)	20%
Class participation	10%
Finance (Bloomberg certification + project) Assignment	10%
Midterm Exam: (online on umlearn during class time)	25%
Final Exam: (online on umlearn on the date suggested by MBA office)	35%

IMPORTANT NOTE: both mid term and final will have to be taken on umlearn (no browser lockdown) while the students attend class zoom meeting with camera on... if any student is found not having camera on then their grade will be put as 0.

Final grades are based on the student's weighted mark and performance relative to other students. The following are the <b>tentative</b> grade cut-offs.	
A+	92-100
A	83-91.9
B+	77-82.9
B	71-76.9
C+	67-70.9
C	61-66.9
D	51-60.9
F	0-50.9
These tentative cut-offs are subject to adjustment up or down depending on the relative performance of the current class compared to prior classes that have taken the course with the same instructor.	

Notwithstanding marks in other components, students who receive less than 50% on the exams will be assigned a failing grade. Notwithstanding other marks, students who are absent (without a valid medical excuse with supporting written documentation) for 20% or more classes will also receive a failing grade.

Students are not allowed to miss an assignment or exam unless a valid medical excuse is provided. **Students with valid medical excuses must get official written documentation to support their claim.**

There will be no make-up assignments or midterm. Those students who miss an assignment or the midterm and have a valid medical excuse will have the weight of that assignment or midterm added to the final exam. Those students who miss an assignment or the midterm without a valid medical excuse will receive a mark of 0% on that assignment or midterm.

## FORMULA SHEETS

Even though online exams they are still closed book exams to be done individually. Formula sheets will not be provided for the midterm or final exams. Instead, for the midterm each student is permitted to bring in one standard sheet of paper (8.5 x 11 inches) on which he/she can write anything. For the final, each student may bring in an additional sheet of paper (8.5 x 11 inches) on which he/she can write anything. (Thus for the final, you may bring in a total of two sheets of paper.) **NO word-processed or photocopied material is allowed on your formula sheet.** Improper formula sheets will be confiscated; offending students will be allowed to complete the exam without any formula sheet. You are only allowed to use your own formula sheet during the exams. I have full faith in all of you that you will follow the above mentioned guidelines during the exam....

NOTE: expect most of the questions in fill in the blank form during the mid term and final exam , some questions may be multiple choice and some may be long answers.

NOTE : ASSIGNMENTS: for the assignment submit a word file with only the final answer to each question on the drop down window... so in a sense these questions are to be answered as fill in the blanks.

## PROFESSIONAL CONDUCT

Students are expected to demonstrate professional conduct for the duration of the course. EVEN FOR ONLINE CLASSES, Some aspects of this include the following: attending each class and arriving on time, returning from breaks (if provided) on time, restricting discussions in class to the current course material, keeping mobile phones in the "off" or "silent" modes, and not placing or answering calls, text messages, facebook posts, twitter posts, snapchats, dating sites, emails, etc. during class time. If you feel your classmates are not demonstrating professional conduct, please inform them and/or your instructor so that they have the opportunity to change. Unprofessional conduct is disruptive to the learning environment and makes mastering the course material more difficult for all students.

## TENTATIVE CLASS SCHEDULE

Classes take place on Mondays. The classes end at 11:15 pm. The schedule of classes and breaks is as follows. Adjustments may be made by the professor as needed to fit topics and discussion. The schedule below does not apply on the examination days.

Classes Ending at 8:00 am		
8:00-9:30	Class time	1.5
9:30-9:45	Break	0.25
8:45-11:15	Class time	1.5
Total class time per day		3 hours
Total break time per day		0.25 hours

**NOTE: Class attendance is required in the MFIN program. Missing more than 20% of a course due to unexcused absences will result in an F. It is your responsibility to inform your professor in advance of your absence and the reason for it (medical documentation or employer note if away for a work commitment) is required.**

## TENTATIVE COURSE OUTLINE

You will find that the course starts with the basics but progresses very quickly. The material covered builds on earlier material. It is important to stay current in your studies; otherwise, you will not understand the new material as it is presented.

**You must read the readings in advance of the relevant classes;** you will have a much better chance of understanding the material as it is taught and attaining success in the class. It is the **student's responsibility** to read the assigned material **prior** to the relevant class.

Class or Workshop	Topic	Required Pre-reading Chapters
Class 1: Sep 13	Introduction; Financial Markets, Corporate Governance, Present Value, and the Law of One Price (Students must read Chapter 2 on their own to refresh knowledge of accounting concepts. This background knowledge is assumed; it will not be covered in class.)	1, 29, 3, 3A(online)  2
Class 2, 3: Sep 20, 27	The Time Value of Money Bonds, Stocks and Market Efficiency Students must read Chapter 24 (on bonds) on their own. Chapter 24 material will be tested but not covered in class. Section 13.5 presents additional evidence about market efficiency.	4, 5 6 (continued), 6A, 24, 7, 13.5, 8
Class 4: Oct 4	Catch up if needed Term Structure Introduction to Capital Budgeting	9, 10
Class 5: Oct 18	Capital Budgeting: Criteria for Choosing Projects and Determining Free Cash Flows;	9, 10
Time value of money seminar OCT 10 (Sunday) starts 10 AM ( 2hrs) zoom meeting Premid term seminar OCT 30 starts, 1 pm (Saturday) 2hr zoom meeting		
Class 6:	<b>No class on Oct 25 in lieu of the mid term on OCT 31 at 6-9 pm</b>	
<b>Mid term</b>	<b>Sunday Oct 31 6-9 pm ; attendance on zoom class with camera is mandatory</b>	
Class 7: Nov 1	Risk Return introduction Optimal Portfolio Choice & The Capital Asset Pricing Model (CAPM), Estimating the Cost of Capital	11, 12, 12A
Class 8: Nov 5 (Friday; 9am-12.15 pm)	Capital Budgeting and Valuation with Leverage: Using WACC and project-adjusted WACC Options	14 17
Class 9: Nov 15	Capital Structure	18, 19
Class 10: Nov 22	Payout Policy Risk Management: Insurance	20
Class 11 Nov 29	Risk Management: Insurance, Futures, Forwards and Options	30.1-30.2
<b>PREFINAL SEMINAR Dec 5 (Sunday) AT 10 Am to 12 PM (2 HR DURATION) zoom meeting</b>		
Dec 14; 6-9 Pm	Final Exam (3 hours): umlearn,	

## ATTENDENCE

It is extremely important that you **attend all classes**. Students who have indicated they would learn the material on their own and not attend class (for example, due to work commitments) have always performed very poorly in my courses because much of the in-class content is not understood solely from the readings or the PowerPoint. It is through active participation in class that you will achieve the most from this course. Make sure you always bring your calculator/Excel and always work through the examples as they are being done in class or in the workshops. If you have problems with the calculations or concepts, please raise your questions in class. If you have problems with using your calculator/Excel, please approach me during the breaks, after class, or in office hours.

## ACADEMIC REGULATIONS AND STUDENT SERVICES

### HUMAN ETHICS APPROVAL FOR DATA COLLECTION

As part of coursework, if you will be collecting data from people who are not students in this class, you must obtain Human Ethics approval from the UofM's Research Ethics Board (REB) prior to data collection. This applies to data collection such as surveys, interviews, focus groups, experiments, video recording, etc., where a respondent is solicited for participation.

If the entire class will be working on the same project, your instructor will apply for human ethics approval from the REB. If individuals or small groups of students will be working on different projects, it is the responsibility of the students to obtain approval (only one group member needs to apply). Your instructor will tell you whether s/he will be or you need to. When in doubt, please talk to your instructor.

Instructions and forms to apply for human ethics approval can be found at:

[http://umanitoba.ca/research/orec/ethics/human\\_ethics\\_REB\\_forms\\_guidelines.html](http://umanitoba.ca/research/orec/ethics/human_ethics_REB_forms_guidelines.html).

In most cases, you will be using the "Protocol Submission Form" which is under the "REB Forms - Fort Garry Campus" heading.

It can take up to six weeks to process human ethics applications and obtain approval. Therefore, plan early. Note that approval must be obtained prior to data collection and cannot be obtained during the data collection phase or retroactively. Violation can get you, your instructor, and the Asper School in serious trouble with the REB.

If you will be collecting data only from other students in the class, you do not need REB approval. If you have any questions, please contact [humanethics@umanitoba.ca](mailto:humanethics@umanitoba.ca) or your instructor.

### UNCLAIMED ASSIGNMENT POLICY

Pursuant to the FIPPA Review Committee's approved recommendations of August 15, 2007, all unclaimed student assignments will become the property of the faculty and will be subject to destruction six months after the completion of any given academic term.

## STUDENT SERVICES AND SUPPORTS

The University of Manitoba provides many different services that can enhance learning and provide support for a variety of academic and personal concerns. You are encouraged to visit the below websites to learn more about these services and supports. If you have any questions or concerns, please do not hesitate to contact your instructor or the Graduate Program Office.

For Information on...	...follow this link
Course Outlines, Year-at-a-Glance, Concentrations, Textbooks, VW Dates and Final Exams	<a href="#">MFIN Course Information</a>
Help with research needs such as books, journals, sources of data, how to cite, and writing	<a href="#">Library Resources</a>
Tutors, workshops, and resources to help you improve your learning, writing, time management, and test-taking skills	<a href="#">Writing and Learning Support</a>
Support and advocacy for students with disabilities to help them in their academic work and progress	<a href="#">Student Accessibility Services</a>
Copyright-related questions and resources to help you avoid plagiarism or intellectual property violations	<a href="#">Copyright Office</a>
Student discipline bylaws, policies and procedures on academic integrity and misconduct, appeal procedures	<a href="#">Academic Integrity</a>
Policies & procedures with respect to student discipline or misconduct, including academic integrity violations	<a href="#">Student Discipline</a>
Students' rights & responsibilities, policies & procedures, and support services for academic or discipline concerns	<a href="#">Student Advocacy</a>
Your rights and responsibilities as a student, in both academic and non-academic contexts	<a href="#">Your rights and responsibilities</a>
Full range of medical services for any physical or mental health issues	<a href="#">University Health Service</a>
Information on health topics, including physical/mental health, alcohol/substance use harms, and sexual assault	<a href="#">Health and Wellness</a>
Any aspect of mental health, including anxiety, stress, depression, help with relationships or other life concerns, crisis services, and counselling.	<a href="#">Student Counselling Centre</a>
Support services available for help regarding any aspect of student and campus life, especially safety issues	<a href="#">Student Support Case Management</a>
Resources available on campus, for environmental, mental, physical, socio-cultural, and spiritual well-being	<a href="#">Live Well @ UofM</a>
Help with any concerns of harassment, discrimination, or sexual assault	<a href="#">Respectful Work and Learning Environment</a>
Concerns involving violence or threats, protocols for reporting, and how the university addresses them	<a href="#">Violent or Threatening Behaviour</a>



## ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

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It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any dishonesty in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic dishonesty under the heading "Plagiarism and Cheating." Specifically, acts of academic dishonesty include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic dishonesty. Because of the unique nature of group projects, all group members must exercise extraordinary care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur on a group project, all group members will be held jointly accountable, no matter what their individual level of involvement in the specific violation.

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it relates to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic dishonesty involving a graduate student (i.e. MBA, MFIN, MSc or PhD student) will be reported directly by the instructor to the Dean of the Faculty of Graduate Studies.



## FACULTY BIOGRAPHY

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I.H. Asper School of Business, The University of Manitoba

**Alok Dua, MBM, MSc, B (Chem) E**

Instructor

**Areas of Research Interest:** Fuzzy and heuristic modeling in Operation management area

**Areas of Teaching Interest:**

Alok Dua has industrial work experience of over seven years in a fortune 500 company (Indian Oil Corporation) where he was Senior Production Engineer in-charge of two petroleum refinery units worth a capitalized cost of over a billion dollars. Alok was directly managing the effort of a team of eight engineers and eleven technical operators.

Alok's interest in teaching and training started in the year 2000 when he started giving seminars on safe handling of hydrogen gas in petroleum refinery. Alok has been teaching regularly at Asper School Since 2002. He has won 7 teaching awards at Asper Business School. Alok has taught more than twenty different courses in the field of Management that has given him a good overall rounded knowledge of most aspects of business

**Some personal Information:**

Early childhood and all of schooling until grade 12 was done in Delhi. Lived in a one bedroom house with mom dad and sister for most of his childhood. Alok's parents having only limited resources decided to spend the money on private school education of their children rather than on other comforts because of that even today Alok feels he doesn't need much to live.

Left Delhi in 1987 at the age of 18 to go to Calcutta India to study Chemical Engineering. From 1987 till 2007 only had one dream to go back to Delhi and settle there. After 2007 that dream died a prolonged natural death as Alok realized that it was romanticizing of good old days.

Have been living in Winnipeg since May 2001.. Alok feels comfortable calling Winnipeg his home as this is the city where he has lived the longest period of time.

Used to like to brag about a 4.5/4.5 GPA (may be still wants to ha ha).

Goals in life keep on shifting as Alok grows. Alok is really proud of losing 68 pounds in the year 2020 some silver lining to otherwise a very dark year. For the first time in over a decade reached a weight of less than 200 pounds which makes him happy every time he thinks about it. Though still far from the dream of visible abs but is hopeful of 2021 summer.

Alok has been supporting World Vision Canada for more than 18 years now and other charities off and on. Lately Alok has a goal of some how financing planting of a forest in area where there is too much heat and pollution, hopefully after retiring.

Other things in class .....