

**ACT 349H1F, 2009 Corporate Finance
Outline Oct 13, 2009**

(Any changes to this will be at www.utstat.utoronto.ca/sharp)

Lecture Section	L0101	
<i>Lecture times, location</i>	W5-7 (But 4-7 Sep 9)	UTSG-LM161
<i>Instructor and office hours</i> Keith Sharp PhD FSA FCIA CFA sharp@utstat.utoronto.ca http://fisher.utstat.utoronto.ca/sharp	M 09:00-10:00 am M 04:00-05:00 pm T 11:30-12:30 pm T 04:00-05:00 pm R 11:30-12:30 pm	UTSG-SS5027C UTM -South2110T UTSC- SW632 UTSG-SS5027C UTSC-SW632
<i>Teaching assistant</i>	Xiao Di Yang, xiao@utstat.utoronto.ca	
Tutorial times, location	W4-5	UTSG-LM161
Tentative Coverage	Schedule	Brealey 9th
Financial manager, Value of stocks	Sep 09 (No tutorial, lecture starts at 4:00pm)	Ch. 1, 5
Net Present Value	Sep 16	Ch 6, 7
Risk, Return, Opp cost of cap	Sep 23	Ch. 8
TERM TEST 1 (Note time)	Sep 30 4:00 pm – 4:50 pm in LM161	TERM TEST 1
Risk and return, Capital budgeting	Sep 30 5:00 pm	Ch. 9,10
Sensitivity, Monte Carlo	Oct 07	Ch. 11
Decision trees	Oct 14	Ch 11 also
Market values, economic rents	Oct 21	Ch. 12
TERM TEST 2 (Note time)	Oct 28, 4:00 pm – 4:50 pm in LM161	TERM TEST 2
How much to pay out as dividends	Oct 28, 5:00 pm	Ch. 17
How much to borrow	Nov 04	Ch. 18, 19
NO LECTURE OR TUTE ('wacky')	Nov 11	
Real options	Nov 18	Ch. 23 (excl. 23.1)
Analysis, ratios, planning	Nov 25	Ch 29
Review	Dec 02, 2009	
FINAL EXAM	Dec 09-18, 2009	

Participation Lasers

Please leave your participation laser in the box/bag/pile at the end of every lecture: I buy them personally from dollar stores in the hope that you will find the easy participation valuable. In-class questions are encouraged too!

Web Page:

Please monitor <http://www.fisher.utstat.toronto.edu/sharp> and the Blackboard portal: assignments, documents etc.

Privacy

Photographs of all students will likely be taken in some classes and in term tests and final to aid in identification.

Texts

Brealey, Myers and Allen, *Principles of Corporate Finance*, 9th Ed. (text for Society of Actuaries Course 2, 2000-2005 and CAS course 2005-2007)

Course Objective:

SoA VEE credit is available only to those who perform well in this course. You are expected to read and understand the descriptive portions of the text yourself. Questions and in-class discussions are encouraged.

Calculator

Please bring a TI BAII Plus financial calculator to all lectures, tests and exams. It is a calculator approved for both the Society of Actuaries and the Chartered Financial Analyst exams. So it is fairly readily available in eg downtown office supply stores, but you may wish to save your time by checking availability by phone. The ‘professional’ version has the same functionality and is also approved for the exams – many of us find that the more positive key feedback of this version is worth the extra few dollars.

Professional Society of Actuaries and CFA Exams

No disgrace if you fail-in fact you can keep it secret if you wish (I took some SoA exams in Buffalo NY just in case I failed one!). Applications and details at www.soa.org . To qualify as Fellow, Society of Actuaries takes years of tough self-study. The actuarial job market cannot handle the large numbers graduating from Act Sci programmes in Canada, aim to get office work experience and to boost your communication skills. The Chartered Financial Analyst (CFA) exams are an easier (but not easy) option, make use the material from this course and have a fairly similar examination format: see www.utstat.utoronto.ca/sharp and www.cfainstitute.org . A CFA doesn’t guarantee a job either, but it is widely recognized by many types of employer as distinguishing a resume from the hundreds of other resumes in a pile.

Course Exams

As for the professional exams, care will be taken to ensure the privacy of your answers in the course term tests and exams by use of assigned seating, when permitted by university authorities, and by the provision of several versions of tests and final, with different question orders. At least 40% of the marks on the tests and final exam will be from assignments (solutions posted on web). You will wish to do all the relevant assignment questions before each test and final exam, and preferably many others as well. There will be a few (likely between five and ten) pop-quizzes in lecture during the term, not announced in advance. For pop-quizzes (only) students are permitted to cooperate though not to directly copy answers.

Marking Scheme:

Lecture: pop quizzes	Worst two disregarded, so can miss two without penalty. Graded 7-10.	5%
Test 1	Multiple choice	20%
Test 2	Multiple choice, concentrates on material since test 1	20%
Final	Multiple choice, on entire term	55%

Lecture and tutorial attendance is obligatory. Lectures will not be fully posted on the web. If you miss more than two lecture pop quizzes, and claim medical reasons, you will need to show medical certificates for all missed pop quizzes, including the ‘giftie’ first two. Weightings will not be changed, either for the whole class or (for fairness to the whole class) for any individuals.

Medical certificates not really believed:

Please do not take this course if you intend to be sick for term tests. A few years ago, 20 out of every 100 students would produce doctors’ certificates. So now, medical certificates in this course are rarely accepted and usually, to be fair to all students, none is accepted. Any certificate must be on the U of T form and signed by an Ontario registered physician with CPSO number (no chiropractors, acupuncturists etc.). We are sceptical about accepting medical certificates unless the doctor specifically indicates that in his/her opinion there was a disabling health problem on the day of the test. Certificates saying “Needs rest” or “injured foot” or similar will be rejected, as will any certificate dated more than 3 days away from the test. The doctor should be contactable by us for verification. It is expected that any student with accepted documentation will be required to take a rigorous make-up test at a chalkboard. If documentation is not provided or is not accepted, your test mark for the missed test will be zero.

Suspected errors or omissions in this outline? Please tell Keith Sharp, sharp@utstat.utoronto.ca .

GOOD LUCK!