ECON 454 A01

Theory of Corporate Finance

Summer Session: 2026 05 – Term 2, CRN 31218, 1.5 units, 12:30-2:20 Tuesday, Wednesday and Friday

UVic Land Acknowledgement

We acknowledge and respect the Ləkʷəŋən (Songhees and Xʷsepsəm/Esquimalt) Peoples on whose territory the university stands, and the Ləkʷəŋən and W̱SÁNEĆ Peoples whose historical relationships with the land continue to this day.

Instructor Name: Ke Xu

Office: BEC 382

Method of contact: *kexu@uvic.ca*

Office Hours: *Tuesday 11:30-12:20 or by appointment*

Teaching and assessment modality statement

This course is face to face and all exams are held in person.

Course Content

Corporate finance is the study of how firms select projects and how they attract capital to finance their operations. This course will give you a general understanding of the time value of money, valuation of projects, net present value and cost of capital. We will explore why financial valuation differ from accounting valuation. The end of the course covers capital structure choice and dividend policy.

Course prerequisites/corequisites

Econ 305 and Econ 313

Repeating Courses

A student may not attempt a course a third time without the prior approval of the Dean of the Faculty and the Chair of the Department in which the course is offered unless the calendar course entry states that the course may be repeated for additional credit. A student who has not received this approval may be deregistered from the course at any point and may be asked to withdraw from his or her declared or intended program.

Textbook

We will use a free online textbook 'Corporate Finance' by Ivo Welch: Corporate Finance by Ivo Welch http://book.ivo-welch.info/read/ (download "General" version). You can order a print copy from an online printer. I have used Lulu

Student slides (long version) from Ivo Welch http://book.ivo-welch.info/cn.ed4/

Useful books and readings:

- Financial Intelligence, Revised Edition: A Manager's Guide to Knowing What the Numbers Really Mean by Karen Berman and Joe Knight. Harvard Business Press, 2013. ISBN-10: 1422144119
- Misbehaving. 2015. Richard Thaler (Section VI)
- The Outsiders. 2012. William Thorndike.
- The Little Book of Valuation. 2011. A. Damodaran
- The economics of structured finance. Coval, Jurek and Stafford (JEP, 2009)
- Capital Structure. Stewart Myers. (JEP 2001).
- Tesla: The Analysis of a Run-Up. A. Damodaran. Journal of Portolio Management, 2014

Brightspace

Brightspace is used extensively for the course. All students are expected to be fully functional with the system. The lecture notes will be posted in *Brightspace.* Please note that the lecture notes online are only outlines of the actual lectures.

All announcements will be posted in *Brightspace*. Students are advised to check it frequently.

Learning Outcomes

A student who learns successfully in this course will have the capability to: (a) explain the key concepts of corporate finance, (b) to use valuation methods, (c) understand the difference between financial and accounting valuation, (d) explain the Modigliani and Miller theorem and understand its assumptions, (e) recognize the main factors affecting a firm's capita Course Structure, Assessments, and Grading

Use of AI

Use of AI is not allowed for reading notes, Excel journals, online assignments and exams.

Grading Scheme

The final grade is determined as follows:

Midterm (June 3)	20%
Online assignments	20%
Reading notes	10%
Excel journal	15%
Attendance	5%
Final exam (June 26)	30%

Mandatory/Essential Course Components

All exams are essential course requirements, meaning, they must be attempted to pass the course. Note that essential course requirements are deferrable. Failure to complete any exam will result in a grade of "N" regardless of the cumulative percentage on the course. N is a failing grade and factors into GPA as a value of 0.

Dates of Assessments, Due Dates of Assignments

Online assignments: You will need to sign up for an account in Accepi (an online quiz platorm, costs about $10). I will post online quizzes in Accepi at the end of each week. Quiz questions are designed to prepare you for the exams. This will also help to maintain your interest in the class and to support those of you who need a nudge to study regularly. The registration link for this course is: accepi.com/register?t=1eDU0mym

Reading notes quizzes: You are required to complete 5 quizzes on reading notes during class time. The questions in the reading notes (RN) help you understand the material. Your RN should be written in full sentences and be grammatically correct.

Excel journals: I will ask you to prepare 4 Excel exercises and hand in your report in Brightspace.

Midterm: The date of the midterm exam is June 3. If you miss the midterm with a valid reason (see the departmental policy and the related medical form), you need to fill out an in-term-extension form, and a deferred exam will be conducted. *Note*: it is the student's responsibility to provide medical documentation in a timely manner.

Final exam: Final exam is held during last scheduled lecture time on the last day of the course (June 26). It is cumulative; therefore, it covers the material presented in the whole course. Deferred final exams are given only on the granting of a formal university academic concession, normally only for documented medical reasons.

Students are advised not to make work or travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. Students do not qualify for an academic concession if travel plans conflict with the examination.

Grading Scale

A+	90-100%
A	85-89%
A-	80-84%
B+	77-79%
B	73-76%
B-	70-72%
C+	65-69%
C	60-64%
D	50-59%
F or N	0-49%

Students should review the University's more detailed summary of grading.

Missing Assessments

Should students encounter a situation where they miss an exam or cannot submit an assignment at its due date, they may qualify for an academic concession. Students are required to indicate the specific grounds on which they are requesting an academic concession and provide a justification outlining the impact of the circumstances on their ability to complete course requirements. For in-course extensions, please fill in the form and follow the instructions on the form. In case you miss the final exam, fill in a request for a deferral. I will not respond to informal requests of academic concessions.

Waitlist Policies

- Instructors have no discretion to admit waitlisted students or raise the cap on the course.
- Students on the waitlist should discuss with the instructor how to ensure they are not behind with coursework in the event they are admitted.
- Registered students who do not participate as specified in this outline during the first 7 calendar days from the start of the course may be dropped from the course. *[Note: for short, two month summer courses the policy is the first two class meetings.]*.
- Registered students who decide not to take the course are responsible for dropping the course and are urged to do so promptly out of courtesy toward waitlisted students.
- Waitlist offers cease after the last date for adding courses irrespective of published waitlists.

Academic Integrity

Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the Policy on Academic Integrity in the University Calendar, is subject to penalty by the University.

The University reserves the right to use a plagiarism software to detect violations of academic integrity.

Appeals

Depending on the nature of your concern, the order in which you should normally try to resolve the matter is:

1. Me, the course instructor
2. the Associate Chair: econassoc@uvic.ca
3. the Associate Dean of Academic Advising
4. the Senate.

If you're seeking a formal review of an assigned grade, you should also consult the regulations in the academic calendar regarding review of an assigned grade. I only respond to grading inquiries in writing. You must file your question within 1 week of issuance of your grade and the release of the answer key. Do not approach me after class to discuss grading concerns.

University Policies and Statements

Please note that this course is executed in a manner consistent with these University statements and policies.

a. University Calendar - Section "Information for all students"
b. Creating a respectful, inclusive and productive learning environment
c. Academic Integrity
d. Academic Concession Regulations, Academic Concession and Accommodation, Academic Accommodation – Policy AC1205
e. Accommodation of Religious Observance
f. Student Conduct
g. Accessibility
h. Diversity / EDI
i. Equity statement
j. Sexualized Violence Prevention and Response
k. Discrimination and Harassment Policy

Resources for students

a. Student wellness
b. Centre for Accessible Learning
c. UVic Learn. UVic Learn is the primary learning resource for students that offers many learning workshops and resources to help students with academics and learning strategies.
d. Library resources

e. Academic Skills Centre ASC
f. Learning Assistance Program (LAP)
g. Academic Advising
h. Economics Undergraduate Advising: ecadvice@uvic.ca
i. Student Awards and Financial Aid
j. International Student Advising
k. Indigenous student services (ISS)
l. Student groups and resources including UVic Ombudsperson

Student Experience of Learning (SEL) Survey

I value your feedback on this course. Towards the end of term, you will have the opportunity to complete a confidential SEL survey regarding your learning experience. The survey is vital to providing feedback to of me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future.

E-mail Correspondence

Emails should be limited to critical matters, such as inability to attend class, an exam, or prolonged illness, and should include the course name and number in the subject line. Questions on course material should be asked during office hours or in class. The standard format for writing a letter must be used. This means it should begin with a salutation (e.g. Dear….), include full sentences and it must conclude with a signature that includes your **full name and V#**. Text message lingo should not be used.

Electronic Devices

No personal electronic devices are allowed during quizzes and exams. Calculators are allowed.

Educational Technology involving storage outside Canada

The following educational technologies, which stores or accesses your personal information outside Canada, is required for this course: accepi.com. I will make you aware if this list changes.
Personal information is required by the service. The privacy policy and the terms of use list the personal information stored outside of Canada and are available at accepi.com. I encourage you to read these documents.

If you are not comfortable with your personal information being stored outside of Canada, please speak to me within the *first week* of class about using an alternative (such as using an alias or nickname). Otherwise, by continuing in this course, you agree to the use of the educational technology in the course and the storage of personal information outside of Canada.