BUSI 2505
Business Finance
Summer 2013

<table>
<thead>
<tr>
<th>Section</th>
<th>Class Time</th>
<th>Room</th>
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<tbody>
<tr>
<td>A</td>
<td>Mon-Tue 11:35AM-2:25PM</td>
<td>TBA</td>
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</tbody>
</table>

Instructor: Dr. Yuriy Zabolotnyuk, CFA, FRM
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Email: yuriy.zabolotnyuk@carleton.ca
Office: Dunton Tower 1714
Office Hours: Mon-Tue 2.30PM-3PM or by appointment

Prerequisites
BUSI 1002 or BUSI 1005 and BUSI 2504 with a grade of C or higher
ECON 1000 with a grade of C- or higher and one BUSI 1704 and BUSI 1705 with a grade of C or higher, or MATH 1009 and MATH 1119 with a grade of C- or higher

The School of Business enforces all prerequisites. Only the Undergraduate Program Supervisor of the School can waive prerequisite requirements.

This Course is Prerequisite to
BUSI 3500, BUSI 3502 and BUSI 3504 (with a grade of C or higher).

Course Objectives
The topics covered in BUSI 2504 will be extended, exposing students to a broad range of material pertaining to Business Finance and Financial Management. Topics covered include: risk analysis, capital budgeting under uncertainty, capital structure analysis, dividend policy, lease financing, mergers and acquisitions, and risk management using derivatives, such as options. Students will learn principles for making sound decisions about financing (obtaining funds) and investment (using funds) when facing an environment with risk and uncertainty.
The overarching goal of this course is to teach students how to apply an approach to financial decisions that uses expectations about after-tax cash flows, while accounting for uncertainty in the available information.

Important learning objectives for the course are to teach students:

- Important details of financial management that could not be covered in 2504
- That risk and uncertainty can be managed as part of running a business
- To apply discounted cash flow techniques as a general and powerful tool in understanding business decisions

This course makes frequent use of quantitative techniques and models. **Review 2504 notes!**

**Sample Problems** – finance cannot be learned without solving problems. To ensure that you understand the material, sample problems will be given. These problems will NOT be graded. However, it is strongly recommended that you try solving the assigned problems as they will help you in preparation for quizzes and exams. Group work on the sample problems is encouraged.

**Notes on Examinations and Quizzes**

The mid-term test and the final exam will cover both the theory and application of topics covered in classes and the readings. The mid-term test and final examination are closed-book and closed-notes. Students are allowed to bring in a TI BAII plus calculator only. The final exam will be comprehensive. Both midterm and final will consist of multiple choice and short essay/problem type questions. The date for the final exam will be posted by the University later in the semester. Quizzes are designed to focus on material that was just covered. They will be approximately 15-20 minutes in length.

**Exam and Quiz Attendance**

If a student is unable to sit for a quiz or mid-term test due to verifiable illness (or, in rare cases, some other circumstances beyond your control), the mark allocation to that quiz will be allocated to remaining quizzes; the mark allocation for the mid-term test will be allocated to the final exam. If a student is unable to sit for the final exam, the student may apply to the Registrar’s Office to write a deferred examination. Deferral final examination will only be granted to students showing satisfactory in-term performance (as described below). Please also see Sections 2.4, 2.5 and 2.6 of the Undergraduate Calendar. It should be noted that deferred examinations are not granted to students who make travel plans that conflict with the examination period.

**Class Format**

The majority of the classes will be comprised of lectures and the completion of sample problems.

**Required Text and Materials**


*Calculator:* Texas Instruments BA II Plus

**Course Evaluation**

**Grading Scheme**

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight (Percentage)</th>
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</thead>
<tbody>
<tr>
<td>In-class quizzes</td>
<td>15%</td>
</tr>
<tr>
<td>(best 3 of 4)</td>
<td></td>
</tr>
<tr>
<td>Assignments</td>
<td>15%</td>
</tr>
<tr>
<td>2@7.5%</td>
<td></td>
</tr>
<tr>
<td>Mid-Term Exam</td>
<td>20-25%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>45-50%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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There will be 2 (two) assignments (to be posted on the course cuLearn site). Assignments are due on the dates specified, at the beginning of class. Assignments are to be submitted via cuLearn. Assignments are to be done in groups of 4 (four) students. Late assignments will not be accepted and will receive a grade of zero.

There will be a midterm test for this course. Once marked, assignments and the test will be returned. The final exam is for evaluation purposes, it will not be returned to students.

NOTE: Students who do not demonstrate a minimum level of performance during the term will not be allowed to defer the final exam. The requirement for satisfactory in-term performance is an overall mark of 50% or better on the assignments and test. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

NOTE: The final exam will be comprehensive, covering material from the entire course. If you are awarded less than 40% on the final exam, you will receive an “F”, regardless of your total mark in the course.

There may be cases in which a student is permitted by University regulations to miss a graded component of the term work in a course. In such circumstances there will be no make-up assignment or test. The grade weighting corresponding to the missed component will be added to the grade weighting of the final exam.

Doing Well in the Class

1. Read the chapter before the class.
2. Do all self-test questions and all recommended questions (see course schedule below) for each chapter. The critical thinking questions will help you to put chapter concepts into your own words, which will help you develop a “feel” for what’s going on.
3. Answers to many text problems will be available on the WebCT site. Don’t look at the answer to a problem until you have worked at the problem long enough to feel frustrated. Looking at posted answers without “working” problems is a waste of your time.
4. Work at the course throughout the term. Cramming before tests won’t enable you to develop an understanding of the material.
**Course Schedule (tentative and subject to changes)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
<th>Chapters</th>
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<tbody>
<tr>
<td>Jul 8</td>
<td>Review of Cash Flows, CCA, and Cost of Capital</td>
<td>2.3-2.5, 14</td>
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<td>Jul 9</td>
<td>Capital Budgeting</td>
<td>10</td>
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<tr>
<td>Jul 15</td>
<td>Capital Budgeting, Quiz #1</td>
<td>10</td>
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<td>Jul 16</td>
<td>Project Analysis and Evaluation</td>
<td>11</td>
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<td>Jul 22</td>
<td>Raising Capital, Quiz #2</td>
<td>15</td>
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<tr>
<td>Jul 23</td>
<td>Leverage and Capital Structure, Assignment 1 due</td>
<td>16</td>
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<td>Jul 29</td>
<td>MIDTERM EXAM (in-class)</td>
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<tr>
<td>Jul 30</td>
<td>Dividend Policy</td>
<td>17</td>
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<tr>
<td>Aug 5</td>
<td>No class</td>
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<tr>
<td>Aug 6</td>
<td>Leasing, Quiz #3</td>
<td>22</td>
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<td>Aug 12</td>
<td>International Corporate Finance, Quiz #4</td>
<td>21</td>
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<tr>
<td>Aug 13</td>
<td>Mergers &amp; Acquisitions, Assignment 2 due</td>
<td>23</td>
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**IMPORTANT ADDITIONAL INFORMATION**

**Required calculator in BUSI course examinations**
If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

**Group work**
The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

**Medical certificate**
Please note that in all occasions that call for a medical certificate you must use or furnish the information demanded in the standard university form. [http://www2.carleton.ca/registrar/forms/](http://www2.carleton.ca/registrar/forms/)

**Academic Accommodations for Students with Disabilities**
The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of
**Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable).

**Religious observance**
Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student. Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

**Pregnancy**
Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

**Plagiarism**
The University Senate defines plagiarism in the regulations on instructional offenses as: "to use and pass off as one's own idea or product work of another without expressly giving credit to another." Borrowing someone else's answers, unauthorized possession of tests or answers to tests, or possession of material designed in answering exam questions, are also subject to university policy regarding instructional offences. For more information on Carleton University's Academic Integrity Policy, consult: [http://www1.carleton.ca/studentaffairs/academic-integrity/](http://www1.carleton.ca/studentaffairs/academic-integrity/)

**Summer Term 2013**

**May 1, 2013**
Last day for receipt of applications for undergraduate degree program transfers for the summer 2013 term.

**May 3, 2013**
Deadline for fee payment or assignment of funding to ensure payment is processed to your account without incurring a late charge.

**May 6, 2013**
Early summer and full summer classes begin.

**May 13, 2013**
Last day for registration and course changes for early summer courses.

**May 17, 2013**
Last day for registration and course changes for full summer courses.
May 20, 2013
Statutory holiday. University closed.

May 31, 2013
Last day to withdraw from early summer courses with full fee adjustment.

June 7, 2013
Last day to withdraw from full summer courses with a full fee adjustment
Last day to submit to the Paul Menton Centre for Students with Disabilities, formal Examination Accommodation Forms for June examinations.

June 10-20, 2013
Fall/winter and winter term deferred final examinations will be held. Examinations are normally held in the day and evening during the Monday to Saturday period. In exceptional circumstances, it may be necessary to schedule an examination on a Sunday.

June 11, 2013
Last day for tests or examinations in courses below the 4000-level before the final examination period (see Examination Regulations in the Academic Regulations of the University section of this Calendar).

June 18, 2013
Last day of early summer classes (NOTE: Full summer classes resume July 2).
Last day for academic withdrawal from early summer courses.
Last day for handing in term assignments, subject to any earlier course deadline.

June 21-26, 2013
Early summer examinations may be held. Examinations are normally held in the day and evening during the Monday to Saturday period. In exceptional circumstances, it may be necessary to schedule an examination on a Sunday.

June 30, 2013
Final deadline for summer term fee payment.

July 1, 2013
Statutory holiday. University closed.

July 2, 2013
Late summer classes begin. Full summer classes resume.

July 9, 2013
Last day for registration and course changes for late summer courses.

July 19, 2013
Last day for withdrawal from late summer courses with full fee adjustment.
**July 26, 2013**
Last day to submit to the Paul Menton Centre for Students with Disabilities, Formal Examination Accommodation Forms for August examinations.

**August 5, 2013**
Statutory Holiday. University closed.

**August 7, 2013**
Last day for tests or examinations in courses below the 4000-level before the final examination period (see Examination Regulations in the Academic Regulations of the University section of this Calendar).

**August 14, 2013**
Last day of late summer and full summer classes.
Last day for academic withdrawal from late summer and full summer courses and any other courses that end this term.
Last day for handing in term assignments, subject to any earlier course deadline.

**August 16, 2013**
Summer Co-op Work Term Reports are due.

**August 17-22, 2013**
Summer examinations may be held. Examinations are normally held in the day and evening during the Monday to Saturday period. In exceptional circumstances, it may be necessary to schedule an examination on a Sunday.

**September 27-28, 2013**
Summer term deferred final examinations will be held. Examinations are normally held in the day and evening.

**September 30, 2013**
Last day for receipt of applications for review of final grades for summer term courses.