



Carleton
University

Sprett
School of Business

BUSINESS FINANCE

BUSI 2501 B, C & E
WINTER 2025

Sections B & C

Instructor: Nicole Yang
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Section E

Instructor: Michael Reynolds
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Office: ZOOM (See
Brightspace for Link)
Phone: 613-851-1163

Modality: In-person

Class Meets:

Section B: Thursday, 8:35 am – 11:25 am
Section C: Tuesday, 11:35 am – 2:25 pm
Section E: Friday, 11:35 am – 2:25 pm

Office Hours:

Nicole Yang: Thursday 1:00 pm – 2:00 pm
Michael Reynolds: Thursday 11:00 am – 12:00 pm (ZOOM)

In order to stay updated with important notifications and announcements from Carleton University, please download the Carleton University App. This will ensure you receive timely information regarding your courses and other university-related updates throughout the term.

Tutorial Meets:

Section	Day	Time	Location	TA Name	TA Email
2501-T1:	Monday	11:35 am – 12:25 pm	TBD	TBD	TBD
2501-T2:	Monday	1:35 pm – 2:25 pm	TBD	TBD	TBD
2501-T3:	Tuesday	2:35 pm – 3:25 pm	TBD	TBD	TBD
2501-T4:	Monday	12:35 pm – 1:25 pm	TBD	TBD	TBD

Pre-requisites & Precluded Courses:

Prerequisites: BUSI 1005, and ECON 1001 and ECON 1002 (or ECOR 3800). Restricted to selected Sprott programs.

Precludes additional credit for BUSI 2503.

Course Calendar Description: [2024/2025 University Calendar](#)

Basic issues and practices in finance. Survey of business firms' financing, investment, and payout decisions. Emphasis on understanding the principles, resources, and trade-offs in the financial area of business.

Course Description:

This is an introductory course in finance. It focuses on the fundamental principles and techniques used in financial decision-making. Topics include the time value of money, discounted cash flow valuation, bond and stock valuation, and lessons from capital market history. Students will explore investment decision criteria, capital budgeting, and the impact of cash flows and tax allowances. The course also examines the relationship between risk and return, the security market line, and the cost of capital. Designed to equip students with essential financial tools, this course emphasizes both theoretical concepts and practical applications in corporate finance.

Drop Course Policy

The deadline for academic withdrawal follows the dates prescribed by Carleton University: <https://calendar.carleton.ca/academicyear/>

The deadline to drop this course with full fee adjustment is January 31st, 2025. The last day to withdraw from full winter courses is March 15th, 2025.

Learning Outcomes:

1. Understand the principles of time value of money
2. Apply the principles of time value of money in valuing financial assets, including stocks and bonds.

3. Learn measures of risk and the relationships between risk and returns
4. Develop analytical skills to make investment and financing decisions for corporations

Required Textbook:

Fundamentals of Corporate Finance by Stephen A. Ross, Randolph W. Westerfield, Bradford D. Jordan, J. Ari Pandes, Thomas Holloway, 11th Canadian Edition, McGraw-Hill, Ryerson, 2022.

**Hard copy: \$170.75 book,
Virtual: \$83 for 180 days or \$119 lifetime
AT UNIVERSITY BOOKSTORE**

Calculator: Texas Instruments BA II Plus or other non-programable, financial calculator (e.g., HP, Sharpe)

Suggested Readings:

Financial News/Magazines:

The Globe and Mail – Report on Business

Details on how to activate **free online subscription access** to the Globe and Mail will be provided in class.

Tutorials:

Tutorials play a vital role in this course, helping students reinforce and deepen their understanding of materials covered in class. They are designed to prepare students effectively for the midterm and final exams. Students are encouraged to attend the tutorial section that best fits their schedule. Please refer to the Tutorial Schedule at the end of this course outline (see below).

- Focus: Tutorials will primarily cover the problems in bold in the Problem List (see below), corresponding to each Chapter discussed in class.
- Preparation: Students should attempt all listed problems for each Chapter before the tutorial. Students are encouraged to work in groups to complete these problems.
- Participation: Use tutorials to address any questions about the course material.

Note: For questions about course scheduling, exam style, or content, please contact your course instructor. TAs are not responsible for these topics.

Methods of Evaluation & Course Completion Requirements

Tasks	Weighting
Class Attendance	10%
Midterm Exam (in-class)	35%
Final Exam	55%
Total	100%

BONUS:

Midterm Feedback Survey: 2%

Breakdown of evaluation components:

Midterm Exam:

(around 30 questions, 2 hours) will be held during class time (see the following Course Schedule for dates). It will be closed book, on paper. Material covered up to and including the class before the midterm exam is eligible to be addressed.

A student who does not write the midterm exam will automatically receive a grade of zero unless this is due to a **medical** reason or an **emergency** with the appropriate **documentation**. Please refer to the following Deferred Examinations Policy for detailed information about the makeup midterm exam.

Final Exam:

(around 45 questions, 3 hours) will be a comprehensive test, covering material from the entire course. More information about the final exam will be provided in class as the term progresses.

Class-attendance:

There will be 10 checks on class attendance. These checks will be conducted at the end of lectures. Students are required to personally sign the attendance sheet before leaving the classroom. Partial marks will also be awarded based on the number of checks passed.

To ensure fairness and discourage students from arriving late merely to sign the attendance sheet, participation in class activities or discussions will be monitored alongside attendance. Students who arrive late and fail to meaningfully engage in the lecture may not receive full attendance credit. This policy is intended to promote active participation and maintain the integrity of the attendance check process.

Midterm Feedback Survey:

The Midterm Feedback Survey is an opportunity for you to share your thoughts on the course so far. Your feedback will help me understand what's working well and what can be improved. By completing the survey, you will earn 2% of your total course grade. Your input is valuable and will contribute to making the rest of the course as effective and engaging as possible. Details will be disclosed in class.

Deferred Examinations Policy

If you wish to defer a **Formal Final Exam**, you – the student – must reach out to the registrar's office with the proper documentation prior to the deadline (please refer to <https://carleton.ca/registrar/deferral/> for dates). Once the request has been put through, your instructor will be notified for their approval. Your final exam will be formally scheduled. If you miss the deadline for applying for a deferral, please reach out to your instructor personally to discuss.

Deferred Midterm Dates:

Section B	Section C	Section E
Feb. 24	Feb.24	Feb.24

The ONLY date for a deferred midterm will be held on the dates listed above at 7:15 am in NI 4030. No other deferral options will be considered.

If you miss the deferred midterm, the weighting will automatically be transferred to the final exam. Please note that this can make the final exam much more challenging and significantly impact your chances of success or failure. We strongly encourage you to prioritize attending the midterm to give yourself the best opportunity to succeed in the course.

The Class Discussion Board on Brightspace

The discussion board is an essential part of our class where we can all engage in meaningful conversations, ask questions, share insights, and help each other understand the course material better. The guidelines on how to use this space effectively will be disclosed in class.

Email Response Policy

We will do our best to respond to emails sent during business hours (9am-5pm) on the same day. If you email us after hours, We'll reply on the next business day. Please include the course number & Section in the subject line. For example: "BUSI 2501 Section B - Question on xxx". Please post course-related questions on the Class Discussion Board.

Student Responsibilities:

- Skim each chapter listed in the Course Schedule (see below) in advance
- Take notes during lectures
- Read each chapter listed in the Course Schedule (see below) after each lecture
- Review the lecture slides after each lecture
- Work on the Problem List (see below) before tutorials
- Participate in the Class Discussion Board
- Participate in polls (if any)
- Attend tutorials to see how the problems identified in bold can be solved and to ask questions about other problems or other course materials
- Reflect on course concepts outside of class. For example, when reading the newspaper or watching the news, question if what you see or hear aligns with what you've learned

For many students, this course can be challenging. Part of this difficulty arises from new and (sometimes) counterintuitive subject matter, but the biggest challenge often comes from not dedicating enough time and effort to engage with the material. **To succeed in this course, you will need to consistently spend 5-7 hours each week reviewing course materials, working on problem sets, and attending weekly tutorials to ask questions, in addition to attending every lecture.** It is absolutely **essential** that you keep up with the assigned readings and end-of-chapter problems.

The whole teaching team is here to enthusiastically answer any and all of your questions in a timely manner. Don't hesitate to ask for clarification. Remember: **the only way to learn finance is to do finance. And studying now is better than leaving the examination room wishing you studied more.**

Problem List:

Chapter 2: 8, 9, 10, 11, 12, **22, 30**, 31

Chapter 5: 2, 3, 4, 5, **8, 9, 13**, 17, **19, 20**

Chapter 6: 6, 7, **8**, 11, **15**, 16, **21**, 25, 26, **44, 49**, 55

Chapter 7: **3**, 5, 6, **7, 8**, 19, 20, **23**

Chapter 8: **4**, 5, 7, **8, 9**, 10, **13, 16**, 21

Chapter 9: 1, 3, **4, 7**, 8, **9**, 14, 15, **17**

Chapter 10: 3, **5**, 11, **13**, 14, **16**

Chapter 12: **1**, 2, **3, 7**

Chapter 13: 1, 2, **3, 7**, 8, **9**, 11, **12, 13, 14**, 16, **17**, 25

Chapter 14: 3, 7, 8, 9, **10, 15, 16, 19**

Important: You are expected to solve all suggested questions before attending tutorials. During the tutorial, TAs will first explain the bold questions and then address any individual questions if time permits.

Note: The **required textbook** for this course is: *Fundamentals of Corporate Finance* by Stephen A. Ross, Randolph W. Westerfield, Bradford D. Jordan, J. Ari Pandes, Thomas Holloway, **11th Canadian Edition**, McGraw-Hill, Ryerson, 2022.

We recommend purchasing the 11th edition to ensure access to updated content and aligned practice questions.

To help students reduce costs, we've noted the differences between the 10th (the most recent older version) and 11th editions for the Problem List (End-of-Chapter Questions). The differences are limited to Chapter 8:

Chapter 8: 4, 5, 7, 8, 9, 10, 13 (12), 16 (15), 21 (20)

The numbers in parentheses indicate the corresponding questions in the 10th edition. Students using the 10th edition or other editions must cross-check questions/contents themselves.

Course Schedule

Section B: Thursdays, 8:35 AM to 11:25 AM

Date	Topics	Chapters
Jan.09	Overview of Corporate Finance	1
Jan.16	Time Value of Money Discounted Cash Flow Valuation	5, 6
Jan.23	Discounted Cash Flow Valuation (Continued)	6
Jan.30	Interest Rates and Bond Valuation	7 (excl. 7A)
Feb.06	Stock Valuation Lessons from Capital Market History	8
Feb.13	Midterm Exam	
	Winter break (No Lectures)	
Feb.27	Net Present Valuation and Other Investment Criteria	9
Mar.06	Cash Flows and Capital Cost Allowance Capital Budgeting	2, 10
Mar.13	Cash Flows and Capital Cost Allowance Capital Budgeting (Continued)	2, 10
Mar.20	Return, Risk, and the Security Market Line	12, 13
Mar.27	Return, Risk, and the Security Market Line (Continued)	13
Apr.03	Cost of Capital	14

Please note that the course schedule may be amended during the term depending on whether topics take more or less time to cover than planned.

Section C: Tuesdays, 11:35 AM to 2:25 PM

Date	Topics	Chapters
Jan.07	Overview of Corporate Finance	1
Jan.14	Time Value of Money Discounted Cash Flow Valuation	5, 6
Jan.21	Discounted Cash Flow Valuation (Continued)	6
Jan.28	Interest Rates and Bond Valuation	7 (excl. 7A)
Feb.04	Stock Valuation Lessons from Capital Market History	8
Feb.11	Midterm Exam	
	Winter break (No Lectures)	
Feb.25	Net Present Valuation and Other Investment Criteria	9
Mar.04	Cash Flows and Capital Cost Allowance Capital Budgeting	2, 10
Mar.11	Cash Flows and Capital Cost Allowance Capital Budgeting (Continued)	2, 10
Mar.18	Return, Risk, and the Security Market Line	12, 13
Mar.25	Return, Risk, and the Security Market Line (Continued)	13
Apr.01	Cost of Capital	14

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Section D: Wednesdays, 11:35 AM to 2:25 PM

Date	Topics	Chapters
Jan.08	Overview of Corporate Finance	1
Jan.15	Time Value of Money Discounted Cash Flow Valuation	5, 6
Jan.22	Discounted Cash Flow Valuation (Continued)	6
Jan.29	Interest Rates and Bond Valuation	7 (excl. 7A)
Feb.05	Stock Valuation Lessons from Capital Market History	8
Feb.12	Midterm Exam	
	Winter break (No Lectures)	
Feb.26	Net Present Valuation and Other Investment Criteria	9
Mar.05	Cash Flows and Capital Cost Allowance Capital Budgeting	2, 10
Mar.12	Cash Flows and Capital Cost Allowance Capital Budgeting (Continued)	2, 10
Mar.19	Return, Risk, and the Security Market Line	12, 13
Mar.26	Return, Risk, and the Security Market Line (Continued)	13
Apr.02	Cost of Capital	14

Please note that the course schedule may be amended during the term depending on whether topics take more or less time to cover than planned.

Section E: Fridays, 11:35 AM to 2:25 PM

Date	Topics	Chapters
Jan.10	Overview of Corporate Finance	1
Jan.17	Time Value of Money Discounted Cash Flow Valuation	5, 6
Jan.24	Discounted Cash Flow Valuation (Continued)	6
Jan.31	Interest Rates and Bond Valuation	7 (excl. 7A)
Feb.07	Stock Valuation Lessons from Capital Market History	8
Feb.14	Midterm Exam	
	Winter break (No Lectures)	
Feb.28	Net Present Valuation and Other Investment Criteria	9
Mar.07	Cash Flows and Capital Cost Allowance Capital Budgeting	2, 10
Mar.14	Cash Flows and Capital Cost Allowance Capital Budgeting (Continued)	2, 10
Mar.21	Return, Risk, and the Security Market Line	12, 13
Mar.28	Return, Risk, and the Security Market Line (Continued)	13
Apr.04	Cost of Capital	14

Please note that the course schedule may be amended during the term depending on whether topics take more or less time to cover than planned.

Tutorial Schedule

Date	Tutorial
Jan 13/14	No
20/21	Chapter 5: 2, 3, 4, 5, <u>8, 9, 13</u> , 17, <u>19, 20</u>
27/28	Chapter 6: 6, 7, <u>8</u> , 11, <u>15</u> , 16, <u>21</u> , 25, 26, <u>44, 49</u> , 55
Feb 3/4	Chapter 7: <u>3</u> , 5, 6, <u>7, 8</u> , 19, 20, <u>23</u>
10/11	Chapter 8: <u>4</u> , 5, 7, <u>8, 9</u> , 10, <u>13, 16</u> , 21
17/18	No (Statutory holiday. University closed.)
Winter Break	
24/25	Chapter 9: 1, 3, <u>4, 7</u> , 8, <u>9</u> , 14, 15, <u>17</u>
Mar 3/4	Chapter 2: 8, 9, 10, 11, 12, <u>22, 30</u> , 31
10/11	Chapter 10: 3, <u>5</u> , 11, <u>13</u> , 14, <u>16</u>
17/18	Chapter 12: <u>1</u> , 2, <u>3, 7</u> Chapter 13: 1, 2, <u>3, 7</u> , 8, <u>9</u> , 11, <u>12, 13, 14</u> , 16, <u>17</u> , 25
24/25	Chapter 13: 1, 2, <u>3, 7</u> , 8, <u>9</u> , 11, <u>12, 13, 14</u> , 16, <u>17</u> , 25 (Continued)
Mar 31/Apr 1	Chapter 14: 3, 7, 8, 9, <u>10, 15, 16, 19</u>

Please note that the tutorial schedule may be amended during the term depending on whether topics take more or less time to cover than planned.

Contribution to Learning Goals of the Program ([BCom](#), [BIB](#)):

Program Learning Goal	Competencies Not Covered	Competencies Introduced (only)	Competencies Taught But Not Assessed	Competencies Taught and Assessed
CHECK (X) ONE PER ROW				
BC1 Knowledge <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>				X
BC2 Collaboration <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>		X		
BC3 Critical Thinking <i>Graduates will be discerning critical thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i>				X
BC4 Communication <i>Graduates will be effective and persuasive in their communications.</i>		X		
BI5 Global Awareness (BIB ONLY) <i>Graduates will be globally-minded.</i>				X

ADDITIONAL INFORMATION

Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments, and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

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, followership, 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.

Grading

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodation

Carleton is committed to providing academic accessibility for all individuals. You may need special arrangements to meet your academic obligations during the term. The accommodation request processes,

including information about the *Academic Consideration Policy for Students in Medical and Other Extenuating Circumstances*, are outlined on the Academic Accommodations website (students.carleton.ca/course-outline).

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy Accommodation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC 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 your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. **For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>.

Sprott Student Services

The Sprott Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at bcom@sprott.carleton.ca or at bib@sprott.carleton.ca.

Centre for Student Academic Support

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: carleton.ca/csas.

Important Information:

- Students must always retain a copy of all work that is submitted.
 - All final grades are subject to the Dean’s approval.
 - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://carleton.ca/its/get-started/new-students-2/>
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