



## BUSI 3500

### Applied Corporate Finance

FALL 2025

<b>Instructor</b>	Dr. Shi Li, PhD
<b>Email Address</b>	Shi.Li@carleton.ca
<b>Class Times</b>	Section A: Friday 2:35 pm - 5:25 pm Section B: Friday 8:35 am - 11:25 am
<b>Modality</b>	In person
<b>Office Hours</b>	TBD
<b>Office Location</b>	6033 NI
<b>TA Name/Email</b>	TBD

#### Pre-Requisites & Preclusions:

Prerequisites: BUSI 2501 or BUSI 2505 (with a grade of C+ or higher in each), and STAT 2601 or STAT 2559, and ECON 1001 and ECON 1002, and MATH 1009 or MATH 1052 (with a grade of C- or higher in each).

Preclusions: this course precludes additional credit for ECON 4052.

#### Course Description/Instructor's Statement

##### Carleton Calendar Description

An examination of the major issues in corporate finance and applied financial management. Topics include: introduction to portfolio theory, the capital asset pricing model, cost of capital, capital structure and dividend policy, lease financing, capital budgeting under uncertainty, mergers and consolidations.

##### Instructor's Description:

This course focuses on applying the finance tools learned in BUSI 2504 and BUSI 2505 to business decisions. Topics to be discussed will include issues relating to risk and return, cost of capital, capital budgeting, capital structure, payout policy, and firm valuation. Material will be covered in more depth than in earlier courses. The course will use lectures, complemented by cases as a means of enriching student understanding of the important concepts and practices of corporate finance.

##### Course Learning Objectives:

1. Identify and discuss corporate governance issues affecting corporations
2. Explain the trade-off between risk and return, and compare the perspective of a firm making project decisions to that of outside investors evaluating the firm

3. Analyze long-term investment, financing and payout decisions of a corporation and be able to identify and discuss the theory and practice of Cost of capital, Capital structure, and Dividend policy
4. Value a firm using different valuation approaches

<b>Required/Optional Materials &amp; Prices</b>
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**Applied Corporate Finance**

- Aswath Damodaran; 4<sup>th</sup> Edition; Wiley; 2014
- \$240
- Hard-Copy
- **ISBN-10:** 1118808932; **ISBN-13:** 978-1118808931
- Used copies are permitted

*Students are not required to purchase textbooks or other learning materials for this course.*

Please purchase the textbook(s) from the campus bookstore in Nideyinàn (formerly the University Centre) or through the bookstore website: <https://carleton.ca/campus-services/the-bookstore/>.

<b>Grading Scheme</b>
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Participation Quizzes (8)	5%
Live Case (Company Profile) Study	30%
<ul style="list-style-type: none"> <li>• Final Report Presentation (5%)</li> <li>• Weekly Updates on Progress (10%)</li> <li>• Final Report (15%)</li> </ul>	10% (5% for each quiz)
Quizzes (2)	
Midterm Exam	25%
Final Exam	30%
<b>TOTAL</b>	<b>100%</b>

<b>Important Dates to Note</b>
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1 <sup>st</sup> Quiz	October 3 <sup>rd</sup>
Midterm Exam	October 17 <sup>th</sup>
2 <sup>nd</sup> Quiz	November 21 <sup>st</sup>
Live Case (Company Profile) Study	December 5 <sup>th</sup>
Final Exam	TBD

University Academic Calendar: <https://calendar.carleton.ca/academicyear/>

<b>Policies &amp; Accommodations</b>
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<https://students.carleton.ca/course-outline/>

<https://carleton.ca/pmc/current-students/academic-accommodations/>



**Stay updated with important notifications and announcements from Carleton University, by downloading the Carleton University App!**

**NB: Successful completion of the course requires a pass (at least 50%) of the final examination mark.**

### **Missing Tests/Deadlines**

The only valid excuse for missing a test, including the midterm test, or a deadline is for medical reasons or death in the family and must be documented with a medical certificate. Any other reason (such as travel, etc...) will not be considered. If you miss the midterm tests or a deadline for a reason that is not deemed as legitimate, your mark will be zero.

### **Live case (Company Profile) study (30% of Final Grade) (Group work):**

This is a group work; therefore, you should form your group on the first day of class. Each group will have 5 members. You are responsible for choosing your teammates. One of the group members should email your group list to the instructor soon after the first class.

Throughout the semester, each student will work in a group to investigate the financial aspects of a Canadian or U.S. company listed on the Toronto Stock Exchange or the NYSE/NASDAQ. Select your company after the first class and email it to the instructor. The goal of this exercise is to provide you with an opportunity to apply the concepts that will be discussed in class to a real company and to evaluate whether the company is maximizing value for its shareholders and, in the end, whether the firm is underpriced or overpriced in the marketplace. Details of this assignment are provided in a separate handout available on Brightspace. Also, an example of a live case study is available on Brightspace for your perusal. Good sources of information include [www.sedar.com](http://www.sedar.com), [www.tmx.com](http://www.tmx.com) (for TSX listed companies) and

<https://www.sec.gov/edgar/searchedgar/companysearch.html> (for U.S. companies).

A printed copy of this assignment should be submitted to me at the beginning of the last class. An electronic (Microsoft Word) copy should be uploaded to Brightspace before the start of the last class. The write-up will be word processed 12-font, double spaced and professionally written with a maximum length of 25 pages (excluding appendices). The first page of your report will consist of an executive summary of the group's analysis and recommendations. The subsequent pages will document the analysis and reasoning. Numerical analyses that are referred to in the write-up should be provided as appendices. Reminder: **Retain an electronic copy of all work submitted through BrightSpace.**

This assignment will be broken-down into weekly tasks with weekly due dates. Details of this assignment and due dates will be provided in a separate handout available on BrightSpace. Also, an example of a live case study is available on BrightSpace for your perusal. Sedar.com is a good source of information on companies listed on the Toronto Stock Exchange. The final report of the live case study is to be submitted using the appropriate Dropbox on BrightSpace.

**Live Case Study Presentation:** In addition to the live case study report, each group will prepare a 20-min presentation of the live case study. This presentation needs to be prerecorded and shared with the rest of the class via BrightSpace before the last class (before the beginning of the class). Each group member needs to be actively involved in this work and present part of the material. Business attire is expected. The following sections need to be covered in your presentation: A brief presentation of the firm, its corporate governance, its main business & main projects and the industry it operates in - A presentation of firm valuation: methods used, assumptions made, is the firm currently over-valued/undervalued? Why? What strategy do you suggest to take advantage of any misvaluation? -A presentation of the capital structure choices of the firm. Is the capital structure optimal? Why or why not? How to reach the optimal capital structure? - A presentation of the payout policy. How is the firm returning cash to its owners? Do you agree with the current payout policy? Why or why not? How would you recommend the firm returns cash to its owners?

**Peer Evaluation:** The purpose of the peer evaluation is to provide feedback to the instructor regarding the contribution to the group projects of individual group members. For whatever reason, some members of the group may not contribute as much as everyone else. To ensure that each member of the group gets the correct credit for his/her work, each student should submit, either by email or by hard copy (with your name and signature), the rating of the members of your group on the day the particular group work is due. The marks for each individual will be averaged to get the weighting for evaluating the group work. Each group is allocated a total of 100 points to be distributed amongst the group members. Based on your estimation of the contribution of each member of the group, distribute the points among your team mates, including yourself (The total should be 100). For example, if your group consists of four individuals and if each contributed equally, each member (including yourself) should be allocated 25 of the 100 points. If I do not receive this form from an individual student, I will assume that the student has chosen to distribute the points equally amongst the group members.

**Quizzes (2 quizzes) (10% of Final Grade: 5% for each Quiz)** To encourage you to keep up with the course material and to measure your understanding of the material, I will administer 2 in-class quizzes. Each quiz will be 20 to 30 minutes in duration and will consist of multiple-choice questions. Quiz 1 will test you on material covered in Lectures 1 – 4 and Quiz 2 will test you on material covered in the 4 lectures on Valuation and Optimal Capital Structure. **Note that there will be no make-up quizzes.**

**Participation Quizzes (best 5 out of 8 quizzes):** To help you keep up with the class material and encourage you to go over the lectures in a consistent and timely manner, 8 participation quizzes (during the 8 weeks when there is no regular Quizzes (October 3 & November 21) and Midterm Exam (October 17)) will be administered. These are short quizzes (multiple choice questions) that will test your understanding of the material covered in that week's lecture. Each weekly quiz will be available on BrightSpace immediately after that week's class and you will have 5 days to work on the quiz. After then, the quiz will disappear, and you will not be able to work on it. **There will be no make-up quizzes.** Your score will be determined by the best 5 out of the 8 quizzes. Each quiz is worth 1% for a total of 5% (best 5 out of the 8 quizzes).

## Midterm and Final Exam

Both the midterm and final exam will be conducted online (Brightspace) using the Carleton University e-proctoring system (CoMaS). These exams will be conducted in person but will still use this system as you will be writing using your laptops. Details about this system and your requirements will be laid out well before the exams so that you are ready. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

The minimum computing requirements for e-proctoring service are as follows:

- Hardware: Laptop
- OS: Windows 10, Mac OS 10.14, Linux Ubuntu 18.04
- Internet Browser: Google Chrome, Mozilla Firefox, Apple Safari, or Microsoft Edge

Note: Chromebooks, tablets (Android, iOS, Windows), and smartphones are not supported by CoMaS at this time. You must complete your exams using Windows-based or MacOS computers.

### 1. Midterm Exam (20% of Final Grade)

The midterm test will be held in the week shown in the class schedule. For this test, you will be required to know the materials that will be covered in the first four weeks (chapters 1-6 of the textbook). The midterm exam will be a mix of multiple-choice questions and numerical problems and will test you both on the theory and the application of corporate finance. Make sure you are available to write the midterm exam as scheduled. Practice midterm exam questions will be posted to BrightSpace.

**2. Final Exam (40% of Final Grade):** The final examination will test your understanding of the concepts covered in both the lecture and case components of the course. It will be held during the final examination period. The exam format will be explained during the last week of class. Given the nature of this examination, the only valid excuse for missing the exam is one of a medical nature and must be documented by a medical certificate. If the exam is missed for medical reasons, students will have to apply for a deferred examination. Practice questions that will be posted in Brightspace will help you prepare for the exams.

The date and location of the final exam will be announced through the University's normal procedures for such matters. Be sure that you are available for the final exam. **Allowance will not be made for conflicting travel plans.**

Only financial and non-programable calculators can be used in the examination. Recommended financial calculators include: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Sharp EL-738C & Hewlett Packard HP 10bII. Note for those who are planning to write the Chartered Financial Analysis (CFA) only Texas Instruments BA II Plus (including BA II Plus Professional) and the Hewlett Packard 12C (including the HP 12C Platinum, 12C Platinum 25th anniversary edition, 12C 30th anniversary edition, and HP 12C Prestige) are allowed (<https://www.cfainstitute.org/about/governance/policies/cfa-calculatorpolicy>)

## **NOTE:**

1. The final exam will be comprehensive, covering material from the **entire course, including material before the Midterm Test**. If you are awarded less than 50% on the final exam, you will receive an “F”, regardless of your total mark in the course.
2. 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 term performance is an overall mark of 50% or better on the assignments, midterm test and quizzes. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

## **Late Assignments:**

Assignments submitted past the due date will receive a penalty of 5% per day. Assignments that are not submitted after 10 days past the due date will receive a grade of 0. Exceptions to this include verifiable illness and emergencies, only when communicated directly to me within three (3) business day following the due date.

## **Deferred Examinations/Assignments:**

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.

In the event that you are unable to write a midterm due to extenuating circumstances (such as a death in the family, illness, etc.), you must provide appropriate supporting documentation to your professor. Upon review, a deferred test may be offered. Please note that students who do not provide valid documentation or fail to offer a reasonable explanation for missing an assessment will receive a grade of 0% for that test.

**The deferral will be held ONLY on Monday, October 27 at 7:15am.**

## **Preparation and Participation:**

What is expected of you

1. Attend all lectures. The topics that will be covered in this course are cumulative. Missing a lecture could adversely affect your understanding of subsequent materials.
2. Individually read and prepare the assigned case. Then meet with your group to discuss each other’s ideas and analyses.
3. Read and prepare the assigned case and be prepared to participate in the discussion. Much of the learning from cases comes through participation and discussion, including discussion within your group before class.
4. Assemble a group and pick your company for the Live Case Study as soon as possible. You should pick a company that has good disclosure and research coverage. To be able to do a good analysis, you should start sooner rather than later. It is recommended that you work on the tasks for each chapter immediately after the chapter is covered in class.
5. Read the relevant chapters of the textbook before each lecture.
6. Attempt the assigned practice questions. You may browse the Applied Corporate Finance

Website and try some of the chapter questions.

7. Read the business section of at least one major newspaper (e.g., The Globe & Mail, Report on Business or The National Post (Daily), and The Wall Street Journal) to keep up with the latest developments in the Finance community.
8. Write all quizzes and exams. Participate actively in your group work and in class.

### Course Schedule

Week #	Week of	Topic	Readings: Damodaran (D)
1	Sep. 5	Introduction: the objective of corporate finance decisions and Governance issues.	D1, D2
2	12	Risk measurement and determination of cost of capital in practice I	D3, D4
3	19	Risk measurement and determination of cost of capital in practice II	D3, D4
4	26	Practical issues in capital budgeting I	D5, D6
5	Oct. 3	Practical issues in capital budgeting II <b>Quiz #1</b>	D5, D6
6	10	Valuation I	D12
7	17	<b>Midterm Exam</b>	
8	<b>Fall Break</b>		
9	31	Valuation II	D12
10	Nov. 7	Determining Optimal Capital structure in practice I	D7, D8
11	14	Determining Optimal Capital structure in practice II	D8, D9
12	21	Dividend policy <b>Quiz #2</b>	D10, D11
13	28	Introduction to Mergers and Acquisitions, time permitting OR Review Session	
14	Dec. 5	No formal class <ul style="list-style-type: none"> <li>● The recorded presentation of the live case study is due at the beginning of the class time,</li> <li>● Final draft Live case (Company Profile) study due date (midnight)</li> </ul>	

**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
<b>BC1 Knowledge</b> <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>				✓
<b>BC2 Collaboration</b> <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>				✓
<b>BC3 Critical Thinking</b> <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>				✓
<b>BC4 Communication</b> <i>Graduates will be effective and persuasive in their communications.</i>				✓
<b>BI5 Global Awareness (BIB ONLY)</b> <i>Graduates will be globally-minded.</i>	✓			



## 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](http://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](https://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](https://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](mailto: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](https://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](https://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](https://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](mailto:bcom@sprott.carleton.ca) or at [bib@sprott.carleton.ca](mailto: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](http://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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