



**BUSI 2503
INTRODUCTION TO FINANCE
COURSE OUTLINE
WINTER 2019**

Instructor: Professor Isaac Otchere
Email: isaac.otchere@carleton.ca:

Office: DT 1712
Phone: (613) 520-2600 Ext. 2731

Course Schedule & location
Office Hours:

Online
by appointment: Tuesday 3.30pm-5.00pm

Course Description
BUSI 2503 [0.5 credit]
Introduction to Finance

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

Precludes additional credit for [BUSI 2504](#) and [ECON 3050](#). No credit for students in B.Com., BIB.

Prerequisite(s): second-year standing.

Purpose of the Course

The primary goal of this introductory finance course is to provide students with an integrated framework to analyze individual and corporate investments and financing decisions. It also provides an introduction to and applications of the standard techniques in business finance. Students will be introduced to the notion of both time and risk and how they affect the valuation of financial securities including bonds, stocks and real assets or investments projects undertaking by corporations. This course, which serves as the foundation for more advanced finance courses, will enable student to gain a good understanding of financial markets.

Learning Objectives for the Course

Upon completing this course, students will be able to:

1. Recognize and apply the main ways of measuring the time value of money.
2. Apply financial skills to solve real life problems.
3. Evaluate borrowing and investment alternatives.
4. Develop a rational approach to financial decision making and planning.
5. Use asset pricing models to determine the price of securities.
6. Explain the risk and return relationship and its use in valuation.

Course teaching approach

In this online course, the learning largely occurs at home or wherever you feel comfortable reading, viewing lecture videos, studying and working with the online course material. There are weekly lectures (lecture videos and powerpoint slides), practice problems. The practice problems will provide a good opportunity to review and practice the material. The following order is recommended:

- Reading for the week (relevant text book chapter)
- Lecture - powerpoint slides and videos
- Practice Problems
- Quiz

Required Text and Materials

Booth, Cleary, Rakita, Introduction to Corporate Finance, 4th edition, John Wiley & Sons, 2016.

GRADE COMPONENTS

Component	% of Grade	Due date	Duration
Quizzes (best 4 quizzes)	20%	weekly	30 mins each
1 Assignment	15%	Feb 15	Takehome
Mid-Term Exam	25%	Mar 1	(6pm)90 mins
Final Exam	<u>40%</u>	TBA	180
Total	<u>100%</u>		

(1) Class preparation– You are expected to have covered the readings before class. After class, you should re-read the chapter to gain further understanding of the material.

(2) Practice Problems – Finance cannot be learned without solving problems. To ensure that you understand the material, weekly practice problems will be given. These problems will NOT be graded. However, it is strongly recommended that you solve the assigned problems as they will help you prepare for the quizzes and exams. Working in groups to solve the practice problems is encouraged.

(3) Assignments – There will be one assignment. You may do the assignment in groups (max 3) or individually. The assignments will test topics covered in class but will also require you to extend and apply ideas beyond sample problems. Late assignments will lose a certain percentage of the marks (depending on how late it is), so check the instructions carefully to see the different levels of deductions when an assignment is submitted late. Further details of the assignments will be provided in due course.

(4) Quizzes – There will be 11 weekly quizzes (one quiz per lecture) of which you are expected to write at least 4 of them. You can choose to do more than 4 quizzes, but your best 4 quizzes will be used to determine your grade. **The goal of the quizzes is to measure your understanding of the material covered in class but will also require you to extend and apply ideas beyond sample problems.** The quizzes will consist of 10-15 multiple choice questions and 30 minutes long. They have to be written by Sunday, the beginning of the week following the discussion of the topic. There will be no make-up quiz, so if by the end of the semester you have missed any of the 4 quizzes, you will lose the marks for that quiz. The quiz questions are algorithmic, each time a question is generated on a particular concept, it will have different numbers.

(5) Midterm and Final Exam – The mid-term test and the final exam will cover both theory and application of the topics covered in the course. The mid-term test and final examination are closed-book exams. Both midterm test and the final exam will consist of multiple choice and short essay/problem type questions. The date for the mid-term test is shown in the schedule on the next page; the date for the final exam will be posted by the University later in the semester. **Please do not make any travel arrangements around the time of the mid term test, as no request for writing the test either before or after the scheduled date will be accommodated.**

Exam Attendance

If a student is unable to write the mid-term test due to a medical or family emergency ONLY, the student will have another opportunity to write the missed midterm in the following week or the marks for the mid-term test will be allocated to the final exam. Medical documentation is required in these medical or family emergency cases. If a student is unable to write the final exam, the person 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 examination will NOT be granted to students who make travel plans that conflict with the mid term test or final examination.

Course Schedule (tentative and subject to change)

Lecture/Week beg - end	Topic	Chapter
L1/Jan 6-12	The Financial Environment: Introduction to Financial Management: Goals of the corporation and agency conflict	1&2
L2/ Jan 13-19	Financial Analysis Tools: Financial Statement Analysis	4
L3/ Jan 20-26	Time Value of Money	5
L4/ Jan 27-Feb 2	Bond Valuation and Interest Rates	6
L5/Feb 3-9	Equity Valuation	7
L6/ Feb 10-16	NPV and Other Investment Criteria (Assignment due by Friday Feb. 15)	13
Feb 17-23	Winter Break	
7/Feb 24-Mar 2	Prepare for the mid-term test:	
March 1	MIDTERM Friday: 6.00pm-7.30pm	
L8/Mar 3-9	Return, Risk, and Portfolio Theory	8
L9/Mar 10-16	Capital Market Efficiency	10
L10/Mar 17-23	Cost of Capital Estimation	20
L11/Mar 24-30	Working Capital Management: General Issues	23
L12/Mar 31-6 April	Working Capital Management: current assets and current liabilities	24
13 April 7-9	Revision	

How to study Finance online

Finance is a problem-based course that will require you to both understand the economic intuition of financial concepts and to perform mathematical calculation. The bulk of the learning occurs while you work on problems. To do well in this online course, it is recommended that at the beginning of each week and each chapter, you should read each of the learning objectives and the accompanying text read the text, taking note of the big ideas in each objective. You should go through each of the examples provided in the PowerPoint and watch the appropriate videos if you do not understand any part of the material presented in that chapter. After you have finished reading each section you should attempt some practice questions for that learning objective (in the practice questions folder). If you get stuck, refer to the relevant section of the text for help. You might find a similar worked examples on the concept. As mentioned above, the bulk of the learning occurs while you work on problems. Studies have shown that students' performance in introductory finance course improves significantly with the number of questions attempted and completed correctly. It is therefore important that you attempt as many of the practice problems in WileyPlus as possible.

I strongly recommend that when working on the practice problems you DO NOT LOOK at the solutions until you have solved the problems and have obtained your answer. Taking a peak at the answers while you are solving them will create the illusions that you are learning when indeed not much learning will be occurring.

Study Groups and Group work

As part of the strategies for learning finance, and to get the most out of this online course, you are strongly encouraged to form study groups (of two to four people). It is a good practice that each member of the group attempt the problems individually before you meet to discuss them, and use the group forum to seek help and

clarification on specific problems. It has been shown that students often receive very good explanations from fellow group members who just learned a concept themselves and the process of helping others also strengthens their own understanding of the material.

Academic Help

Students who need help with the course content can get assistance in three different ways: 1) send an email to the TA (his/her email will be provided in due course) or the instructor; 2) use the discussion board to ask questions, and 3) Drop-in TA support will be offered occasionally during the mid term and final exam periods. The schedule will be made available on CuLearn.

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, 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.

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

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

Pregnancy 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

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 is 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. 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. 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 student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you are having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/learning-support/>

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 hard 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
<http://carleton.ca/ccs/students/>
