



**BUSI 2504 EF  
Business Finance I  
Winter 2014**

<b>Section</b>	<b>Class Time</b>	<b>Room</b>
E	Friday 8:35AM-11:25PM	TB 342
F	Thursday 11:35AM-2:25PM	TB 342

**Instructor:** Dr. Yuriy Zabolotnyuk, CFA, FRM  
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**Office Hours:** TBA

***Prerequisites***

ECON 1000 or ECOR 3800, BUSI 1005 or BUSI 1002 and registration in B. Comm, BIB or BA Honours Economics, Concentration in Financial Economics. **The School of Business enforces all prerequisites.**

**This course is a prerequisite to**

1. BUSI 3600 (with a grade of C- or higher)
2. BUSI 4000 (with a grade of C- or higher)
3. BUSI 4609 (with a grade of D- or higher)
4. BUSI 2002 (with a grade of C or higher)
5. BUSI 2505 (with a grade of C or higher)

***Course Description***

Business finance is a study of the ways in which the modern corporation manages money (or capital) to create value for the firm. This introductory course in business finance will give you a basic understanding of financial decision-making within a corporation. The basic issues include: corporate sources of funding – long-term and short-term financing, cost of capital, and capital budgeting/corporate investment. To assist you in making proper financial decisions on the above issues, this course will focus on the basic theory of finance such as time value of money, market efficiency, risk-return relationship, valuation of claims to future cash flows, project selection and quantitative analysis of company performance.

### ***Purpose of the Course***

The primary goal of this course is to provide an integrated overview of the most important issues in business finance from the viewpoint of the corporate manager. It also provides an introduction to and applications of the standard techniques in business finance. Finally, it serves as the foundation for more advanced finance courses. Since teamwork is a common phenomenon in modern business organizations, students are also encouraged to work and study in groups throughout the course. On successful completion of this course, students are expected to understand what is driving basic financial choices in a company. The benefits to the students are:

- they will be able to analyze and select the best financial choices for the company;
- they will learn the principles of finance underlying the financial manager's role;
- they will develop their communication, analytical and presentation skills by working in a team.

### ***Learning Objectives for the Course***

Upon completing this course, students will be expected to meet the following learning objectives:

1. Recognize and apply the main ways of measuring the time value of money.
2. Evaluate borrowing and investment alternatives.
3. Develop analytical skills in the structuring and analyzing of corporate financial problems.
4. Develop a rational approach to financial decision making and planning.
5. Use pricing models to price securities in the market.
6. Understand the risk/return relationship and its use in valuation.
7. Demonstrate skills in communicating the analysis of financial decisions

### ***Class Format***

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

### ***Required Text***

Ross, Westerfield, Jordan, and Roberts, *Fundamentals of Corporate Finance*, 8<sup>th</sup> Canadian edition, McGraw-Hill Ryerson, 2013

### ***Course Evaluation***

Grading Scheme

In-class quizzes (best 3 of 4)	20%
Mid-Term Exam	25-30%
Final Exam	<u>50-55%</u>
Total	100%

### ***Expectations:***

The course will require you to both understand the economic intuition of financial concepts and to perform mathematical calculation.

**(1) Reading** – You are expected to have covered the readings before class. After class, you should re-read the chapter to gain a complete understanding of the material.

**(2) 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 BAI 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.

**Satisfactory In-term Performance**

1. The criterion and the standard for Satisfactory In-term Performance are as follow:  
50% of total pre-final exam work (cumulative) marks. This includes total marks for all quizzes and midterm exam.

2. Unsatisfactory In-term Performance in this course will lead to

Failure in this course (regardless of the performance at the Final exam or final project)	<b>No</b>
FND grade in this course ( <i>in case of missed Final exam</i> )	<b>Yes</b>

*Course Schedule (tentative and subject to changes)*

<b>Date</b>	<b>Topic</b>	<b>Chapter</b>
Jan.9-10	Introduction to Financial Management	1
Jan.16-17	Time Value of Money	5
Jan.23-24	Discounted Cash Flow Valuation, <b>Quiz #1</b>	6
Jan.30-31	Interest Rates and Bond Valuation	7
Feb. 6-7	Stock Valuation, <b>Quiz #2</b>	8
<b>Feb. 13-14</b>	<b>Midterm Exam (in class)</b>	
Feb. 20-21	<u>Reading Break. No classes.</u>	
Feb. 27-28	NPV and other Investment Criteria	9
Mar. 6-7	Financial Statements, Taxes, and Cash Flows, <b>Quiz #3</b>	2, 3
Mar. 13-14	Some Lessons from Capital Market History	12
Mar. 20-21	Return, Risk, and the Security Market Line, <b>Quiz # 4</b>	13
Mar. 27-28	Cost of Capital	14
Apr. 3-4	Class Review	

***Students' Responsibilities***

Students are responsible for all readings listed on the course schedule regardless of whether or not specific mention of certain topics is made in class and regardless of whether or not topics are addressed in class. Because of time constraints, it will be impossible to cover all the chapter material in class. Class time will be spent on the most important topics and on the topics where students receive the most benefit from explanation in class.

**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 Spratt 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://www1.carleton.ca/registrar/forms/>

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	WDN = Withdrawn from the course		
ABS = Student absent from final exam			
DEF = Deferred (See above)			
FND = (Failed, no Deferred) = Student could not pass the course even with 100% on final exam			

### **Academic Regulations, Accommodations, Etc.**

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 Accommodations**

#### **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*).

- The deadlines for contacting the Paul Menton Centre regarding accommodation for final exams for the December 2013 exam period is November 8, 2013 and for the April 2014 exam period is March 7, 2014.

*For Religious Obligations:*

Students requesting academic accommodation on the basis of religious obligation 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 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.

*For 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.

**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 expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, 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 <http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.

**Assistance for Students:**

Student Academic Success Centre (SASC): [www.carleton.ca/sasc](http://www.carleton.ca/sasc)

Writing Tutorial Services: <http://www1.carleton.ca/sasc/writing-tutorial-service/>

Peer Assisted Study Sessions (PASS): [www.carleton.ca/sasc/peer-assisted-study-sessions](http://www.carleton.ca/sasc/peer-assisted-study-sessions)

**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.
  - Please note that you will be able to link your CONNECT (MyCarleton) account to other non-CONNECT accounts and receive emails from us. However, 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 CONNECT address. Therefore, it would be easier to respond to your inquiries if you would send all email from your connect account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://portal.carleton.ca/>
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