



BUSI 2504
Business Finance I
Spring 2014, Section A

Instructor	Class Time	Room
Erin Oldford	T, TH 1135am-235am	SA416

Contact Info:

Erin Oldford	1003DT	erin_oldford@carleton.ca
Office Hours:	T, TH	1030am-1130am, or by appointment

Tutorial:

Tutorial	TH 935am-1025am	Location: TBA	TA: TBA
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Prerequisites:

ECON 1000 or ECOR 3800, BUSI 1002 or BUSI 1005 and registration in B. Com, BIB or BA Honours Economics, Concentration in Financial Economics, Engineering, B.C.S. 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 analytic and problem solving skills.

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 structuring and analyzing of corporate financial problems.
4. Develop a rational approach to financial decision making and planning.
5. Use pricing models to price of securities in the market.
6. Understand the risk and 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. There are weekly tutorials that will provide another opportunity to review and practice the material.

Required Text and Materials

Text: Ross, Westerfield, Jordan, and Roberts, *Fundamentals of Corporate Finance*, 8th Canadian edition, McGraw-Hill Ryerson, 2010

Course Evaluation

Grading Scheme:

In-Class Quizzes (3)	15% (5% each)
Assignments (2)	20% (10% each)
Mid-Term Exam	25%
Final Exam	<u>40%</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.

(3) Tutorials – weekly tutorials offer a secondary venue to review and practice the material. Tutorials are not mandatory.

Notes on Assignments

There will be two individual assignments. The assignments will test topics covered in class but will encourage you to extend and apply ideas beyond sample problems.

Notes on Quizzes

Quizzes are designed to focus on material that was just covered. The goal of quizzes is to encourage you to keep up with the course material and to measure your understanding of the material. They will be approximately 15-20 minutes in length, and it will consist of multiple choice questions. At the end of the lecture preceding the week of a quiz, you will be informed of the topics that will be tested. There will be no make-up quiz.

Notes on Midterm and Final Exam

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 **Texas Instruments 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.

Exam and Quiz Attendance

If a student cannot attend the midterm exam, 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. 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.

Course Schedule (tentative and subject to changes)

Session	Date	Topic	Chapter
1	May 6	Introduction to Financial Management	1
2	May 8	Time Value of Money	5
3	May 13	Discounted Cash Flow Valuation	6
4	May 15	QUIZ #1 Interest Rates and Bond Valuation	7
5	May 20	DUE: ASSIGNMENT #1 (DCF) Stock Valuation	8
6	May 22	QUIZ #2 NPV and Other Investment Criteria	9
7	May 27	Financial Statements, Taxes, and Cash Flows	2
8	May 29	MIDTERM	
9	June 3	Working with Financial Statements	3
10	June 5	Some Lessons from Capital Market History	12
11	June 10	QUIZ #3 Return, Risk, and the Security Market Line	13
12	June 12	Cost of Capital	14
13	June 17	DUE: ASSIGNMENT #2 (WACC) International Corporate Finance	21

Students' Responsibilities

- 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.
- 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.
- Attend tutorials, read all relevant chapters of the textbook, and attempt all assigned practice questions.

Required calculator in BUSI course examinations

Only Texas Instruments BA II Plus calculators will be permitted in all Business course examinations. This calculator is available in the campus bookstore (1st floor, University Centre) and at various other off-campus retail stores.

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. If you have a group assignment you may find the resources at http://sprott.carleton.ca/academic_programs/groupwork useful. 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.

Persons with disabilities

Students with disabilities requiring academic accommodations in this course must register with the Paul Menton Centre for Students with Disabilities (PMC) for a formal evaluation of disability-related needs. Documented disabilities could include but are not limited to mobility/physical impairments, specific Learning Disabilities (LD), psychiatric/psychological disabilities, sensory disabilities, Attention Deficit Hyperactivity Disorder (ADHD), and chronic medical conditions. Registered PMC students are required to contact the PMC, 613-520-6608, every term to ensure that I receive your Letter of Accommodation, no later than two weeks before the first assignment is due or the first in-class test/midterm requiring accommodations. If you only require accommodations for your formally scheduled exam(s) in this course, please submit your request for accommodations to PMC by the deadlines published on the PMC website.

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.

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/>.

IMPORTANT DATES TO REMEMBER – Spring Term 2014

May 5, 2014

Full summer and **early** summer courses begin.

May 9, 2014

Late registration charges take effect at 12:00a.m. (midnight).

May 12, 2014

Last day for registration and course changes for **early** summer courses.

May 16, 2014

Last day for registration and course changes for **full** summer courses.

May 19, 2014

Statutory holiday, University closed. No CUOL course broadcast.

May 23, 2014

Last day for a full fee adjustment when withdrawing from **early** and **full** summer courses (financial withdrawal).

June 6, 2014

Last day to submit to the Paul Menton Centre for Students with Disabilities, formal Examination Accommodation Forms for June examinations

June 17, 2014

Last day of **early** summer classes (NOTE: Full summer classes resume July 3). Last day for

handing in term work and the last day that can be specified by a course instructor as a due date for term work for courses that end on this day.

Last day for academic withdrawal from **early** summer courses.

June 20-26, 2014

Early summer examinations may be held. It may be necessary to schedule examinations during the day for classes held in the evening and vice versa Examinations are normally held all seven days of the week.