



BUSI 2504 Business Finance I

Instructor: Erin Oldford
Section A: T, TH 1135am-235am UC180
Office Hours: T 1030am-1130am; TH 1030am-1130am in DT1009
or by appointment
Email: erin_oldford@carleton.ca
Tutorial:
Tutorial TH 935am-1025am Location: TBA
TA: TBA

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)
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Course Description

BUSI 2504 [0.5 credit]

Business Finance I

Business firms' financing, capital investment, and dividend policy decisions, cost of capital and short-term asset management problems.

Precludes additional credit for [BUSI 2503](#).

Prerequisite(s): [ECON 1000](#) or [ECOR 3800](#), [BUSI 1002](#) or [BUSI 1005](#) and registration in B.Com., B.I.B. or B.A. Honours in Economics or Applied Economics with Concentration in Financial Economics, Engineering, B.C.S.

Lectures three hours and tutorial one hour a week.

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.
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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.
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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

Ross, Westerfield, Jordan, and Roberts, Fundamentals of Corporate Finance, 8th Canadian edition, McGraw-Hill Ryerson, 2013

Course Evaluation

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) Class preparation and attendance – 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. 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. I will take attendance of students at each lecture.

(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.

(4) Assignments – There will be two assignments. The assignments will test topics covered in class but will encourage you to extend and apply ideas beyond sample problems. Assignment particulars will be presented in class. Late assignments will lose 10% of the assignment grade per day.

(5) 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. Quizzes may include any news articles assigned by the instructor. The quizzes will be approximately 15-20 minutes in length. 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 quizzes.

(6) 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 assigned readings. The mid-term test and final examination are closed-book and closed-notes. Students are allowed to bring in a **Texas Instruments 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.

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. Medical documentation is required. 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.

Course Schedule (tentative and subject to changes)

Session	Date	Topic	Chapter
1	May 5	Introduction to Financial Management	1
2	May 7	Time Value of Money	5
3	May 12	Discounted Cash Flow Valuation	6
4	May 14	QUIZ #1 Interest Rates and Bond Valuation	7
5	May 19	DUE: ASSIGNMENT #1 (DCF) Stock Valuation	8
6	May 21	QUIZ #2 NPV and Other Investment Criteria	9
7	May 26	MIDTERM	
8	May 28	Financial Statements, Taxes, and Cash Flows	2
9	June 2	Working with Financial Statements	3
10	June 4	QUIZ #3 Some Lessons from Capital Market History	12
11	June 9	Return, Risk, and the Security Market Line	13
12	June 11	DUE: ASSIGNMENT #2 (Risk & Return) Cost of Capital	14
13	June 16	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.
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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

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

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 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. The deadlines for contacting the Paul Menton Centre regarding accommodation for final exams for the June 2015 exam period is June 5, 2015 and for the August 2015 exam period is July 24, 2015.

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/>.

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’re 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 830am and 430pm. 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/support-services/>

Be in the know with what’s happening at Sprott: Follow @SprottStudents and find us on Facebook SprottStudents Sprott.

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, it would be easier to respond to your inquiries if you would send all email from your Carleton 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/>
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