



**Carleton**  
UNIVERSITY

**SPROTT**  
SCHOOL OF BUSINESS

CARLETON UNIVERSITY  
FINANCE  
**BUSI 2504 D & E**  
WINTER 2021  
BUSINESS FINANCE I

**D & E**

Instructor: Shi Li

Email: [shi.li@carleton.ca](mailto:shi.li@carleton.ca)

Office: 1708 DT

Phone: 613 520 2600 ext. 8581

**Modality:** Online (2 hrs asynchronous and 1 hr synchronous)

**Note that for each section, the first 2 hours will constitute watching a lecture video, followed by a 1-hour live discussion on Zoom. Zoom links will be posted on CuLearn.**

**The tutorials will take place synchronously on Zoom and will be run by Teaching Assistants. The TA's will go through practice problems to help you master the material.**

**Course Meets:**

Section D:	Wednesday	6:05 pm – 8:55 pm
Section E:	Friday	8:35am – 11:25 am

**Tutorials**

T01	Wednesday	10:35 am – 11:25 am
T02	Friday	4:35 pm – 5:25 pm
T03	Monday	2:35 pm – 3:25 pm
T04	Tuesday	4:35 pm – 5:25 pm

Faculty Office Hours:

TBD

TA Office Hours:

To be posted on CuLearn once TAs have been appointed

**Pre-requisites & precluded Courses:**

[ECON 1000](#) or [ECOR 3800](#), [BUSI 1005](#). Restricted to selected Sprott programs.

Precludes additional credit for BUSI 2503. **The School of Business enforces all prerequisites.**

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**Course Calendar description from the 2020/2021 University calendar:**

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

**Course Description:**

This is an introductory course in finance. It addresses topics in finance that are important for all managers in organizations to understand. In addition to informing managers generally, these topics amount to an important foundation for higher level finance courses and will be used extensively in those courses. Finally, some of the topics addressed in this course can help with personal financing and investment decisions.

**Learning Outcomes:**

It is the objective of this course to teach students:

- The principles of time value of money and how to apply them;
- The features of various kinds of financial instruments, how to value them, and how organizations can use them to raise the capital they need;
- Approaches to evaluating investment opportunities and making investment decisions;
- Measures of risk and how they are related to returns; and,
- General analytical skills in structuring and analyzing financial problems.

**Reading(s)/Textbook(s)/Required Materials:**

Ross, Westerfield, Jordan, Roberts, Pandes & Holloway *Fundamentals of Corporate Finance, 10<sup>th</sup> Canadian Edition*, McGraw-Hill Ryerson, 2019.

**Course Requirements & Methods of Evaluation (including due dates):**

	Weighting (%)
Online participation	5%
Weekly lecture reflections	5%
Term Test I	20%
Term Test II	20%
Final Exam	50%
 Total	 <b>100%</b>

**Two Term Tests** will be held during class time on weeks commencing February 8<sup>th</sup> and March 15<sup>th</sup>. Material covered up to and including the class before the term test is eligible to be addressed. A student who does not write the midterm exams will automatically receive a grade of zero unless this is due to a medical or otherwise **emergency** with the appropriate documentation. Make-up exam for students with emergencies, will take place on Monday of the subsequent week. Please note that **no other times for make-up midterm will be offered**.

**The Final Exam** will be a comprehensive test, covering material from the entire course. More information about the final exam will be provided in class as the term progresses.

The **weekly lecture reflections** are a **one-page** reflection that you submit on CuLearn before midnight on the day of the lecture. The reflection consists of a short summary of the lecture (in your own words), a reflection that demonstrates your understanding of the material, and 2 practical take-aways from the lecture (that either help you make investment decisions or enhance your understanding of financial markets). Your reflection must be based entirely on the lecture video.

The online participation grade is based on attending and contributing to the live part of the class discussion on Zoom.

## Tutorials

The tutorials are an important part of this course. They are closely integrated with the term tests and the final exam. **They will start on the week of January 25<sup>th</sup>**. Specific timing will be announced in class and on CULearn. The tutorials will address, for the most part, the problems shown in bold on the list below in the week after each Chapter is addressed in class. Students are recommended to attempt all the problems listed for each Chapter before its associated tutorial. While the tutorials will focus on the problems shown in bold, students are encouraged to use the tutorials to address any of the problems or any other issue they are having with the course material.

### Problem List

Chapter 5:	2, 3, 4, 5, <b>8, 9, 13</b> , 17, <b>19, 20</b>
Chapter 6:	6, 7, <b>8</b> , 11, <b>15</b> , 16, 21, 25, 26, <b>44, 49</b> , 55
Chapter 7:	<b>3</b> , 5, 6, <b>7, 8</b> , 19, 20, <b>23</b>
Chapter 8:	<b>4</b> , 5, 7, <b>8, 9</b> , 10, <b>12, 15</b> , 20
Chapter 9:	1, 3, <b>4, 7</b> , 8, <b>9</b> , 14, 15, <b>17</b>
Chapter 12:	<b>1, 2, 3</b> , 7
Chapter 13:	1, 2, <b>3, 7</b> , 8, <b>9, 11</b> , 12, <b>13</b> , 14, <b>16, 17</b> , 25
Chapter 14:	3, 7, 8, 9, 10, <b>15, 16</b>

## Student Responsibilities

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Students are responsible for reading each chapter listed in the course outline and knowing the material in those chapters whether specific mention of certain topics is made in class and regardless of whether topics are addressed in class. Because of time constraints, it is not possible to cover all the chapter material in class. Class time will be spent on the most important topics and on the topics from which students receive the most benefit from explanation in class.

## Doing well in this course

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1. Read the indicated chapter before class in which it is to be addressed;
  2. Do the self-test questions in the chapter immediately after you read it;
  3. Use the critical thinking questions at the end of each chapter to help you put concepts into your own words; this will help you develop a level of comfort with the material.

4. Use class time to ask questions about things that were not clear to you from reading the chapter;
5. Do the listed problems before the relevant tutorial;
6. Attend the tutorials to see how the problems identified in bold can be solved and to ask questions about issues you may have with the other problems or with other course material;
7. While solutions to the end-of-chapter problems will be provided at the beginning of the course, attempt problems before looking at their solutions; looking at the solution first leads to under-estimation of a problem's difficulty and over-estimation of your ability to solve it;
8. Experiment with examples presented in class using your calculator and spreadsheets to develop your understanding of how the calculations and solution approaches work; re-doing a class example, and re-working an example with different values can significantly improve your understanding or un-cover things you are not understanding;
9. Work at the course throughout the term, practice as you go along, and deal with things you don't understand as they arise; it is difficult to be successful with the kind of material covered in this course by cramming before the term test or exam;
10. Think about ideas addressed in the course outside of class, for example, when reading the newspaper or watching the news on television; question whether what you are seeing or hearing makes sense in light of your knowledge of the course concepts?

**Course Schedule:****Sections D**

<b>Date</b>	<b>Topics</b>	<b>Chapters</b>
Jan 13	Overview of Corporate Finance	1
20	Overview of Corporate Finance Introduction to Valuation: The Time Value of Money	1 5 (begin)
27	Time Value of Money (continued) Discounted Cash Flow Valuation	Rest of 5 6.1 – 6.3
Feb 03	Discounted Cash Flow Valuation	Rest of 6 (Excl 6A)
10	<b>Midterm Test I (Ch 1, 5, 6)</b>	
	<b>Winter Break, No Classes</b>	
24	Interest Rates and Bond Valuation	7 (excl. 7A)
Mar 03	Stock Valuation	8
10	Net Present Value and Other Investment Criteria	9
Mar 17	<b>Midterm Test II (Ch 7, 8, 9)</b>	
	Lessons from Capital Market History	12
24	Return, Risk and the Security Market Line	13
31	Risk & Return, continued	13
Apr 07	Cost of Capital	14

## Sections E

Date	Topics	Chapters
Jan 15	Overview of Corporate Finance	1
22	Overview of Corporate Finance	1
	Introduction to Valuation: The Time Value of Money	5 (begin)
29	Time Value of Money (continued)	Rest of 5
	Discounted Cash Flow Valuation	6.1 – 6.3
Feb 05	Discounted Cash Flow Valuation	Rest of 6 (Excl 6A)
12	<b>Midterm Test I (Ch 1, 5, 6)</b>	
	<b>Winter Break, No Classes</b>	
26	Interest Rates and Bond Valuation	7 (excl. 7A)
Mar 05	Stock Valuation	8
12	Net Present Value and Other Investment Criteria	9
Mar 19	<b>Midterm Test II (Ch 7, 8, 9)</b>	
	Lessons from Capital Market History	12
26	Return, Risk and the Security Market Line	13
	NO Classes (Good Friday Holiday)	
Apr 09	Risk & Return, continued	13
14	Cost of Capital	14



## 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](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 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](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. 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/>

*\* Note that the office is physically closed. However, e-drop in is available between 8:30-4:30 until social distancing requirements are updated by the Province.*

### **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 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 <https://carleton.ca/its/get-started/new-students-2/>
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