



BUSI 2504

Essentials of Business Finance WINTER 2017

SECTION F

Instructor: Paul Wefers Bettink Office: TBA Fridays 5:30 to 6:30 pm
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SECTION G

Instructor: Michael Reynolds Office: 1009DT
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CLASS SCHEDULES*:

Section F Friday 2:35pm – 5:25pm Classroom: Southam Hall 304
Section G: Tuesday 2:35pm – 5:25pm Classroom: Southam Hall 306

TUTORIAL SCHEDULES*:

Section F Wednesdays 11:35am– 12:25pm Classroom: Tory 340
Section G: Tuesday 1:35pm – 2:25pm Classroom: Tory 210

*Subject to Change

Office Hours: by appointment

Undergraduate Calendar Description

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

Prerequisites

ECON 1000 or ECOR 3800, BUSI 1002 or BUSI 1005 and registration in BCom, BIB or BA Honours in Economics or Applied Economics with Concentration in Financial Economics, B. Math. Statistics Concentration in Actuarial Science. Precludes credit for BUSI 2503.

The School of Business enforces all prerequisites.

This course is a prerequisite to

BUSI 2002 & BUSI 2505	(with a grade of C or higher)
BUSI 4000	(with a grade of C– or higher)
BUSI 4609	(with a grade of D– or higher)

Course Objectives

This introductory finance course focuses on aspects of financial management that all managers ought to understand. In particular, the course stresses:

- The decision process behind capital budgeting (corporate investment);
- Features of financing (sources of funding for the firm); and
- Basic measures of risk and return.

The goal of this course is to provide a sense of the underlying principles of finance and their use by the corporate manager. The student will be introduced to standard techniques of business finance – techniques that are used in real management situations, and that also will serve as tools for study in other courses. Students successfully completing this course will understand what drives basic financial decisions in companies.

Important learning objectives for the course are to teach students:

- The techniques of time value of money and how to apply them correctly when and where needed;
- How to evaluate investment and borrowing alternatives for firms;
- Pricing models for securities;
- Analytical skills in structuring and analyzing corporate financial problems; and
- A rational approach to financial decision-making that can be applied in future classes and important financial decisions throughout life.

Students should have successfully completed the prerequisites for this course. You are assumed to have been exposed to the concept of the time value of money, and to be competent with respect to ratio analyses and financial modeling by means of pro-forma financial statements. Students will use all of these concepts throughout this course. In particular, this course extensively employs calculations involving the time value of money (discounting and compounding).

Class Format

Classes will involve lectures, augmented with sample problems.

Tutorials

Tutorials are an integral part of this course. Lectures will focus on the principles of contemporary ideas in finance; tutorials will focus on the practical application of these ideas (solving problems). Only through a thorough understanding of both the underlying principles and the practical application, can students expect to gain a command of the material presented in this introductory course. Use the tutorials to provide assistance with any difficulties you may encounter. Unattended difficulties may adversely affect the probability of success in the examinations. Tutorials generally start the 2nd or 3th week of term. Check cuLearn for an announcement regarding the initiation of tutorials

Required Text

Ross, Westerfield, Jordan and Roberts, *Fundamentals of Corporate Finance, 9th Canadian Edition*, McGraw-Hill Ryerson, 2016.

Calculators & BUSI Course Examinations

If you are purchasing a calculator, we recommend any one of the following options: (i) Texas Instruments BA II Plus (including Pro Model), (ii) Hewlett Packard HP 12C (including Platinum model), (iii) Staples Financial Calculator, (iv) Sharp EL-738C or (v) Hewlett Packard HP 10bII.

Only non-programmable calculators without text storage capabilities will be allowed in the test and exam for this course.

Grading

	Weighting
3 Quizzes at 4 marks each	12
Mid-term	28
Final exam	60
Total	100

The quizzes and term test will be held in class in the week indicated. Students are permitted to miss the mid-term or any of the quizzes at their discretion. The weighting of a missed mid-term or quiz will be added to the weighting of the final exam. The final exam will be comprehensive, covering material from the entire course.

Homework Problems

A selection of problems from the textbook are recommended. See the attached List of Homework problems. These problems will not be graded. It is strongly recommended that students work through these problems. Group work is encouraged.

Student 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 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.

Questions Directed to Professors

Students are strongly encouraged to post their questions directed to the Professor on the FAQ section on CULearn, rather than sending them to their instructors. There are two reasons for this: 1) this allows other students to benefit from the explanation and answer to the question being asked; and 2) this avoids duplication of several students asking the same question to the instructors/tutorial leaders.

Doing Well in the Class

1. Read the assigned chapter before the class.
2. Do all self-test questions and all recommended problems (see course schedule below) for each assigned chapter of the textbook. The critical thinking questions in the textbook will help you to put chapter concepts into your own words, which will help you develop a “feel” for what’s going on.
3. Finance is best learned by working through problems to obtain a solution. Answers to many text problems will be available on CULearn. Looking at the answer to a problem before working on it can lead to misperceptions about your abilities. Work through a problem first, then, check your answer to the solution.
4. Spend the time you need to understand the concepts and examples done in class. Redoing a class example, or re-working an example with different values can give you prompt feedback about issues that need clarification.
5. Regularly attend tutorials to help clarify class concepts. Speak to the instructor after class or during breaks, or make an appointment to meet the instructor if you need clarification. Most importantly, ask questions in class. If you are unsure of a concept or approach, surely others in the class are in a similar position.
6. Work at the course throughout the term. Cramming before tests won’t enable you to develop an understanding of the material.
7. Think about the course when not in class. For example, when reading the newspaper, you will see “explanations” for stock price movements, announcements of bond refunding, and discussions of the irrationality of investors. Are the explanations consistent with course concepts?

Course Schedule for BUSI 2504 G

Class #	Tuesday	Topics	Chapters
1	Jan 10	Introduction to Financial Management Future Value and Present Value	1 5 (begin)
2	17	Time Value of Money (TVM) TVM with Multiple Cash Flows	Rest of 5 6.1 – 6.3
3	24	Time Value of Money continued Quiz 1	Rest of 6
4	31	Valuing Bonds	7 + 7A
5	Feb 7	Valuing Stocks	8
6	14	Capital Budgeting: Net Present Value Cash Flow Quiz 2	9 2.1 – 2.4
	21	WINTER BREAK	
7	28	MID-TERM	
8	Mar 7	Market History & Market Efficiency	12
9	14	Risk & Return: Portfolios	13
10	21	Risk & Return, continued	
11	28	Cost of Capital Raising Capital Quiz 3	14 15
12	Apr 4	Credit Management	20.1 – 20.6

Course Schedule for BUSI 2504F

Class #	Friday	Topics	Chapters
1	Jan 6	Introduction to Financial Management Future Value and Present Value	1 5 (begin)
2	13	Time Value of Money (TVM) TVM with Multiple Cash Flows	Rest of 5 6.1 – 6.3
3	20	Time Value of Money continued Quiz 1	Rest of 6
4	27	Valuing Bonds	7 + 7A
5	Feb 3	Valuing Stocks	8
6	10	Capital Budgeting: Net Present Value Cash Flow Quiz 2	9 2.1 – 2.4
7	17	Market History & Market Efficiency	12
	24	WINTER BREAK	
8	Mar 3	MID-TERM	
9	10	Risk & Return: Portfolios	13
10	17	Risk & Return, continued	
11	24	Cost of Capital Raising Capital Quiz 3	14 15
12	31	Credit Management	20.1 – 20.6

PLEASE NOTE THAT THE COURSE SCHEDULE MAY BE AMENDED DURING THE TERM DEPENDING ON WHETHER TOPICS TAKE MORE OR LESS TIME TO COVER.

COURSE SHARING WEBSITES

Student or professor 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).

RECOMMENDED 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. Only non-programmable calculators without text storage capabilities will be allowed in the test and exam for this course.

Printed translation dictionaries are allowed, as long as they do not contain handwritten notes. Electronic translation dictionaries are not allowed.

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.

ACADEMIC ACCOMMODATION

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*). **Requests made within two weeks will be reviewed on a case-by-case basis.** After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) 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 April 2017 exam period is March 10th, 2017.

RELIGIOUS OBSERVANCE

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 and instructors can confirm accommodation eligibility of a religious event or practice by referring to the Equity Services website (<http://carleton.ca/equity/accommodation/religious-observances/>) for a list of holy days and Carleton's Academic Accommodation policies. If there are any questions on the part of the student or instructor, they can be directed to 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 – YOUR RESPONSIBILITY!

Using, summarizing or copying directly from another person's work, without identifying the name of the original thinker, is considered a form of cheating called "plagiarism". Plagiarism has serious consequences and can result in course / assignment failure and /or academic suspension.

When using, and/or summarizing the ideas and words of another, be it from a web site, a written text, lecture or discussion group, you must identify the source. Should you choose to use the exact words of another, you must acknowledge these words as such by enclosing them within quotation marks. However, be aware that it is not acceptable to copy large chunks from a source, even if you reference it correctly.

Examples of plagiarism and other instructional offences are identified in the Undergraduate Calendar (section 14, p. 59), parts of which read:

Examples of plagiarism include

- Submitting a take-home examination, essay, laboratory report, or another assignment, written, in whole or in part, by someone else.
- Using ideas or direct verbatim quotations, paraphrased material, algorithms, formulae, scientific or mathematical concepts, or ideas without appropriate acknowledgements in academic assignments
- Using another's data or research findings
- Failing to acknowledge sources through the use of proper citations when using another's works and/or failing to use quotation marks.

Unauthorized Cooperation or Collaboration

- ... students shall not cooperate or collaborate in the completion of an academic assignment in whole or in part, when the instructor has indicated that the assignment is to be completed on an individual basis. Failure to follow the instructor's direction regarding which assignments, or parts of assignments, should be completed by the individual alone will be considered violation of the standards of academic integrity.
- Answering with another students' **clicker** is also a violation that can lead to severe sanctions.

ASSISTANCE FOR STUDENTS

Student Academic Success Centre (SASC): 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

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 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/support-services/>

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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Problem List

Note: we intend to have problems in bold reviewed in tutorials – this may be amended during the term.

Chapter 5: 2, 3, 4, 5, **8, 9, 13, 17, 19, 20**

Chapter 6: 6, 7, **8, 11, 15, 16, 21, 25, 26, 44, 55, 57,**

Chapter 7: **3, 5, 6, 8, 7, 19, 20, 23,**

Chapter 8: **4, 7, 8, 9, 10, 12**

Chapter 9: 1, **4, 6, 7, 8, 9, 13, 14, 15, 16, 17, 23**

Chapter 2: 2, 3, 4, **5, 9, 10, 14, 18, 21**

Chapter 12:**1, 2, 4, 7, 15**

Chapter 13:1, 2, **3, 11, 12, 13, 16,**

Chapter 14: 3, 4, 7, **8, 15, 16, 17, 19, 20, 21**

Chapter 15: 4, 8, **10, 11**

Chapter 20: 1, 2, 3, 7, 8, 9, **11, 12, 14**