



BUSI 2505 A BUSINESS FINANCE II FALL 2018

Instructor: Michael Reynolds
Office: 1009A DT Tuesdays 1:00pm to 2:00pm
Fridays: 1:00pm to 2:00pm

CLASS SCHEDULES*:

Friday 2:35pm – 5:25pm Classroom: Tory 342

Pre-requisites& precluded Courses:

BUSI 1002 or BUSI 1005, BUSI 2504 with a grade of C or higher in each; ECON 1000 and MATH 1009 with a grade of C- or higher in each.

The School of Business enforces all prerequisites. Only the Undergraduate Program Supervisor of the School can waive prerequisite requirements

This Course is Prerequisite to

BUSI 3500, BUSI 3502 (with a grade of C+ or higher).

Course Calendar Description (from the 2018/2019 University calendar):

Capital investment and financing decisions in the context of risk and return tradeoffs. Primary and derivative securities, and their role in risk management. Mergers, corporate restructuring, the theory of principal-agent relationships, and financial planning, forecasting, and control.

Course Objectives:

The topics covered in BUSI 2504 will be extended, exposing students to a broad range of material pertaining to Business Finance and Financial Management. Topics covered include: (i) risk /return analysis, (ii) capital budgeting under uncertainty, (iii) capital structure analysis, (iv) dividend policy, (v) lease financing, (vi) mergers and acquisitions, and (vii) risk management using derivatives, such as options.

Students will learn principles for making sound decisions about financing (obtaining funds) and investment (using funds) when facing an environment with risk and uncertainty.

The overarching goal of this course is to teach students how *to apply an approach to financial decisions that uses expectations about after-tax cash flows, while accounting for uncertainty in the available information.*

Important learning objectives for the course are to teach students:

- Important details of financial management that could not be covered in 2504
- That risk and uncertainty can be managed as part of running a business
- To apply discounted cash flows techniques as a general and powerful tool in understanding business decisions

Class Format:

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

Textbook:

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) Sharp EL-738C or (iv) Hewlett Packard HP 10bII. The textbook contains “keystrokes” that relate to the use of the Texas Instruments model. If you are planning to obtain your Chartered Financial Analyst (CFA) diploma, you may want to consider either the Texas Instruments or Hewlett Packard models.

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

Course Requirements & Methods of Evaluation:

	GRADE WEIGHT	DATE
in class Quizzes	10%	1: class #3 (Sept 21) 3: class #11 (Nov 16)
Mid-term Exam	30%	class #6 (Oct 12)
Project	10%	class #12 (Nov 30)
Participation	5%	
C4K IRESS Portfolio	5%	
Final Exam	40%	TBA DURING FINAL EXAM SCHEDULE

Quizzes: Quizzes commence at the end of class on the dates listed, and will be approximately 20-30 minutes in length. There are no make-ups for missed quizzes.

PROJECT: There will be one assignment due on November 30, 2018, at the beginning of class. Details and requirements will be posted on the course cuLearn site. **Late assignments will not be accepted** and will receive a grade of zero. Assignments are to be submitted in **printed** format. Assignments are to be done in **groups of 4 students**.

Deferred Final Examinations Students unable to write a final examination because of illness or other circumstances beyond their control may apply within 3 days of the final examination to the Registrar's Office (RO) to request to write a deferred examination. Permission may be granted by the RO when the absence is supported by a medical certificate or other document. However, deferred examinations are not granted to students who make travel plans that conflict with the examination period.

Missing the Mid-term: Students unable to write the mid-term because of serious illness/emergency or other circumstances beyond their control may apply directly to the professor to discuss possible alternatives.

This request must include relevant supporting documentation, and must be electronically submitted to the professor **no later than the Monday after the missed midterm (October 15, 2018). Approval is at the discretion of the professor**. Please note that if the reason is due to a medical emergency, the documentation must clearly state that you were unable to come to school on the day because of that emergency. It is not necessary to provide the specifics of the emergency.

The makeup mid-term must be written **before Thursday October 18, 2018**.

PARTICIPATION 5%

- **In class questions:** At the end of each class (last 30 minutes), students will complete in class questions composed of approximately 10 multiple-choice questions. The students will return the answers to each of the respective class's questions to the professor.
- The total the number of questions over the term will be established....i.e. say 100 questions in total were asked over the term. The student will receive a grade of 10% for participation grade if 85% of the total number of questions were attempted (note attempted vs answered correctly). The 5% participation grade will be prorated based on number of questions attempted. For example if the student attempted 60 questions, the participation grade would be $60/85 * 10\% = 70.50\%$.

C4K IRESS PORTFOLIO 5%

- Students must register with C4K and enter their portfolio by the start of the 4th class, Friday, January 26, 3018.
- Student must have invested a minimum of 25% of the value of the portfolio.
- If a student completes this requirement they will receive a minimum of 4% for the FISS portfolio option. The remaining possible 1% will be dependent on how the respective student's portfolio vs the total participants.

If the mark on the final exam is better than the mark on: (i) the Project &/or (ii) Participation, the mark on the final will be substituted.

RETURNING QUIZZES, ASSIGNMENTS & MID-TERM: The quizzes, mid-term test will be returned once marked. The final exam is for evaluation purposes, not instruction and will not be returned to students.

FINAL EXAM – EXAMINATION SCHEDULE: The date and location of the final exam will be announced through the University's normal procedures for such matters. Be sure that you are available for the mid-term and final exam. **Allowance will not be made for conflicting travel plans.**

DEFERRED FINAL EXAM: Students who do not demonstrate a minimum level of performance during the term will not be allowed to defer the final exam. The requirement for satisfactory in-term performance is an overall mark of 50% or better on the quizzes, assignments and mid-term exams. Students with unsatisfactory in-term performance who miss the final exam will be awarded a grade of F for the course.

FINAL EXAM COVERAGE: The final exam will be comprehensive, covering material from the entire course.

Course Schedule (*tentative & subject to change*):

WEEK	CLASS DATE	TOPICS	CHAPTERS
1	Sept 7 Friday	Review Cash Flows, CCA, Valuation ratios (EPS & PE ratios)	Sections 2.3-2.5 Page 89
2	Sept 14 Friday	Capital Budgeting	10
3	Sept 21 Friday	Capital Budgeting QUIZ #1	10
4	Sept 28 Friday	Project Analysis & Evaluation Cost of Capital	11 14
5	Oct 5 Friday	Raising Capital	15
6	Oct 12 Friday	MID-TERM	16
7	Oct 19 Friday	Leverage & Capital Structure	
		<i>FALL BREAK OCT 22 -26</i>	
8	Nov 2 Friday	Dividend Policy	17
9	Nov 9 Friday	International Corporate Finance	21
10	Nov 16 Friday	Lease Financing QUIZ #2	22
11	Nov 23 Friday	<i>Mergers & Acquisition</i>	23
12	Nov 30 Friday	Derivatives (Futures & Options) Review (This Class will be on Wednesday, Aug 15 (Same time and Room) PROJECT DUE	24 & 25

September 2018								October 2018								November 2018								December 2018							
N°	S	M	T	W	T	F	S	N°	S	M	T	W	T	F	S	N°	S	M	T	W	T	F	S	N°	S	M	T	W	T	F	S
35							1	40		1	2	3	4	5	6	44						1	2	3	48						1
36	2	3	4	5	6	7	8	41	7	8	9	10	11	12	13	45	4	5	6	7	8	9	10	49	2	3	4	5	6	7	8
37	9	10	11	12	13	14	15	42	14	15	16	17	18	19	20	46	11	12	13	14	15	16	17	50	9	10	11	12	13	14	15
38	16	17	18	19	20	21	22	43	21	22	23	24	25	26	27	47	18	19	20	21	22	23	24	51	16	17	18	19	20	21	22
39	23	24	25	26	27	28	29	44	28	29	30	31				48	25	26	27	28	29	30		52	23	24	25	26	27	28	29
40	30																							1	30	31					

Doing Well in the Class

1. Read the chapter before the class.
2. Do all self-test questions and all recommended questions (see course schedule below) for each chapter. The critical thinking questions will help you to put chapter concepts into your own words, which will help you develop a “feel” for what’s going on.
3. Answers to many textbook problems will be available on the CULearn site. Don’t look at the answer to a problem until you have worked at the problem long enough to feel frustrated. Looking at posted answers without “working” problems is a waste of your time.
4. Work at the course throughout the term. Cramming before tests won’t enable you to develop an understanding of the material.

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

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

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 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

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

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

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/>

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.

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 <http://carleton.ca/ccs/students/>

Suggested Textbook Questions

ASSIGNED PROBLEMS - SUMMER 2018

Chapter 2: Questions 21, 28, 29, 31, 32

Chapter 10: Questions 2, 4, 7, 8, 10, 13, 14, 15, 16, 17, 18, 21

Chapter 10: Questions 27, 28, 31, 33, 34, 36, 43, 51

Chapter 11: Questions 3,5,17, 18, 19

Chapter 14: Chapter Review Problems & Self-test 14.1, 14.2 &14.3
Questions 2, 7, 16, 21, 30

Chapter 15: Chapter Review Problems & Self-test 15.1, 15.2

Questions 1, 2, 14, 15

Chapter 16: Chapter Review Problems & Self-test 16.1, 16.2 & 16.3

Questions 4, 8, 13, 15, 16, 17 & Optional 6, 19 and 20

Chapter 17: Questions 2, 3, 4, 11, 13

Chapter 21: Chapter Review Problems & Self 21.1 & 21.2

Questions: 4 & 5

Chapter 22: Questions 2, 3, 4, 5, 6, 7 & Optional 8 to 10

Chapter 23: Chapter Review Problems & Self 23.1 & 23.2

Questions 1 to 5

Chapter 24: Questions 1 to 4

Chapter 25: Questions 1 to 5