



**CARLETON UNIVERSITY  
SPROTT SCHOOL OF BUSINESS  
BUSI 2505, SECTION C  
BUSINESS FINANCE II  
WINTER 2019**

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**Instructor:** Paul Wefers Bettink  
**Office:** Dunton Tower TBD  
**Office Hours:** Thursday 6:00 to 8:00 pm  
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**TA:** TBA  
**Office Hours:**  
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**Course meets:** Thursday 2:35 pm – 5:25 pm, Tory 340

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**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.

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**This Course is Prerequisite to**

BUSI 3500, BUSI 3502 and BUSI 3512 (with a grade of C+ or higher).

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**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.

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**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

This course makes frequent use of quantitative techniques and models. **Review 2504 notes!**

**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.

### **Class Format**

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

### **Required Text**

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

### **Notes on Examinations and Quizzes:**

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 TI 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. Quizzes are designed to focus on material that was just covered. They will be approximately 15-20 minutes in length.

**Quizzes:**

For quizzes, your best 3 scores count. Quizzes commence at the beginning of class on the date listed, and will be approximately 20-30 minutes in length. There are no make-ups for missed quizzes.

**Missing the Mid-term:**

The only valid excuse for missing the midterm is for medical reasons or death in the family and must be documented with a medical certificate. Any other reason (such as travel, etc.) will not be considered. In such circumstances the make-up mid-term will be held at a later date after discussing with the student in question. If you miss the midterm for a reason that is not deemed as legitimate, your midterm mark will be zero.

**Course Requirements & Methods of Evaluation**

<b>Course Evaluation</b>	<b>Grade Weight</b>	<b>Date</b>
4 In-class Quizzes, Best 3 scores out of 4)	20%	1: week #3 (Jan. 24) 2: week #5 (Feb. 7) 3: week #9 (March 14) 4: week #11 (March 28)
Mid-term Exam	30%	Week #7
Final Exam	50%	TBA (Will be notified after the final exam schedule is posted)

**Marks in the tests include a component for showing formulae and calculations.** The marking scheme will reflect the instructor's interest in seeing the steps you take to solve a problem.

Only Texas Instruments BA II Plus calculators can be used in the test and examination. Translation dictionaries are allowed as long as they are in print format and do not contain any handwritten notes. Electronic translation dictionaries are not allowed.

**RETURNING QUIZZES, ASSIGNMENTS & MID-TERM:** The quizzes, assignments and 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.**

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

**FINAL EXAM GRADE MUST EXCEED 40%:** If you are awarded less than 40% on the final exam, you will receive an "F", regardless of your total mark in the course.

*Course Schedule (tentative and subject to changes\*)*

<b>Lecture</b>	<b>Date</b>	<b>Topics</b>	<b>Chapters</b>
1	Jan. 10	Review Cash Flows, CCA	Sections 2.3-2.5
2	Jan. 17	Capital Budgeting	10
3	Jan. 24	Capital Budgeting <b>QUIZ #1</b>	10
4	Jan. 31	Project Analysis & Evaluation	11
5	Feb 7	Cost of Capital <b>QUIZ #2</b>	14
6	Feb.14	Raising Capital  <i>Study Break February 18<sup>th</sup> to 22<sup>nd</sup></i>	15
7	Feb. 28	<b>MID-TERM</b>	
8	March 7	Leverage & Capital Structure	16
9	March 14	Dividend Policy <b>QUIZ #3</b>	17
10	March 21	International Corporate Finance	21
11	March 28	Lease Financing <b>QUIZ #4</b>	22
12	April 4	Mergers & Acquisition (time permitting) <b>Project Due</b>	23

\*While every attempt will be made to keep to the schedule, circumstances may necessitate modifications during the semester.

### **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 text problems will be available on the WebCT 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](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/>

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

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### **Suggested Textbook Questions**

Chapter 10: Questions 2, 13, 16, 19, 26, 30, 33, 34, 37  
Chapter 11: Questions 3,5,17, 18, 19  
Chapter 14: Questions 2, 7, 16, 21, 30 (8th ed. 24)  
Chapter 15: Questions 1, 2, 14, 15 & Optional 10 & 11  
Chapter 16: Questions 4, 8 (8th ed. 9), 13, 16, 17 & Optional 6, 19 and 20  
Chapter 17: Questions 2, 3, 4, 11, 13 & Optional 17  
Chapter 22: Questions 2, 3, 4, 5, 6, 7 & Optional 8 to 10  
Chapter 23: Questions 2, 4, 9, 10, 12 & 14