



**CARLETON UNIVERSITY
SPROTT SCHOOL OF BUSINESS
BUSI 2505 A
SUMMER 2017
BUSINESS FINANCE II**

Instructor: Kobana Abukari
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Course meets: Mon Wed 11:35am - 2:25pm

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

Course Calendar description from the 2016/2017 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 Description and 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: capital budgeting under uncertainty, capital structure analysis, dividend policy, lease financing and mergers and acquisitions. 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 main goal of this course is to teach students how to apply an approach to financial decisions that uses future **expectations** about after-tax cash-flows, while accounting for uncertainty in the available information.

Important learning objectives for the course are to teach students:

- How to apply discounted cash-flows techniques as a general tool in understanding business decisions
- That risk and uncertainty can be managed as part of running a business
- How to decide on the optimal capital structure and whether a firm should distribute a dividend to its shareholders or not

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

Reading(s)/Textbook(s):

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

Calculator: Texas Instruments BA II Plus

Course Requirements & Methods of Evaluation:

3 In-class Quizzes, 3@5%	15%	1: lecture #4 2: lecture #8 3: lecture #10
Group Assignments (2 in total, group of 4 people), 2@7.5% [Must be typed, late assignments NOT accepted]	15%	1: due on lecture #6 2: due on lecture #12
Mid-term Exam	25%	lecture # 7
Final Exam	45%	TBA

There will be two assignments (to be posted on CuLearn). Assignments are due on the date specified, at the beginning of class. **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. Do not share your work with students outside of your group. Identical assignments will be treated as evidence of academic offence. Please retain a hard copy of all work that is submitted in this course.**

There will be a midterm test for this course. Once marked, assignments and the test will be returned. The final exam is for evaluation purposes, not instruction. It will not be returned to students.

Marks in the tests and assignments 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.

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.**

NOTE: 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 assignments and test. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

NOTE: The final exam will be comprehensive, covering material from the entire course. If you are awarded less than 40% on the final exam, you will receive an "F", regardless of your total mark in the course.

There may be cases in which a student is permitted by University regulations to miss a graded component of the term work in a course. In such circumstances, there will be **no make-up assignment or test**. The grade weighting corresponding to the missed component will be added to the grade weighting of the final exam.

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 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.

Course Schedule (tentative and subject to changes*):

Lecture	Date	Topics	Chapters
1	Jul 5	Review Cash Flows, CCA	Sections 2.3-2.5
2	Jul 10	Capital Budgeting	10
3	Jul 12	Capital Budgeting	10
4	Jul 17	Project Analysis and Evaluation, Quiz #1	11
5	Jul 19	Cost of Capital	14

Lecture	Date	Topics	Chapters
6	Jul 24	Raising Capital, Assignment 1 due	15
7	Jul 26	MID-TERM EXAM (in-class)	
8	Jul 31	Leverage and Capital Structure, Quiz #2	16
9	Aug 2	Leverage and Capital Structure	16
10	Aug 9	Dividend Policy, Quiz #3	17
11	Aug 14	Lease Financing	22
12	Aug 16	Mergers & Acquisitions, Assignment 2 due	23

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

ADDITIONAL INFORMATION

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).

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*). **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*).

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 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.

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; a grade of Failure in 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: <http://carleton.ca/studentaffairs/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 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/>
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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Important Dates and Deadlines – Summer 2017 Graduate, Undergraduate and Special Students

- **Early Summer:** May 1, 2017 to June 13, 2017
 - **Late Summer:** July 4, 2017 to August 16, 2017
 - **Full Summer:** May 1, 2017 to August 16, 2017
- March 1**
Last day for receipt of applications for admission to an undergraduate degree program for the summer term.
- March 20**
Last day for receipt of tuition payment to avoid a hold that will prevent access to marks through Carleton Central and the release of official documents. An account balance may also delay Summer 2017 course selection. Allow adequate processing time as payments normally take 2 days to be applied to your student account.
- March 23**
Carleton Central opens at 8:30 a.m. for registration for Carleton University degree students (graduate and undergraduate). Check your timeticket [here](#).
- March 27**
Carleton Central opens at 8:30 a.m. for registration for Carleton Special (non-degree) students begins at 8:30 a.m.
- April 13**
Registration for University of Ottawa undergraduate students begins. Registration opens at 8:30 a.m.
- April 25**
Deadline for fee payment or assignment of funding to ensure payment is processed to your account without incurring a late charge. Payment of fees is due by the **posted deadlines**.
- May 1**
Early summer and **full** summer courses begin.
Last day for receipt of applications for undergraduate degree program transfers for the summer terms
- May 5**
Graduate students who have not electronically submitted their final thesis copy to the Faculty of Graduate and Postdoctoral Affairs will not be eligible to graduate in Spring 2017 and must register for the Summer 2017 term.
- May 8**
Last day for registration and course changes (including auditing) for **early** summer courses.
- May 12**
Last day for registration and course changes (including auditing) for **full** summer courses.
- May 17-28**
Fall/Winter and Winter term deferred final examinations will be held.
- May 19**
Last day for a full fee adjustment when withdrawing from **early** and **full** summer courses (financial withdrawal).
- May 22**
Statutory holiday, University closed.
- June 2**
Last day to request formal exam accommodations for early summer examinations to the Paul Menton Centre for Students with Disabilities. Note that it may not be possible to fulfill accommodation requests received after the specified deadlines.

June 6

Last day for tests or examinations in early and full summer courses below the 4000-level before the final examination period (see **Examination Regulations** in the Academic Regulations of the University section of the Undergraduate Calendar).

June 13

Last day of **early** summer classes (NOTE: Full summer classes resume July 4).
Last day for academic withdrawal from **early** summer courses.

June 15

Final Summer term payment deadline. Any balance owing on your student account will prevent access to registration for future terms. Holds will be placed on unpaid summer accounts, which will prevent access to marks and/or registration for the 2017-18 Fall/Winter course selection. Payment of fees is due by the **posted deadlines**.

June 19-25

Early summer final examinations and mid-term examinations in full summer courses may be held. Examinations are normally held all seven days of the week.

July 3

Statutory holiday, University closed.

July 4

Late registration charges take effect at 12:00 a.m. (midnight) for students registering **only** in late summer courses (July-August courses). Payment of fees is due by the **posted deadlines**.

Late summer courses begin.

Full summer courses resume.

July 11

Last day for registration and course changes (including auditing) for **late** summer courses.

July 21-23

Early summer deferred final examinations to be held.

July 24

Last day for a full fee adjustment when withdrawing from **late** Summer courses (financial withdrawal).

Last day to submit to the Paul Menton Centre, for Students with Disabilities, formal examination accommodation forms for August examinations.

August 1

Last day for graduate students to submit to their thesis supervisor an examination copy of their Master's or PhD thesis for Fall graduation.

August 2

Last day for tests or examinations in **full** summer courses below the 4000-level before the final examination period (see **Examination Regulations** in the Academic Regulations of the University section of the Undergraduate Calendar).

August 7

Civic holiday, University closed.

August 9

Last day for tests or examinations in **late** summer courses below the 4000-level before the final examination period (see **Examination Regulations** in the Academic Regulations of the University section of the Undergraduate Calendar).

August 16

Last day of **late** and **full** summer term classes.

Classes follow a Monday schedule.

Last day for academic withdrawal from **late** summer and **full** summer courses and any other courses that end this term.

Last day for handing in term work, and the last day that can be specified by a course instructor as a due date for term work for courses that end on this day.

August 19-25

Final examinations in **full** and **late** summer courses may be held. It may be necessary to schedule examinations during the day for classes held in the evening and vice versa. Examinations are normally held all seven days of the week.

September 15-17

Full and late summer term deferred final examinations will be held.

September 30

Last day for receipt of applications for appeal of final grades in summer term courses.
