



**CARLETON UNIVERSITY  
SPROTT SCHOOL OF BUSINESS  
BUSI 2505 A  
SUMMER 2018  
BUSINESS FINANCE II**

**Instructor: Kobana Abukari**  
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**TA: TBA**  
**Office Hours: TBA**  
**Email: TBA**

**Course meets: Mon Wed 11:35am - 2:25pm**

**Pre-requisites & precluded Courses:**

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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:**

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

## Course Calendar description from the 2017/2018 University calendar:

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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:

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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*, 9<sup>th</sup> Canadian edition, McGraw-Hill Ryerson, 2016

Calculator: Texas Instruments BA II Plus, Hewlett Packard HP 12C, Staples Financial Calculator, Sharp EL-738C and Hewlett Packard HP 10bII

**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, Hewlett Packard HP 12C, Staples Financial Calculator, Sharp EL-738C and Hewlett Packard HP 10bII 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:** The requirement for satisfactory in-term performance is an overall mark of 50% or better on the assignments and test.

**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 misses a graded component of the term work in a course for medical reasons. In such circumstances, there may not be a **make-up assignment or test**. The grade weighting corresponding to the missed component may be added to the grade weighting of the final exam if the student provides relevant documentation.

### Doing Well in the Class:

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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 4	Review Cash Flows, CCA	Sections 2.3-2.5
2	Jul 9	Capital Budgeting	10
3	Jul 11	Capital Budgeting	10
4	Jul 16	Project Analysis and Evaluation, <b>Quiz #1</b>	11

<b>Lecture</b>	<b>Date</b>	<b>Topics</b>	<b>Chapters</b>
5	Jul 18	Cost of Capital	14
6	Jul 23	Raising Capital, <b>Assignment 1 due</b>	15
7	Jul 25	<b>MID-TERM EXAM</b> (in-class)	
8	Jul 30	Leverage and Capital Structure, <b>Quiz #2</b>	16
9	Aug 1	Leverage and Capital Structure Introduction to Options	16 24 & 25
10	Aug 8	Dividend Policy, <b>Quiz #3</b>	17
11	Aug 13	Lease Financing	22
12	Aug 15	Mergers & Acquisitions, <b>Assignment 2 due</b>	23

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

## 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, 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](mailto: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](http://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 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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## **Important Dates and Deadlines – Summer 2018 Graduate, Undergraduate and Special Students**

### **Sessions:**

- **Early Summer:** May 7, 2018 to June 19, 2018
- **Late Summer:** July 3, 2018 to August 15, 2018
- **Full Summer:** May 7, 2018 to August 15, 2018

### **March 1, 2018**

Last day for receipt of applications for admission to an undergraduate degree program for the summer term.

### **March 19, 2018**

Financial holds preventing registration will be applied to accounts with an outstanding balance. In order to prevent delayed registration for Summer 2018 courses, please allow adequate processing time as payments normally take 2 days to be applied to your student account.

### **March 22, 2018**

**Carleton Central opens at 8:30 a.m. for registration for Carleton University degree students** (graduate and undergraduate). Check your time-ticket [here](#).

### **March 26, 2018**

**Carleton Central opens at 8:30 a.m. for registration for Carleton University Special Students** (non-degree).



**April 12, 2018**

Registration for University of Ottawa undergraduate exchange students begins. Registration opens at 8:30 a.m.

**April 25, 2018**

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, 2018**

Last day for receipt of applications for undergraduate internal degree transfers to allow for registration for the summer term.

**May 7, 2018**

**Early** summer and **full** summer courses begin.

**May 11, 2018**

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 2018 and must register for the Summer 2018 term.

**May 14, 2018**

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

**May 18, 2018**

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

**May 18-29, 2018**

Fall/Winter and winter term deferred final examinations will be held.

**May 21, 2018**

Statutory holiday. University closed.

**May 25, 2018**

Last day for a full fee adjustment when withdrawing from **early** summer and **full** summer courses (financial withdrawal). Withdrawals after this date will result in a permanent notation of WDN on the official transcript.

**June 1, 2018**

Last day to request Formal Examination Accommodation Forms 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 12, 2018**

Last day for summative or final examinations for **early** summer courses before the

official examination period (see [Examination Regulations](#) in the Academic Regulations of the University section of the Undergraduate Calendar).

**June 14, 2018**

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 2018-19 Fall/Winter course selection. Payment of fees is due by the [posted deadlines](#).

**June 19, 2018**

Last day of **early** summer classes (NOTE: Full summer classes resume July 3).

Last day for academic withdrawal from **early** summer courses.

Last day for handing in term assignments, subject to any earlier course deadline.

**June 20-21, 2018**

No classes or examinations take place.

**June 22-28, 2018**

**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 2, 2018**

Statutory holiday. University closed.

**July 3, 2018**

**Late** summer courses begin.

**Full** summer courses resume.

**Late 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](#).

**July 10, 2018**

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

**July 20-22, 2018**

**Early** summer term deferred final examinations to be held.

**July 23, 2018**

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

Last day to request Formal Examination Accommodation Forms for August examinations to the Paul Mention Centre for Students with Disabilities. Note that it may not be possible to fulfill accommodation requests received after the specified deadlines.

**August 1, 2018**

Last day for graduate students to submit their supervisor-approved thesis, in examinable form to the department.

**August 6, 2018**

Civic holiday. University closed.

**August 8, 2018**

Last day for summative or final examinations for **late** summer and **full** summer courses before the official examination period (see [Examination Regulations](#) in the Academic Regulations of the University section of the Undergraduate Calendar).

**August 15, 2018**

Summer term financial holds preventing access to grades through Carleton Central and the release of official documents will be applied to accounts with an outstanding balance.

Last day of **late** summer and **full** summer 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 assignments, subject to any earlier course deadline.

**August 18-24, 2018**

Final examinations in **late** summer and **full** summer courses may be held. Examinations are normally held all seven days of the week.

**August 24, 2018**

All take home examinations are due on this day, with the exception of those conforming to the Examinations regulations in the Academic Regulations of the University section of the Undergraduate Calendar/General Regulations of the Graduate Calendar.

**September 14-16, 2018**

**Late** summer and **full** summer term deferred final examinations will be held.

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