



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

CARLETON UNIVERSITY
FINANCE
BUSI 2505, B & C
WINTER 2020
BUSINESS FINANCE II

Section B

Instructor: Shi Li

Office: 1708 DT

Office Hours: Friday 10:30 – 12:00

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Section C

Instructor: Pancheng Steven Guo

Office: 1003 DT

Office Hours: Wednesday 1 – 2:30pm

Email: steven.guo@carleton.ca

Course meets:

Section B: Friday 2:35 – 5:25pm

Section C: Wednesday 8:35 – 11:25am

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 BUSI2505 is prerequisite to BUSI 3500, BUSI 3502 and BUSI 3512 (with a grade of C+ or higher).

Course Calendar description from the 2019/2020 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:

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,

and lease financing. 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.

Learning Outcomes:

Important learning objectives for the course are to teach students:

- That risk and uncertainty can be managed as part of running a business
- How to apply discounted cash flows techniques as a general tool in understanding business decisions
- 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!**

Reading(s)/Textbook(s)/Required Materials:

Text: Ross, Westerfield, Jordan, Roberts, Pandes & Holloway *Fundamentals of Corporate Finance, 10th Canadian Edition*, McGraw-Hill Ryerson, 2019.

Calculator: Texas Instruments BA II Plus

Course Requirements & Methods of Evaluation (including due dates):

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

	Grade Weight	Date
4 In-class Quizzes (best 3 of 4), 3@5%	15%	1: week #3 2: week #5 3: week #9 4: week #11
Group Assignment (1 in total, group of 3 people max), 1@10% [Must be typed, late assignments NOT accepted]	10%	Due on week #12
Mid-term Exam (in-class)	30%	Week #7
Final Exam	45%	TBA

There will be one group assignment (to be posted on the CU Learn). 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 up to 3 students**.

There will be an in-class midterm test. 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. This class is intended to teach appropriate methods and practices. 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 use 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. 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. 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.

NOTE: Both midterm and final will consist of multiple choice and short essay/problem type questions. 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.

Quizzes are designed to focus on material that was just covered. They will be approximately 15-20 minutes in length. There are no make-ups for missed quizzes.

Every effort will be made to mark fairly and accurately. None the less, in some cases, students may call into question the grades awarded to assignments or tests. In such cases, please write a brief note describing the difficulty with the awarded grade and provide the note, together with the graded work, to the instructor not later than seven calendar days following the return of the graded work. Please be sure to include your name and student number on the note to enable the instructor to identify it properly. Note that the resulting remarking may lead to a lower grade.

Doing Well in the Class

1. Read the chapter before the class.
2. Do all self-test questions and all suggested questions 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 text problems will be available on CU Learn. 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):**Sections B & C**

Lecture	Week beginning	Topics	Chapters
1	Jan 6	Review Cash Flows, CCA	Sections 2.3-2.5
2	13	Capital Budgeting	10
3	20	Capital Budgeting, Quiz #1	10
4	27	Project Analysis and Evaluation	11
5	Feb 3	Review Cost of Capital, Raising Capital, Quiz #2	14 & 15
6	10	Leverage and Capital Structure	16
	17	Winter Break – NO LECTURE	
7	24	Term Test (Ch's 2, 10, 11, 14, 15)	
8	Mar 2	Leverage and Capital Structure	16
9	9	Dividend Policy, Quiz #3	17
10	16	International Corporate Finance	21
11	23	Lease Financing, Quiz #4	22
12	30	Mergers & Acquisitions, Review	23

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/>
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