



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

CARLETON UNIVERSITY
BUSI 2505 B
WINTER 2021
BUSINESS FINANCE II

Instructor: Steven Guo

Office: 1003 DT

Office Hours: Friday 5:30 - 6:30pm after class, Online via Zoom (Meeting ID: 3438829874)

Email: steven.guo@carleton.ca

Lecture Time: pre-recorded videos available on culearn, Friday 2:35 - 5:25pm

TA: Ashlyn Bird, ashlynbird@cmail.carleton.ca



Prerequisites:

BUSI 1002 or BUSI 1005, BUSI 2504 with a grade of C or higher in each; ECON 1001 and ECON 1002 (or 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 Description

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.

The topics covered in BUSI 2504 will be extended in this course, 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, 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.

Course Objectives

The course explores how value can be created through investment and financing decisions, and the management of risks associated with such decisions. The aim is to (1) provide a description of corporate financial management and the role of the financial manager, (2) to discuss the role of financial markets and institutions that facilitate the process of financial

management, (3) to explore the process of making capital investment, financing decisions and dividend policy.

Learning Outcomes:

- Develop proficiency in the areas of asset valuation and project evaluation
- Determine the relevant cash flows for a proposed investment and apply NPV criterion using projected cash flows.
- Evaluate the merits of alternative techniques used to evaluate long-term projects.
- Understanding the importance of capital structure and how it can affect firm value and cost of capital
- Introducing international finance, mergers and acquisition

Tips: the course makes frequent use of financial models that you learned from BUSI 2504. Please review your old notes before attending the lecture. The majority of the classes will be comprised of lectures and solving for in-class problems.

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

Grading

	Weight
Three Quizzes (at the end of the class, online)	5% each, total 15%
Individual Assignment	10%
Midterm (at the beginning of the class, online)	30%
Final Exam	45%

Quizzes and Midterm will be made available online only at the time of the lecture.

- 1) Quizzes will be available at the end of the lecture, Friday from 5:00 - 5:25pm
- 2) The 2-hour Midterm will be available only at the beginning of the lecture, Friday from 2:35 – 4:35pm, Ottawa Time.

The individual assignment must be scanned, and saved as PDF files, then uploaded to culearn for marking. If you don't know how to save it as pdf, here is a shortcut: 1) take photos of what you did, 2) insert them in a Word document and save it as PDF.

The mark that you receive from assignments and tests includes parts for showing formulas and explanation. This class is intended to teach you how to apply different financial models and methods. The marking scheme will reflect the instructor's interest in seeing steps that you take to solve a problem.

Late assignments will not be accepted and will receive a grade of zero.

Only Texas Instruments BA II Plus calculators can be used in the test and examination.

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.

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.

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. For example, the only acceptable reason to miss a midterm is due to medical or family emergency with a note from a doctor. 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.

Tips for Online Classes Success (very important!!!)

1. Read the chapter before attending the lecture.
2. Practice all suggested questions for each chapter. It helps you to put concepts that you learned during the class into your own words.
3. Solutions to textbook problems will be available on culearn. You should work on problems first, then check with the solutions provided. **VERY IMPORTANT**. Note: there may be many ways to solve a problem. The posted solutions from the textbook are subject to discussion and maybe a correction.
4. Please study the course materials throughout the semester, and spend at least 3-5 hours every week in studying. Cramming before tests for this class usually leads to a very poor performance.
5. As this course's instructor, I understand that switching to online learning could be challenging, but is totally manageable through a good communication between you and me. You are encouraged to attend the online office hours if you have any questions or concerns about this class.

Course Schedule (tentative and subject to changes):

Lecture	Date	Topics	Chapters
1	Jan 15	Review Cash Flows, CCA	2.3, 2.5
2	Jan 22	Capital Budgeting, part 1	10
3	Jan 29	Capital Budgeting, part 2,	10
4	Feb 5	Project Analysis and Evaluation, Quiz 1	11
5	Feb 12	Cost of Capital and Capital Structure	14 & 16
Winter Break – No Class			
6	Feb 26	Capital Structure, Quiz 2	16
7	Mar 5	In-class Online Midterm	
8	Mar 12	Raising Capital & Rights Offering	15
9	Mar 19	Dividend Policy	17
10	Mar 26	International Finance, Quiz 3	21
	April 2	Good Friday - No Class, Assignment Due TODAY@ midnight	
11	April 9	Mergers & Acquisitions	23
12	Wed, April 14	Leasing & Final Exam Review	22

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 its 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/>

** Note that the office is physically closed. However, e-drop in is available between 8:30-4:30 until social distancing requirements are updated by the Province.*

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 <https://carleton.ca/its/get-started/new-students-2/>
-