Instructor:  David Jackson  Office:  1716 DT
Email: david.jackson@carleton.ca  Phone:  520-2600  Ext 2383
Office Hours:  Wednesday  10:30 – 12:30  or by appointment

Section C:  Friday  11:35 – 14:25  Classroom:  TB 446

Prerequisites
ECON 2009 (C- or higher), STAT 2606 (C- or higher) and BUSI 2505 (C+ or higher). The School of Business enforces all prerequisites.

This Course is Prerequisite to
BUSI 4500, BUSI 4502, BUSI 4510, BUSI 4511 and BUSI 4512, all with grades of C- or higher.

Calendar Description
An examination of major issues in corporate finance and applied financial management. Topics include: introduction to portfolio theory, capital asset pricing model, cost of capital, capital structure and dividend policy, lease financing, capital budgeting under uncertainty, mergers and consolidations.

Course Objectives
Finance tools covered in BUSI 2504 and BUSI 2505 are applied to decisions in complex business situations. Topics include: risk, cost of capital, capital budgeting, capital structure, payout policy, and firm valuation. The course will use lectures, complemented by cases as a means of enriching student understanding of the important concepts and practices of corporate finance.

Upon successful completion of this course you will be able to:
- Identify and discuss corporate governance issues affecting corporations
- Explain the trade-off between risk and return, and compare the perspective of a firm making project decisions to that of outside investors evaluating the firm
- Value a firm using different valuation approaches
• Analyze long-term investment, financing and payout decisions of a business and be able to identify and discuss the theory and practice of:
  o Cost of capital
  o Capital structure
  o Dividend policy

**Required Text**


**Grading**

<table>
<thead>
<tr>
<th>Task</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Case report and presentation (Group work)</td>
<td>10%</td>
</tr>
<tr>
<td>Live case study (Group work)</td>
<td>15%</td>
</tr>
<tr>
<td>Scrapbook Project (Individual work)</td>
<td>5%</td>
</tr>
<tr>
<td>Midterm Test</td>
<td>30% or 10%</td>
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<tr>
<td>Final Examination</td>
<td>40% or 60%</td>
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</tbody>
</table>

**Term Work (Details provided in the file ‘Term Work’ on cuLearn)**

- Case report and presentation (Group work)
- Case preparation (Individual & group work)
- Live case study (Group work)
- Scrapbook project (Individual work)

Practice questions (on cuLearn) will help prepare for the test and exam.

**Term Test**

The class schedule shows the date of the midterm. In fairness to all, neither alternate test times nor a make-up term test will be administered. Students who miss the term test can have the weight of the test added to the weight of the final exam by presenting a doctor’s note or other suitable documentation.

For students who earn a higher mark on the midterm than on the final exam, the weight of the term test will be 30% and of the exam will be 40%. For students who earn a higher mark on the final exam than on the midterm, the weight of the term test will be 10% and of the exam will be 60%. Studying hard to do well on the final exam might significantly raise your course mark.
Final Exam
The final examination will test your understanding of the concepts covered in
the classroom and in the textbook. The final exam is for evaluation purposes,
not instruction. It will not be returned to students.

The date and location of the final exam will be announced through the
University’s normal procedures. Be sure that you are available for the final
exam. Allowance will not be made for conflicting travel plans.

NOTE: The final exam will be comprehensive, covering material from the
entire course. Students who earn less than 45% on the final exam will
receive an “F”, regardless of their total mark in the course.

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

Peer Evaluation: (Please submit at the end of the semester.)
The purpose of peer evaluation is to provide feedback to the instructor
regarding the contribution to the group projects of individual group members.
For whatever reason, some members of the group may not contribute as much
as everyone else. To help award appropriate credit to group members, each
student should submit – by email or by hard copy (with your name, student
number, and signature) – the rating of the members of your group for the Live
Case Study and for your group’s class case (research, analysis, internal group
discussions, presentation and written report). The ratings for each individual
will be averaged to get a weighting for distributing the marks for group work.

Based upon your estimation of the contribution of each member of the group,
including yourself, distribute a total of 100 points amongst your team mates,
(The total, including yourself, should be 100). For example, suppose your
group consists of three individuals. If you believe that one member contributed
half the value and that the other two members each contributed one quarter,
you should allocate one member 50 points, one member 25 points and yourself
25 points.

If I do not receive ratings from a student, I will assume that the student has
chosen to distribute points equally among the group members.
Course Sharing Websites
Student or professor materials created for this course (including presentations, posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). Course materials are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

What is expected of you
1. Attend lectures. Topics are cumulative and complementary. Missing a lecture could adversely affect your understanding of subsequent materials.

2. Familiarize yourself with the material in the relevant chapters of the textbook before attending lectures.

3. Individually read and prepare all the assigned cases. Then meet with your group to discuss each other’s ideas and analyses.

4. Active class participation. Engage during lectures. Be prepared to ask and answer questions. Read and prepare the assigned cases and be prepared to participate in the discussion. The learning from cases comes through preparation, participation and discussion, including discussion within your group before class.

5. You will be assigned a group. Pick your group’s company for the Live Case Study as soon as possible. Pick a company that has good disclosure and research coverage. To be able to do a good analysis, you should start sooner rather than later.

6. Attempt the recommended practice questions. The Applied Corporate Finance Website also provides some chapter questions. You might find it useful to try some of these.

7. Read the business section of at least one good newspaper to keep up with the latest developments in the Finance community: Globe & Mail, Report on Business; National Post; Wall Street Journal.

8. Study regularly, not only before the test and the exam. Participate actively in group work.

Best wishes,  Dr. David Jackson
# Course Schedule for BUSI 3500 Winter 2017

<table>
<thead>
<tr>
<th>Week</th>
<th>Lecture / Case</th>
<th>Damodaran (D) Case Book (CB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 06</td>
<td>Introduction; the objective of corporate finance decisions; governance issues.</td>
<td>D1, D2</td>
</tr>
<tr>
<td>13</td>
<td>Risk measurement; estimating cost of capital</td>
<td>D3, D4</td>
</tr>
<tr>
<td>20</td>
<td>Risk measurement; estimating cost of capital</td>
<td>D3, D4</td>
</tr>
<tr>
<td></td>
<td><strong>Choice of Live Case firm due</strong></td>
<td></td>
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<tr>
<td>27</td>
<td>Capital budgeting</td>
<td>D5, D6</td>
</tr>
<tr>
<td>Feb. 03</td>
<td>Capital budgeting</td>
<td>D5, D6</td>
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<tr>
<td></td>
<td>Case: Cost of capital – Telus Corp.</td>
<td>CB#15</td>
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<tr>
<td>10</td>
<td>Valuation</td>
<td>D12</td>
</tr>
<tr>
<td></td>
<td>Case: Capital budgeting – Laurentian</td>
<td>CB#21</td>
</tr>
<tr>
<td>17</td>
<td>Valuation</td>
<td>D12</td>
</tr>
<tr>
<td></td>
<td>Case: Valuation – Rushway Brothers</td>
<td>CB#23</td>
</tr>
<tr>
<td>24</td>
<td><strong>Winter Break – NO LECTURE</strong></td>
<td></td>
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<tr>
<td>Mar. 03</td>
<td><strong>Midterm Test</strong> (Covers chapters 1 – 6)</td>
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<tr>
<td>10</td>
<td>Capital structure</td>
<td>D7, D8</td>
</tr>
<tr>
<td>17</td>
<td>Capital structure</td>
<td>D8, D9</td>
</tr>
<tr>
<td></td>
<td>Case: Valuation – Oxford Learning Centres</td>
<td>CB#24</td>
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<tr>
<td></td>
<td><strong>Scrapbook due</strong> (Covering Jan. 06 – Mar. 10)</td>
<td></td>
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<tr>
<td>24</td>
<td>Dividend policy</td>
<td>D10, D11</td>
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<tr>
<td></td>
<td>Case: Capital structure – Rocky Mountain</td>
<td>CB#14</td>
</tr>
<tr>
<td>31</td>
<td>Wrap up</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Case: Dividend policy – Champion Road</td>
<td>CB#22</td>
</tr>
</tbody>
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While every attempt will be made to keep to the schedule above, circumstances may necessitate modifications during the semester.
IMPORTANT ADDITIONAL INFORMATION

RECOMMENDED 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. Only non-programmable calculators without text storage capabilities will be allowed in the test and exam for this course.

Printed translation dictionaries are allowed, as long as they do not contain handwritten notes. Electronic translation dictionaries are not allowed.

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.

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/

ACADEMIC ACCOMMODATION
You may need special arrangements to meet your academic obligations during the term because of disability, pregnancy or religious obligations. Please review the course outline promptly and write to me 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.

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). The deadlines for contacting the Paul Menton Centre regarding accommodations for April exams is March 10th, 2017.

RELIGIOUS OBSERVANCE
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.

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 – YOUR RESPONSIBILITY!
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://www2.carleton.ca/sasc/advisingcentre/academic-integrity/

ASSISTANCE FOR STUDENTS
Student Academic Success Centre (SASC): www.carleton.ca/sasc
Writing Tutorial Services: http://www1.carleton.ca/sasc/writing-tutorial-service/
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/support-services/
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/