



**BUSI 2503
INTRODUCTION TO FINANCE
COURSE OUTLINE
FALL 2016**

Instructor: Professor Isaac Otchere
Email: isaac.otchere@carleton.ca:

Office: DT 1712
Phone: (613) 520-2600 Ext. 2731

Course Schedule & location
Office Hours:

Online
Thurs: 4.00-5.30pm or by appointment

Course Description

BUSI 2503 [0.5 credit]

Basic Financial Management

Business firms' financing, capital investment, cost of capital and short-term asset management problems.

Precludes additional credit for **[BUSI 2504](#)**.

Not for credit for students in B.Com., BIB or B.A. Honours Economics, Concentration in Financial Economics.

Prerequisite(s): second-year standing.

Purpose of the Course

The primary goal of this introductory finance course is to provide students with an integrated framework to analyze individual and corporate investments and financing decisions. It also provides an introduction to and applications of the standard techniques in business finance. Students will be introduced to the notion of both time and risk and how they affect the valuation of financial securities including bonds, stocks and real assets or investments projects undertaking by corporations. This course, which serves as the foundation for more advanced finance courses, will enable student to gain a good understanding of financial markets.

Learning Objectives for the Course

Upon completing this course, students will be able to:

1. Recognize and apply the main ways of measuring the time value of money.
 2. Apply financial skills to solve real life problems.
 3. Evaluate borrowing and investment alternatives.
 4. Develop a rational approach to financial decision making and planning.
 5. Use asset pricing models to determine the price of securities.
 6. Explain the risk and return relationship and its use in valuation.
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Course teaching approach

In this online course, the learning largely occurs at home or wherever you feel comfortable reading, viewing lecture videos, studying and working with the online course material. There are weekly lectures (lecture videos and powerpoint slides), practice problems and ORION questions. The practice problems, together with ORION questions will provide a good opportunity to review and practice the material. The following order is recommended:

- Reading for the week (relevant text book chapter)
- Orion (pre lecture assessment)
- Lecture (powerpoint slides and lecture videos)
- Orion (post lecture assessment)
- Practice Problems
- Quiz

Required Text and Materials

Booth, Cleary, Rakita, Introduction to Corporate Finance, 4th edition, John Wiley & Sons, 2016.

GRADE COMPONENTS

Component	% of Grade	Due date	Duration
Orion practice and participation	5%	weekly	
Quizzes (best 6 quizzes)	20%	weekly	30 mins each
1 Group Assignment	10%	TBA	Takehome
Mid-Term Exam	25%	Oct 15	90 mins
Final Exam	<u>40%</u>	TBA	180
Total	<u>100%</u>		

(1) Class preparation– You are expected to have covered the readings before class. After class, you should re-read the chapter to gain a complete understanding of the material. You are strongly encouraged to use ORION-the adaptive learning platform at WileyPlus - to pace yourself and to assess your understanding of the material before and after each lecture.

Participation. Students will earn **5%** participation marks for doing the ORION questions. Orion measures your proficiency rather than the total (or the percent of) correctly answered questions. The proficiency percentage is an estimation of your level of knowledge or skill based on the learning objectives. With the proficiency score, you can easily see what you likely know well - and what you may need to study more. The more questions you take, the better is your proficiency percentage. In the end, the performance score will depend on the number of correct answers out of the number attempted. Ten (participation) points are assigned for each week's ORION questions. A student's weekly participation points will depend on the person's proficiency score. The higher the proficiency score the higher the participation points which will be used to determine your participation marks at the end of the semester. As the table below indicates, students will get the full participation marks if their proficiency score is 80% and above. Remember that a student with 80% proficiency may have answered most of the questions correctly but needed more than one try to answer some of them correctly. So try and do as many of the questions as you can (especially after the concept has been discussed) to improve your proficiency score.

Orion Proficiency	0%-19%	20%-39%	40%-59%	60%-79%	80%-100%
Points (10 max)	0	2.5	5	7.5	10

Assigning participation marks for these ORION questions is a way to (i) encourage you to practice specific topics and together with the practice problems (ii) enhance your proficiency and your preparedness for the quizzes, midterm test and the final exam.

(2) Practice Problems – Finance cannot be learned without solving problems. To ensure that you understand the material, weekly practice 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 prepare for the quizzes and exams. Working in groups to solve the practice problems is encouraged.

(3) Assignments – There will be one group assignment. The assignments will test topics covered in class but will also encourage you to extend and apply ideas beyond sample problems. Each assignment mark will be determined as the number of questions answered correctly over the total number of questions. Late assignments will lose a certain percentage of the marks (depending on how late it is), so check the instructions carefully to see the different levels of deductions when an assignment is submitted late. Further details of the assignments will be provided in due course.

(4) Quizzes – There will be 12 weekly quizzes (one quiz per lecture) of which you are expected to write at least 6 of them. You can choose to do more than 6 quizzes, but your best six quizzes will be used to determine your grade. The goal of the quizzes is to encourage you to keep up with the course material and to measure your understanding of the material. The quizzes will be 15 multiple choice questions, about 30 minutes in length. You are encouraged to write the quizzes by Sunday, the

beginning of the week following the discussion of the topic. There will be no make-up quiz, so if by the end of the semester you have missed any of the 6 quizzes, you will lose the mark for that quiz. The quiz questions are algorithmic, each time a question is generated on a particular concept, it will have different numbers.

(5) Midterm and Final Exam – The mid-term test and the final exam will cover both the theory and application of topics covered in the course. The mid-term test and final examination are closed-book exams. Students are allowed to bring in a **Texas Instruments BAII Plus** calculator only. The final exam will be comprehensive. Both midterm and final will consist of multiple choice and short essay/problem type questions. The date for the mid-term test is shown in the schedule on the next page; the date for the final exam will be posted by the University later in the semester.

Exam Attendance

If a student is unable to sit for mid-term test due to verifiable illness (or, in rare cases, some other circumstances beyond the person’s control), the marks for the mid-term test will be allocated to the final exam. Medical documentation is required. If a student is unable to sit for the final exam, the person may apply to the Registrar’s Office to write a deferred examination. Deferral final examination will only be granted to students showing satisfactory in-term performance (as described below). Please also see Sections 2.4, 2.5 and 2.6 of the Undergraduate Calendar. It should be noted that deferred examinations are not granted to students who make travel plans that conflict with the examination period.

Course Schedule (tentative and subject to changes)

Lecture/ Week beginning	Topic	Chapter
1/Sept 11	The Financial Environment: Introduction to Financial Management: Goals of the corporation and agency conflict	1&2
2/Sept 18	Financial Analysis Tools: Financial Statement Analysis	4
3/Sept 25	Time Value of Money	5
4/Oct 2	Bond Valuation and Interest Rates	6
5/Oct 9	Equity Valuation (Assignment due date:	7
Oct 15	MIDTERM Saturday: 11.00 am-12.30pm	
6/Oct 16	NPV and Other Investment Criteria	13
Oct 23	Reading Week	
7/Oct 30	Return, Risk, and Portfolio Theory 2	8
8/Nov 6	Capital Asset Pricing Model	9
9/Nov 13	Capital Market Efficiency	10
10/Nov 20	Cost of Capital Estimation	20
11/Nov 27	Working Capital Management: General Issues	23
12/Dec 4	Working Capital Management: current assets and current liabilities	24

How to study Finance online

Finance is a problem-based course that will require you to both understand the economic intuition of financial concepts and to perform mathematical calculation. The bulk of the learning occurs while you work on problems. To do well in this online course, it is recommended that at the beginning of each week and each chapter, you should read each of the learning objectives and the accompanying text read the text, taking note of the big ideas in each objective. You should go through each of the examples provided in the PowerPoint and watch the appropriate videos if you do not understand any part of the material presented in that chapter. After you have finished reading each section you should attempt some practice questions for that learning objective (in the practice questions folder). If you get stuck, refer to the relevant section of the text for help. You might find a similar worked examples on the concept. As mentioned above, the bulk of the learning occurs while you work on problems. Studies have shown that students' performance in introductory finance course improves significantly with the number of questions attempted and completed correctly. It is therefore important that you attempt as many of the practice problems in WileyPlus as possible.

I strongly recommend that when working on the practice problems you DO NOT LOOK at the solutions until you have solved the problems and have obtained your answer. Taking a peak at the answers while you are solving them will create the illusions that you are learning when indeed not much learning will be occurring.

Study Groups and Group work

As part of the strategies for learning finance, and to get the most out of this online course, you are strongly encouraged to form study groups (of two to four people). It is a good practice that each member of the group attempt the problems individually before you meet to discuss them, and use the group forum to seek help and clarification on specific problems. It has been shown that students often receive very good explanations from fellow group members who just learned a concept themselves and the process of helping others also strengthens their own understanding of the material.

Academic Help

Students who need help with the course content can get assistance in three different ways: 1) send an email to the TA (his/her email will be provided in due course) or the instructor; 2. Use the 'My Office videos links in culearn to connect to WileyPlus (several concepts and questions are explained further there); 3) use the discussion board to ask questions, and 4) Drop-in TA support will be offered occasionally. The schedule will be made available on CuLearn.

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 Spratt 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/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/>
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