



CARLETON UNIVERSITY

BUSI 2505A: BUSINESS FINANCE II

COURSE OUTLINE Fall 2015

Instructor: Professor Isaac Otchere Office DT 1712; (613) 520-2600 Ext. 2731
Email: isaac.otchere@carleton.ca:

Course Schedule & location Tuesday: 2:35pm– 5:25pm: Tory Building 240

Office Hours: **Monday:** 3.30 pm– 5:00 pm or by appointment

Undergraduate calendar 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.

Prerequisites

[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

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

Course Objectives

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: risk /return analysis, capital budgeting under uncertainty, capital structure analysis, dividend policy, lease financing, mergers and acquisitions, and risk management using derivatives, such as options. 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 overarching goal of this course is to teach students how to apply an approach to financial decisions that uses expectations about after-tax cash flows, while accounting for uncertainty in the available information.

Important learning objectives for the course are to teach students:

- Important details of financial management that could not be covered in 2504
- That risk and uncertainty can be managed as part of running a business
- To apply discounted cash flows techniques as a general and powerful tool in understanding business decisions

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.

Notes on Examinations and Quizzes

The mid-term test and the final exam will cover both the theory and application of topics covered in classes and the readings. The mid-term test and final examination are closed-book and closed-notes. Students are allowed to bring in a TI 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 final exam will be posted by the University later in the semester. Quizzes are designed to focus on material that was just covered. They will be approximately 15-20 minutes in length.

Exam and Quiz Attendance

If a student is unable to sit for a quiz or mid-term test due to verifiable illness (or, in rare cases, some other circumstances beyond your control), the mark allocation for that quiz will be allocated to remaining quizzes; the mark allocation for the mid-term test will be allocated to the final exam. If a student is unable to sit for the final exam, the student 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.

Class Format

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

Required Text and Materials

Text: Ross, Westerfield, Jordan, and Roberts, *Fundamentals of Corporate Finance*, 8th Canadian edition, McGraw-Hill Ryerson, 2013

Calculator: Texas Instruments BA II Plus

Course Assessment	Grade Weight	Due date
3 In-class Quizzes (worth 5% each)	15%	1: week #4 2: week #8 3: week #11
<u>Group Assignments</u> 2 for 7.5% each [Individual assignments will NOT be accepted]	15%	1: due in week #5 (Oct 6) 2: due in week #9 (Nov 10)
Mid-term Exam	25%	Lecture Week # 7 Oct 20: in class
Final Exam	45%	TBA

There will be 2 (two) assignments (to be posted on cuLearn). Assignments are due on the dates specified, at the beginning of class. Assignments are to be **submitted via cuLearn**. Assignments are to be done in groups of **4** (four) students. **Late assignments will not be accepted** and will receive a grade of zero.

Midterm test:

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 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: 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.

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. 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.

Course Schedule (tentative and subject to changes*)

Lecture	Date	Topics	Chapters
1	Sept 8	Cash Flows, CCA, Capital Budgeting I	2.3-2.5, 10
2	Sept 15	CCA Capital Budgeting II	10
3	Sept 22	Project Analysis and Evaluation	11
4	Sept 29	Review of Risk and Return: Determination of Efficient Set Quiz #1	13
5	Oct 6	Risk and Return II: CAPM (Assignment 1 is due)	13
6	Oct 13	Cost of Capital	14
7	Oct 20	Mid-term test	
	Oct 27	Fall Break	
8	Nov 3	Capital Raising (Quiz #2)	15
9	Nov 10	Leverage and Capital Structure I: (Assignment 2 is due)	16
10	Nov 17	Leverage and Capital Structure II	16
11	Nov 24	Dividend Policy: Quiz #3	17
12	Dec 1	Lease Financing and wrap up	22

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

Doing Well in the Class

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 WebCT 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.

IMPORTANT ADDITIONAL INFORMATION

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 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 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, Plagiarism, 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

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*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable).

- The deadlines for contacting the Paul Menton Centre regarding accommodation for final exams for the December 2015 exam period is November 6, 2015 and for the April 2016 exam period is March 6, 2016.

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 or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact 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 expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, 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/>.

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/>

Assistance for Students:

Student Academic Success Centre (SASC): www.carleton.ca/sasc

Writing Tutorial Services: <http://www1.carleton.ca/sasc/writing-tutorial-service/>

Peer Assisted Study Sessions (PASS): www.carleton.ca/sasc/peer-assisted-study-sessions

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.
 - Please note that you will be able to link your CONNECT (MyCarleton) account to other non-CONNECT accounts and receive emails from us. However, 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 CONNECT address. Therefore, it would be easier to respond to your inquiries if you would send all email from your connect account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://portal.carleton.ca/>
-