



Carleton
University

Sprott
School of Business

CARLETON UNIVERSITY
FINANCE
BUSI 2504 B, C, D & E
WINTER 2023
BUSINESS FINANCE I

B, C, D & E

Course Professor: Dr. Shi Li, Ph.D.

Office: 6033 Nicol Building

Email: Shi.Li@carleton.ca

Modality:

In person.

Course Meets:

Section B:	Thursday	11:35 am – 2:25 pm	NI 4020
Section C:	Wednesday	2:35 pm – 5:25 pm	TB 342
Section D:	Friday	11:35 am – 2:25 pm	NI 3030
Section E:	Tuesday	2:35 pm – 5:25 pm	TB 340

Faculty Office Hours: Shi Li Friday 3:00 pm – 4:00 pm, Online

Meeting ID: 849 444 5079

<https://carleton-ca.zoom.us/j/8494445079>

TA Office Hours: TBA

TA Emails:

Pre-requisites & precluded Courses:

BUSI 1005, and ECON 1001 and ECON 1002 (or ECON 1000) or ECOR 3800.

Restricted to selected Sprott programs. Precludes additional credit for BUSI 2503, ECON 3050. **The School of Business enforces all prerequisites.**

Course Calendar description from the 2022/2023 University calendar:

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

Course Description:

This is an introductory course in finance. It addresses topics in finance that are important for all managers in organizations to understand. In addition to informing managers generally, these topics amount to an important foundation for higher level finance courses and will be used extensively in those courses. Finally, some of the topics addressed in this course can help with personal financing and investment decisions.

Learning Outcomes:

It is the objective of this course to teach students:

- The principles of time value of money and how to apply them;
- The features of various kinds of financial instruments, how to value them, and how organizations can use them to raise the capital they need;
- Approaches to evaluating investment opportunities and making investment decisions;
- Measures of risk and how they are related to returns; and,
- General analytical skills in structuring and analyzing financial problems.

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

Ross, Westerfield, Jordan, Roberts, Pandes & Holloway *Fundamentals of Corporate Finance, 11th Canadian Edition*, McGraw-Hill Ryerson, 2022.

Calculator: Any non-programmable calculators can be used in the test and examination, such as Texas Instruments BA II Plus.

Note: 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.

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

	Weighting (%)
Class Attendance	10%
In-class Assignment	10%
Midterm Exam	30%
Final Exam	50%
Total	100%

The Midterm Exam (30 questions, 2 hours) will be held during class time (see the course outline for dates). Material covered up to and including the class before the term test is eligible to be addressed. A student who does not write the midterm exams will automatically receive a grade of zero unless this is due to a medical or otherwise **emergency** with the appropriate **documentation**. Make-up exam will be held only for students with emergencies.

The Final Exam (45 questions, 3 hours) will be a comprehensive test, covering material from the entire course. More information about the final exam will be provided in class as the term progresses.

An **equation sheet** and discounting tables will be provided to students prior to the term test and the final exam. Students will also be provided with the equation sheet and discounting tables in the term test and final exam.

Suggested End-of-Chapter Questions

Chapter 5:	2, 3, 4, 5, 8, 9, 13 , 17, 19, 20
Chapter 6:	6, 7, 8 , 11, 15 , 16, 21, 25, 26, 44, 49 , 55
Chapter 7:	3 , 5, 6, 7, 8 , 19, 20, 23
Chapter 8:	4 , 5, 7, 8, 9 , 10, 13, 16 , 21
Chapter 9:	1, 3, 4, 7, 8, 9 , 14, 15, 17
Chapter 12:	1, 2, 3 , 7
Chapter 13:	1, 2, 3, 7, 8, 9, 11 , 12, 13 , 14, 16, 17 , 25
Chapter 14:	3, 7, 8, 9, 10, 15, 16

Student Responsibilities

Students are responsible for reading each chapter listed in the course outline and knowing the material in those chapters whether specific mention of certain topics is made in class and regardless of whether topics are addressed in class. Because of time constraints, it is not possible to cover all the chapter material in class. Class time will be spent on the most important topics and on the topics from which students receive the most benefit from explanation in class.

Doing well in this course

1. Read the indicated chapter before class in which it is to be addressed;
2. Do the self-test questions in the chapter immediately after you read it;
3. Use the critical thinking questions at the end of each chapter to help you put concepts into your own words; this will help you develop a level of comfort with the material.
4. Use class time to ask questions about things that were not clear to you from reading the chapter;
5. Do the listed problems before the relevant tutorial;
6. Attend the tutorials to see how the problems identified in bold can be solved and to ask questions about issues you may have with the other problems or with other course material;
7. While solutions to the end-of-chapter problems will be provided at the beginning of the course, attempt problems before looking at their solutions; looking at the solution first leads to under-estimation of a problem's difficulty and over-estimation of your ability to solve it;
8. Experiment with examples presented in class using your calculator and spreadsheets to develop your understanding of how the calculations and solution approaches work; re-doing a class example, and re-working an example with different values can significantly improve your understanding or uncover things you are not understanding;
9. Work at the course throughout the term, practice as you go along, and deal with things you don't understand as they arise; it is difficult to be successful with the kind of material covered in this course by cramming before the term test or exam;
10. Think about ideas addressed in the course outside of class, for example, when reading the newspaper or watching the news on television; question whether what you are seeing or hearing makes sense in light of your knowledge of the course concepts?

Course Schedule (tentative and subject to changes):

Section B

Date	Topics	Chapters
Jan 12	Overview of Corporate Finance	1
	Introduction to Valuation: The Time Value of Money	5 (begin)
19	Time Value of Money (continued)	Rest of 5
	Discounted Cash Flow Valuation	6.1
26	Discounted Cash Flow Valuation (continued)	6.2 – 6.3
Feb 02	Discounted Cash Flow Valuation (continued)	Rest of 6 (Excl 6A)
09	Midterm Test I (Ch 1, 5, 6 to 6.3)	
16	Interest Rates and Bond Valuation	7 (excl. 7A)
Winter Break, No Classes		
Mar 02	Stock Valuation	8
09	Net Present Value and Other Investment Criteria	9
16	Lessons from Capital Market History	12
23	Return, Risk and the Security Market Line	13
30	Risk & Return (continued)	13
Apr 06	Cost of Capital	14

Section C

Date	Topics	Chapters
Jan 11	Overview of Corporate Finance	1
	Introduction to Valuation: The Time Value of Money	5 (begin)
18	Time Value of Money (continued)	Rest of 5
	Discounted Cash Flow Valuation	6.1
25	Discounted Cash Flow Valuation (continued)	6.2 – 6.3
Feb 01	Discounted Cash Flow Valuation (continued)	Rest of 6 (Excl 6A)
08	Midterm Test I (Ch 1, 5, 6 to 6.3)	
15	Interest Rates and Bond Valuation	7 (excl. 7A)
Winter Break, No Classes		
Mar 01	Stock Valuation	8
08	Net Present Value and Other Investment Criteria	9
15	Lessons from Capital Market History	12
22	Return, Risk and the Security Market Line	13
29	Risk & Return (continued)	13
Apr 05	Cost of Capital	14

Section D

Date	Topics	Chapters
Jan 13	Overview of Corporate Finance	1
	Introduction to Valuation: The Time Value of Money	5 (begin)
20	Time Value of Money (continued)	Rest of 5
	Discounted Cash Flow Valuation	6.1
27	Discounted Cash Flow Valuation (continued)	6.2 – 6.3
Feb 03	Discounted Cash Flow Valuation (continued)	Rest of 6 (Excl 6A)
10	Midterm Test I (Ch 1, 5, 6 to 6.3)	
17	Interest Rates and Bond Valuation	7 (excl. 7A)
Winter Break, No Classes		
Mar 03	Stock Valuation	8
10	Net Present Value and Other Investment Criteria	9
17	Lessons from Capital Market History	12
24	Return, Risk and the Security Market Line	13
31	Risk & Return (continued)	13
Apr 12	Cost of Capital	14

Section E

Date	Topics	Chapters
Jan 10	Overview of Corporate Finance	1
	Introduction to Valuation: The Time Value of Money	5 (begin)
17	Time Value of Money (continued)	Rest of 5
	Discounted Cash Flow Valuation	6.1
24	Discounted Cash Flow Valuation (continued)	6.2 – 6.3
31	Discounted Cash Flow Valuation (continued)	Rest of 6 (Excl 6A)
Feb 07	Midterm Test I (Ch 1, 5, 6 to 6.3)	
14	Interest Rates and Bond Valuation	7 (excl. 7A)
Winter Break, No Classes		
28	Stock Valuation	8
Mar 07	Net Present Value and Other Investment Criteria	9
14	Lessons from Capital Market History	12
21	Return, Risk and the Security Market Line	13
28	Risk & Return (continued)	13
Apr 04	Cost of Capital	14
11	Course Review	



Contribution to Learning Goals of the Program ([BCom](#), [BIB](#)):

Program Learning Goal	Competencies Not Covered	Competencies Introduced (only)	Competencies Taught But Not Assessed	Competencies Taught and Assessed
CHECK (X) ONE PER ROW				
BC1 Knowledge <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>				X
BC2 Collaboration <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>		X		
BC3 Critical Thinking <i>Graduates will be discerning critical thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i>			X	
BC4 Communication <i>Graduates will be effective and persuasive in their communications.</i>	X			
BI5 Global Awareness (BIB ONLY) <i>Graduates will be globally-minded.</i>	X			

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.

Grading

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 Accommodation

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.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the 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. **For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

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 Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at bcom@sprott.carleton.ca or at bib@sprott.carleton.ca.

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 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/>

Covid-19 Information:

It is important to remember that COVID is still present in Ottawa. The situation can change at any time and the risks of new variants and outbreaks are very real. There are [a number of actions you can take](#) to lower your risk and the risk you pose to those around you including being vaccinated, wearing a mask, staying home when you're sick, washing your hands and maintaining proper respiratory and cough etiquette.

Feeling sick? Remaining vigilant and not attending work or school when sick or with symptoms is critically important. If you feel ill or exhibit COVID-19 symptoms do not come to class or campus. If you feel ill or exhibit symptoms while on campus or in class, please leave campus immediately. In all situations, you must follow Carleton's [symptom reporting protocols](#).

Masks: Carleton has paused the [COVID-19 Mask Policy](#), but continues to strongly recommend masking when indoors, particularly if physical distancing cannot be maintained. It may become necessary to quickly reinstate the mask requirement if pandemic circumstances were to change.

Vaccines: Further, while proof of vaccination is no longer required as of May 1 to attend campus or in-person activity, it may become necessary for the University to bring back proof of vaccination requirements on short notice if the situation and public health advice changes. Students are strongly encouraged to get a full course of vaccination, including booster doses as soon as they are eligible, and submit their booster dose information in [cuScreen](#) as soon as possible. Please note that Carleton cannot guarantee that it will be able to offer virtual or hybrid learning options for those who are unable to attend the campus.

All members of the Carleton community are required to follow requirements and guidelines regarding health and safety which may change from time to time. For the most recent information about Carleton's COVID-19 response and health and safety requirements please see the [University's COVID-19 website](#) and review the [Frequently Asked Questions \(FAQs\)](#). Should you have additional questions after reviewing, please contact covidinfo@carleton.ca.
