



Carleton
University

Sprett
School of Business

**CARLETON UNIVERSITY
FINANCE
BUSI 2505 A
FALL 2022
BUSINESS FINANCE II**

Instructor: Paul Wefers Bettink
Office Hours: TBA
Office: N/A delivered via ZOOM
Email: paulwefersbettink@cunet.carleton.ca

TA: TBA

Modality: In class lectures

Course Meets: Monday 2:35 - 5:25 pm (14:35 – 17:25)
Class Room: Tory Building Room 342
TA Office Hour: TBA

Pre-requisites & precluded Courses:

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 BUSI 2505 is prerequisite to BUSI 3500, BUSI 3502 and BUSI 3512 (with a grade of C+ or higher).

Course Calendar description from the 2022/2023 University calendar:

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.



Course Description:

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: capital budgeting under uncertainty, capital structure analysis, dividend policy, and lease financing. 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 main goal of this course is to teach students how to apply an approach to financial decisions that uses future expectations about after-tax cash-flows, while accounting for uncertainty in the available information.

Learning Outcomes:

Important learning objectives for the course are to teach students:

- That risk and uncertainty can be managed as part of running a business
- How to apply discounted cash flows techniques as a general tool in understanding business decisions
- How to decide on the optimal capital structure and whether a firm should distribute a dividend to its shareholders or not

This course makes frequent use of quantitative techniques and models. **Review 2504 notes!**

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

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

Calculator: Texas Instruments BA II Plus or other non-programable, financial calculator (e.g., HP, Sharpe)

Course Requirements & Methods of Evaluation

| | Weighting (%) |
|--------------------------|---------------|
| In Class Group Questions | 10% |
| Mid-Term Test I | 20% |
| Mid-Term Test II | 20% |
| Final Exam | 50% |
| Total | 100% |

In Class Group Questions –Students will be asked to work in small groups (e.g., 2 to 3 members) on two to three problems in class and will be asked to hand in their work at the end of class. Students will receive credit for their attempt to solving the problems.

Two Term Tests will be held during class time (see the course outline for dates). Material covered will be as noted in the class schedule below (subject to change and will be confirmed in class). 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 for students with emergencies, will take place on the **Wednesday of that week following the regular mid-term time (i.e. October 19th for**

the October 17th mid-term and November 23rd for the November 21st mid-term). Please note that **no other times for make-up midterm will be offered.**

The Final Exam 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.

NOTE: Both term tests and the final will consist of multiple choice questions. 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.

Course Schedule (*tentative & subject to change*):

| CLASS DATE | TOPICS | CHAPTERS | SUGGESTED TEXTBOOK QUESTIONS |
|---|--|------------------|---|
| September 12 | Review Cash Flows, Capital Cost Allowances | Sections 2.3-2.5 | |
| September 19 | Capital Budgeting | 10 | 2, 13, 16, 19, 26, 30, 33, 34, 37 |
| September 26 | Capital Budgeting | 10 | |
| October 3 | Project Analysis and Evaluation | 11 | 3,5,17, 18, 19 |
| October 10 – Thanksgiving (Statutory Holiday) | | | |
| October 17 | Term Test (Ch’s 2, 10, 11) | | |
| Reading Week – October 23 to 29 | | | |
| October 31 | Review Cost of Capital, Raising Capital | 14 & 15 | Chap 14: 2, 7, 16, 21, 30 Chap 15: 1, 2, 14, 15 & Optional 10 & 11 |
| November 7 | Leverage and Capital Structure | 16 | 4, 8, 13, 16, 17 & Optional 6, 19 and 20 |
| November 14 | Dividend Policy | 17 | 2, 3, 4, 11, 13 & Optional 17 |
| November 21 | Term Test (Ch’s 14, 15, 16, 17) | | |
| November 28 | Short-Term Finance and Planning | 18 | 3, 6, 9, 11, 13, 15 & 16 |
| December 5 | Lease Financing | 22 | 2, 3, 4, 5, 6, 7 & Optional 8 to 10 |
| December 9 | Mergers & Acquisitions, Review | 23 | 2, 4, 9, 10, 12 & 14 |

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.

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 email 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.
