

Economics 371
Business Finance 1
UNIVERSITY OF WATERLOO

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Office hours See *LEARN*

Classes Lectures:
Sec 001: 06:30-09:20 W, AL 208
Sec 002: 06:30-09:20 Th, AL 208

Overview of the course:

is a course designed to provide students with the introductory knowledge to time value of money, loans, debts, mortgages, basic stock valuation, bonds, Cash flow analysis, and capital budgeting. The course explores financial decisions faced by managers of firms. In particular, decision-makers must determine which long-term real investment opportunities to exploit. Once undertaken, managers must decide how to finance the projects, for example, by debt or equity. The course develops both the conceptual framework and the tools required for these decisions. The course assumes prior familiarity with probability, expected values, and variance.

Course Learning Outcomes

Upon completion of this course, students should be able to:

- Describe each item found on the Statement of Earnings, Statement of Changes in Equity and Statement of Financial Position.
- Value a series of many cashflows using interest and discount formula.
- Identify nominal rate of interest and real rate of interest in inflated economic conditions.
- Apply formula to value different systems of repeated cashflows, including annuities, Annuities Due, and perpetuity.
- Define and understand the fundamental features and elements of fixed-income instruments including bonds.
- Use financial models to value bonds.
- Explain what a yield curve is and plot the yield curve using zero-coupon bond yields.
- Define and understand the fundamental features and elements of stocks.
- Use financial models to value stocks.
- Use capital budgeting techniques to evaluate profitability of future projects.

Textbook and other Materials

Course notes and complementary slides, practice problems, etc. can be accessed through LEARN site.

Optional Textbooks and material:

- **Fundamentals of Corporate Finance** by Jonathan Berk, Peter Demarzo, Jarrad Harford, David A. Stangeland, Andras Marosi., Third Canadian Edition
 - The textbook is available from the UW Bookstore.
- Having access to Laptops/Tablets with MS Excel installed during Lectures. (We will use MS Excel to solve financial/Investment problems. Having a laptop during lectures is not mandatory. Some bonus activities will be assigned, for which having a laptop/tablet is required.)

Communication:

- All communications of this course will be done through UW LEARN (D2L): <http://learn.uwaterloo.ca>
- Your marks for assignments, quizzes, and exams will be posted on UW LEARN (D2L).
- If you have any issues during the term (e.g., lecture speed, exam questions, or personal issues) feel free to contact me.

Grading Scheme:

Activities	5%
In-class Tests	20% (4 tests)
Midterm	25%
Final Exam	50%

Contingency teaching plan

If, for any reason, we are forced to switch to fully **online synchronous teaching**, the remainder of lectures and tutorials will be instructed **synchronous online** and tests, midterm test, and/or the final exam will be written **synchronous online**. In this case, the timing for each test/exam will be increased to accommodate the different format/style of the test and to allow you time for scanning and uploading your papers.

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- If you have any issues during the term (e.g., lecture speed, exam questions, or personal issues) feel free to contact me at arash.soleimanidahaj@uwaterloo.ca.

Activities:

- Throughout the term, there will be activities to be completed. These activities are graded as complete (2), partial (1), or not complete (0) for each question:
 - In class bonus marks will be assigned by the instructor and is graded as bonus (2+2),
 - Complete marks will be assigned to complete activities submitted by the due date.

Tests & Midterms

The in-class tests and midterms will be written during normal lecture time on the scheduled dates below:

Schedule of Assessments

	Section 1	Section 2
In-class test 1	20-Sep	21-Sep
In-class test 2	04-Oct	05-Oct
Midterm Exam	18-Oct	19-Oct
In-class test 3	01-Nov	02-Nov
In-class test 4	15-Nov	16-Nov

Tests and Exams

- All exams and tests will be closed book.
- **The weight of missed in-class tests will be replaced by final exam grade. There is no need for doctor's note for illness.**
- missed **Midterm Exam** will be given zero, except for valid excuses, e.g., illness, or severe family emergency. Valid excuses should be discussed with the instructor prior to the assignment deadline and exams.

- Medical notes must use the UW Verification of Illness form, which is the only official and accepted document for illness related issues:
<https://uwaterloo.ca/math/vif-submission>
- The weight of acceptable missed midterm will be replaced by weighted grade of t final exam.

Final Exam

- The final exam includes all the material covered throughout the term. There is no substitute for the final exam.
- The final exam will be two and one-half hours duration and will be scheduled during the examination period. The final exam is comprehensive, covering material throughout the course. The final exam date and time will be assigned by the Registrar's Office.
- You may use a non-graphing, financial calculator or other calculator containing ln x and y functions. You are NOT allowed to use programmable or graphing calculators on exams. Bear in mind that marks on the examinations are allocated for complete setup of the solutions. If all you have is the final answer, it will get zero marks regardless of its validity.
- Students must bring photo identification to the mid-term and final exams.
- If you have an illness that will impair your performance on an examination, do not write the examination. No adjustment will be made for medical reasons after a student writes an exam. However, note that the experience of virtually all UW instructors is students missing an exam for any reason almost always perform worse than if they had attended all exams.
- In the event that a student is unable to sit a final exam during its regularly scheduled time, provided there is a satisfactory basis for the absence with appropriate supporting evidence, the student will normally write the final exam when final exams take place for the next offering of the course. The student will initially receive an INC grade for the course and no numeric grade will be provided until such time as the final exam is written and a final grade calculated.

Re-grading requests should be made within one week after the return of the graded examinations. A regrading request after a due date will not be accepted. The instructor reserves the right to re-grade the entire examination. Appeals will only be considered where the total marks involved are 5% or more of the total available marks on the exam, because marks below the 5% cut-off do not materially affect the final course grade. Final exam grade appeal procedures are consistent with overall University policy.

Email from the Instructor: The instructor will use students' emails as a major way for out-of-the class communication (e.g., making some announcements, answering some common questions, etc.). The LEARN group email list will be used for sending out class emails. Students should make sure that they can get their emails via LEARN group email. To communicate with the instructor via e-mail, arash.soleimanidahaj@uwaterloo.ca

Email Communication: When you email your instructor, make sure you include the following information in your email:

- Course: **ECON 371** and **Section#** (1 or 2)
- **Your official name** (What appears on LEARN)
- Your **student ID number** and your **QUEST user ID**

Important note: Including non-English characters in your email (sometimes imposed by installing a non-English operating system) prompts UW servers to spam your emails for the instructor. These characters most often appear in (not exclusively) the subject line, From, To, and Date/Time portions of previous communications if you reply to an email. As a result, I may not receive your email if you fall in this category. You must use the web-based email.

platform if you suspect that you have non-English characters in your emails imposed by your computer, phone, tablet, etc.

Tentative Course Schedule

Week	Date-Sec1	Date-Sec2	Topics	Event
1	06-Sep	07-Sep	Intro. to Corporate Finance	
2	13-Sep	14-Sep	Time Value of Money	
3	20-Sep	21-Sep	Time Value of Money	In-class test 1
4	27-Sep	28-Sep	Annuities	
5	04-Oct	05-Oct	Annuities / Bonds	In-class test 2
6	11-Oct	12-Oct		Reading Week (No class)
7	18-Oct	19-Oct		Midterm Exam
8	25-Oct	26-Oct	Bonds	
9	01-Nov	02-Nov	Bonds	In-class test 3
10	08-Nov	09-Nov	Valuing Stocks	
11	15-Nov	16-Nov	Investment Decision Rules	In-class test 4
12	22-Nov	23-Nov	Capital Budgeting	
13	29-Nov	30-Nov	Capital Budgeting	

Depending on the speed of material delivery and level of knowledge of students, some chapters can be excluded from the course schedule.

UW and Other Academic Policies:

1. At no point should any student post any course material including, but not limited to, recorded lectures, slides, practice problems, assignments, quizzes, solutions, etc. to any website except LEARN and Piazza. All course material is the intellectual property of the instructor and the University of Waterloo. **Stating or clicking a box indicating that you are the owner of this material** is fraudulent. Students who are caught or suspected of sharing materials online will be reported to the Dean’s Office.

2. **Professional Conduct Policy:** To foster a more professional learning environment and to develop habits that lead to success in the business work, all participants must engage in professional behavior, including: 1. No inappropriate talking in class. 2. Turn off mobile phones prior to class. 3. Arrive on time and leave at the designated time. Please do not leave the class in the middle unless it is absolutely essential. 4. Plan outside activities to avoid conflicts with the activities outlined in the syllabus. 5. Agree to abide by the academic misconduct rules and procedures and code of ethics discussed below. 6. Acknowledging the importance of clarity of expression in written and oral communication and understanding that the course grade will be affected by your ability to communicate.

3. **Academic Integrity:** Absolutely no cheating is allowed. Note on avoidance of academic offences: All students registered in the courses of the Faculty of Arts are expected to know what constitutes an academic offense, to avoid committing academic offenses, and to take responsibility for their academic actions. When the commission of an offense is established, disciplinary penalties will be imposed in accord with Policy #71 (Student Academic Discipline). For information on categories of offenses and types of penalties, students are directed to consult the summary of Policy #71 in the student Academic Calendar (Section 1) or by using the link below: <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>. Other resources regarding the discipline policy include your academic advisor.

4. **Grievance:** A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70, Student Petitions and Grievances, Section 4, www.adm.uwaterloo.ca/infosec/Policies/policy70.htm. When in doubt please be certain to contact the department's administrative assistant who will provide further assistance.

5. **Discipline:** A student is expected to know what constitutes academic integrity [check www.uwaterloo.ca/academicintegrity/] to avoid committing an academic offence, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about "rules" for group work/collaboration should seek guidance from the course instructor, academic advisor, or the undergraduate Associate Dean. For information on categories of offences and types of penalties, students should refer to Policy 71, Student Discipline, www.adm.uwaterloo.ca/infosec/Policies/policy71.htm. For typical penalties check Guidelines for the Assessment of Penalties, www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm.

6. **Appeals:** A decision made or penalty imposed under Policy 70 (Student Petitions and Grievances) (other than a petition) or Policy 71 (Student Discipline) may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to Policy 72 (Student Appeals) www.adm.uwaterloo.ca/infosec/Policies/policy72.htm.

7. **Release of Grades:** Grades will be released through the course site on UW-Quest. Please note that University of Waterloo Policy 19 states that, "final examination and final course grades shall not be posted before the final examination period ends." I will not release marks through email or on the phone.

8. **Note for Students with Disabilities:** The Accessibility Services, located in Needles Hall, Room 1401, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the Accessibility Services at the beginning of each academic term.