

**Economics 371**  
**Business Finance 1**  
**UNIVERSITY OF WATERLOO**

---

<b>Instructor</b>	Arash S. Dahaj, PhD, MBA Email <a href="mailto:a4soleim@uwaterloo.ca">a4soleim@uwaterloo.ca</a>
<b>Office hours</b>	See <i>LEARN</i>
<b>Classes</b>	Lectures: Sec 001: 2:30-5:20 M, AL 208

---

**Overview of the course:**

The course is 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:**

Assignments	5%
Tests	15% (2 Tests)
Midterm	20%
Group Project	20%
Final Exam	40%

**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.

**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 at [arash.soleimanidahaj@uwaterloo.ca](mailto:arash.soleimanidahaj@uwaterloo.ca).

**Assignments:**

- Assignment questions are graded as complete (2), partial (1), or fail (0). Assignments are due before each problem-solving weeks (i.e. week 5 and week 11)

**Group Project**

- The Assignments section of this course consists of one group assignment, broken down into three parts, including a group presentation. The specific instructions for each assignment component will be in a separate file clearly marked on LEARN. The assignment instruction files will indicate the value of each and the criteria for determining the mark.
- All assignment components must be submitted via the Assignments “dropbox”. The dropbox can be found in your LEARN tool bar at the top of the course homepage
- More details will be posted separately on LEARN.

**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
Test 1	3-June
Midterm Exam	17-June
Test 2	15-July

## Tests and Exams

- All exams and tests will be closed book.
- **The weight of missed 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.

## Economics Department Deferred Final Exam Policy

All deferred Final Exam requests for economics courses are administered by the Economics Undergraduate Office. Please consult the Deferred Exam Policy at <https://uwaterloo.ca/economics/undergraduate/deferred-final-exam-policy>

## Applications for Accommodation

Students applying for accommodation due to illness or extenuating circumstances should submit their documentation (verification of illness forms, narratives concerning circumstances) to the Arts Undergrad Office using the form available at [Accommodations for illness or extenuating circumstances | Arts \(uwaterloo.ca\)](#)

Instructors have a VIF system window linked to Quest that lists students' exemptions (including self-declared absences). Both the category of exemption granted, and the relevant dates appear in the system. This procedure is meant to protect student privacy. For further information on the process, see the page listed above. Discretion regarding the form the accommodation takes rests with the course instructor. Guidelines are described in the course calendar: [Undergraduate Studies Calendar | University of Waterloo \(uwaterloo.ca\)](#)

## Declaring absences

For all of the following categories of absence students are responsible for getting in touch with their course instructors as soon as possible to discuss possible accommodations for missed course component(s). The

course instructor will determine how the missed work is accommodated. Absences will be accommodated according to the [accommodation guidelines section of the undergraduate calendar](#).

If you are unable to complete a course component due to [self-declared COVID-related reasons](#) or [a two-day short-term absence](#) then you should submit a self-declaration of absence through [Quest](#).

If your absence is due to an [illness not pandemic-related](#), then a [UW Verification of Illness form](#), completed by a health professional, must be uploaded and submitted through the [Verification of Illness or Extenuating Circumstances Process](#). The VIF is the only acceptable documentation for an absence due to illness. Do not submit the VIF or any other medical documentation to your instructors, teaching assistants, or other course personnel.

If your absence is due to other [extenuating circumstances](#) (e.g., bereavement), then you must submit all documentation related to the absence (e.g., obituary) through the [Verification of Illness or Extenuating Circumstances Process](#).

Submission through the VIF or Extenuating Circumstances System, once approved, will notify your instructors of your absence. However, you are responsible for contacting instructors to discuss accommodation arrangements.

### **Accommodating religious and spiritual observances**

The University of Waterloo has a duty to [accommodate religious, spiritual, and other creed-based beliefs and practices](#) under the Ontario Human Rights Commission (2015) [Policy on preventing discrimination based on creed](#). Students may seek accommodations for missed course components on religious, spiritual, or other creed grounds. In such cases the students should please consult the instructor within two weeks of the announcement of the due date for which the accommodation is being sought.

**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](mailto: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#**
- **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 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:**

<b>Week</b>	<b>Date- Sec1</b>	<b>Topics</b>	<b>Event</b>
1	6-May	Intro. to Corporate Finance	
2	13-May	Time Value of Money	
3	<i>T 21-May</i>	Time Value of Money	<i>Victoria Day</i>
4	27-May	Annuities	
5	3-Jun	Annuities	Problem-Solving
6	10-Jun	Annuities	In-class test 1
7	17-Jun		Midterm Exam
8	24-Jun	Bonds	
9	1-Jul		<i>Canada Day</i>
10	8-Jul	Valuing Stocks	Problem-Solving
11	15-Jul	Project Instructions	In-class test 2
12	22-Jul		
13	29-Jul	Project Presentations	

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](http://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/](http://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](http://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](http://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](http://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.

## **Territorial Acknowledgement**

The University of Waterloo acknowledges that much of our work takes place on the traditional territory of the Neutral, Anishinaabeg and Haudenosaunee peoples. Our main campus is situated on the Haldimand Tract, the land granted to the Six Nations that includes six miles on each side of the Grand River. Our active work toward reconciliation takes place across our campuses through research, learning, teaching, and community building, and is centralized within the [Office of Indigenous Relations](#).

For more information about the purpose of territorial acknowledgements, please see the [CAUT Guide to Acknowledging Traditional Territory](#).

## **Mental Health Support**

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health support if they are needed.

### **On campus supports**

For counselling (individual or group) reach out to [Campus Wellness and Counselling Services](#). Counselling Services strives to provide a secure, supportive environment for students of all orientations and backgrounds. They offer confidential counselling for a variety of areas including anxiety, stress management, depression, grief, substance use, sexuality, relationship issues, and much more.

### **Other on-campus supports**

- [MATES](#): one-to-one peer support program offered by the Waterloo Undergraduate Student Association (WUSA) and Counselling Services
- Download the [WatSafe app](#) to your phone to quickly access mental health support information
- [Empower Me](#): to access create an account on the Dialogue mobile app or on the web at [www.studentcare.ca/dialogue](http://www.studentcare.ca/dialogue)
- [Sexual Violence Prevention and Response Centre](#) - supports all members of the University of Waterloo campus community who have experienced or been impacted by sexual violence.

### **Off campus supports**

- [Good2Talk](#): Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-4300
- [St. Mary's Hospital](#) - 519-744-3311
- [Here 24/7](#): Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- 988 Suicide Crisis Helpline: a 24/7 urgent mental health care three-digit helpline
- [OK2BME](#): set of support services for Two-Spirit, lesbian, gay, bisexual, trans, queer, intersex, asexual (@SLGBTQIA+) and questioning kids, teens, adults, and their families in Waterloo Region. Phone: 519-884-0000 or e-mail [ok2bme@caminowellbeing.ca](mailto:ok2bme@caminowellbeing.ca)

- [Sexual Assault Support Centre of Waterloo Region](#) - offers individual counselling to people of all genders, 16+ who have been sexually assaulted at any point in their lives. As well as short-term support for family members or friends of sexual assault survivors. Also, information and referrals

More information about resources and supports for students can be found online in on the [Faculty of Arts Student Support](#) page.

### **Anti-racism statement**

The University of Waterloo does not tolerate racism or any other form of discrimination and expects campus community members to contribute to a culture where all members feel safe and valued. Any member of the campus community who has experienced racism or discrimination at the University is encouraged to review available processes for addressing their concerns under Policy 33 – Ethical Behaviour and to seek guidance from the Equity Office via email at [equity@uwaterloo.ca](mailto:equity@uwaterloo.ca) or through their [website](#).

### **Academic freedom at the University of Waterloo**

[Policy 33 -- Ethical Behaviour](#) states, as one of its general principles (Section 1), “The University supports academic freedom for all members of the University community. Academic freedom carries with it the duty to use that freedom in a manner consistent with the scholarly obligation to base teaching and research on an honest and ethical quest for knowledge. In the context of this policy, 'academic freedom' refers to academic activities, including teaching and scholarship, as is articulated in the principles set out in the Memorandum of Agreement between the FAUW and the University of Waterloo, 1998 (Article 6). The academic environment which fosters free debate may from time to time include the presentation or discussion of unpopular opinions or controversial material. Such material shall be dealt with as openly, respectfully and sensitively as possible.” This definition is repeated in Policies 70 and 71, and in the Memorandum of Agreement, Section 6

### **Intellectual Property**

Students should be aware that this course contains the intellectual property of their instructor, TA, and/or the University of Waterloo.

Intellectual property includes items such as:

- Lecture content, spoken and written (and any audio/video recording thereof);
- Lecture handouts, presentations, and other materials prepared for the course (e.g., PowerPoint slides);
- Questions or solution sets from various types of assessments (e.g., assignments, quizzes, tests, final exams); and
- Work protected by copyright (e.g., any work authored by the instructor or TA or used by the instructor or TA with permission of the copyright owner).

Course materials and the intellectual property contained therein are used to enhance a student’s educational experience. However, sharing this intellectual property without the intellectual property owner’s permission is a violation of intellectual property rights. For this reason, it is necessary to ask the instructor, TA and/or the University of Waterloo for written permission before uploading and sharing the intellectual property of others online (e.g., to an online repository).

Permission from an instructor, TA or the University is also necessary before sharing the intellectual property of others from completed courses with students taking the same/similar courses in subsequent



terms/years. It is also forbidden to share the material listed above from a previous iteration of a course with a student presently enrolled in the course, unless you have the instructor's written permission to do so. In many cases, instructors might be happy to allow distribution of certain materials. However, doing so without expressed permission is considered a violation of intellectual property rights.

Please alert the instructor if you become aware of intellectual property belonging to others (past or present) circulating, either through the student body or online. The intellectual property rights owner deserves to know (and may have already given their consent).

### **Pronouns and chosen or preferred first name**

Students can verify their chosen or preferred first name and pronouns by logging into [WatIAM](#). Your chosen or preferred first name and pronouns listed in WatIAM will be used across campus (e.g., in LEARN, Quest, WaterlooWorks, WatCard, etc). Your legal first name will always be used on certain official documents, such as diplomas and transcripts.

Students can view and change their pronouns in [Quest](#). Should you choose to include your pronouns in Quest, your pronouns will be accessible by instructors, advisors, and employees with access to Quest. If no pronoun is added, the field in Quest will remain blank.