

**University of Waterloo**  
**Dept. of Economics**  
**Econ 371: Business Finance I**  
**Fall 2011, Sec 002**

## Course Objective

- 1) Applying the Micro and macro economic theory in practical business finance context.
- 2) Acquiring a strong grasp of fundamental financial issues of modern business organizations.
- 3) Start thinking like an entrepreneur who is financially savvy.
- 4) Developing research, writing and critical thinking skills on general topics of modern business finance.

## Learning Plan

Required Textbook: Fundamentals of Corporate Finance, 4<sup>th</sup> Canadian Edition by Brealey et al. Publisher: McGraw-Hill Ryerson

Lecture	Topic	Assignments (Unmarked)
Wednesday, Sep 14	Going over the Course Outline.  Ch 1: The Firm and the Financial Manager  Ch 2: Financial Markets and Institutions	Ch 1: <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-20 ( I will provide you with solutions)</li> </ul> Ch 2: <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-20 (I will provide you with solutions)</li> </ul>
Wednesday, Sep 21	Remaining of Ch 2: Financial Markets and Institutions  Ch3: Accounting and Finance  Ch 4: The Time Value of Money  One Student Presentation (if any)	Ch 3: <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-20 (I will provide you with solutions)</li> </ul>
Wednesday, Sep 28	Remaining of Ch 4: The Time Value of Money  Two Student Presentations (if any) <b>***Term Test I Coverage Ends***</b>	Ch 4: <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-40 (I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul> <b>***Term Test I Coverage Ends**</b>

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Wednesday, Oct 05	<p>^^^Term Test II Coverage Begins^^^</p> <p>Ch 6: Valuing Stocks</p> <p>One Student Presentation (if any)</p> <p>Lecture ends at 8:20 PM</p> <p><u>Term test I</u>: 8:40 PM to 9:40 PM (in class)</p>	<p>^^^Term Test II Coverage Begins^^^</p> <p>Ch 6:</p> <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-44 (I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul>
Wednesday, Oct 12	<p>I will start taking attendance from this day onwards.</p> <p>Remaining of Ch 6: Valuing Stocks</p> <p>Ch 7: Net Present Value and Other Investment Criteria</p> <p>One student presentation (if any)</p>	<p>Ch 7:</p> <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-39 (I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul>
Wednesday, Oct 19	<p>Remaining of Ch 7: Net Present Value and Other Investment Criteria</p> <p>Ch 10: Introduction to Risk, Return and the Opportunity Cost of Capital</p> <p>One student presentation (if any)</p>	<p>Ch 10:</p> <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-25 (I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul> <p>^^^Term Test II Coverage Ends^^^</p>
Wednesday, Oct 26	<p>Remaining of Ch 10: Introduction to Risk, Return and the Opportunity Cost of Capital</p> <p>Three student presentations (if any)</p> <p>^^^Term Test II Coverage Ends^^^</p>	
Wednesday, Nov 2	<p>))) Term Test III Coverage Begins (((</p> <p>Ch 11: Risk, Return and Capital Budgeting</p> <p>One student presentation (if any)</p> <p>Lecture ends at 8:20 PM</p>	<p>))) Term Test III Coverage Begins (((</p> <p>Ch 11:</p> <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-30 (I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul>

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	<u>Term test II: 8:40 PM to 9:40 PM</u> (in class)	
Wednesday, Nov 9	Remaining of Ch 11: Risk, Return and Capital Budgeting  Ch 13: Introduction to Corporate Financing and Governance  One student presentation (if any)	Ch 13: <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-16 (I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul>
Wednesday, Nov 16	Ch 14: Venture Capital, IPOs and Seasoned Offerings  One student presentation (if any)	Ch 14: <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-18 (I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul>
Wednesday, Nov 23	Last day of taking attendance.  Ch 16: Payout Policy  One student presentation (if any)  ))) <b>Term Test III Coverage Ends</b> ((	Ch 16: <ul style="list-style-type: none"> <li>• All 'Check Point' Questions.</li> <li>• Questions and Problems: From 1-24(I will provide you with solutions)</li> <li>• Exclude Problems with EXCEL.</li> </ul> <b>)))Term Test III Coverage Ends</b> ((
Wednesday, Nov 30	No Student Presentation Accommodated.  In-class consulting ends at 8:20 PM.  No lecture.  <u>Term test III: 8:40 PM to 9:40 PM</u> (in class)	

Learning Suggestions:

- I will post the lecture slides roughly a day before the lecture for your review.
- I encourage that you read the text-book chapter before coming to the lecture. If not, you should definitely read the chapter at least once after the lecture.
- I recommend that you bring the textbook to the class for reference.
- I suggest that you take notes during the class and review those notes after the class. You may take notes directly on the power point slides if you have your laptop.
- Make a rough attempt to the assigned problems before looking at the solution.
- My tests will reflect my lectures and assignments.

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## **EVALUATION**

No Final Exam. Three terms tests and a short research paper. The 'Learning Plan' section outlines the coverage of each term tests.

**Term Test I- 25%:** Wednesday, Oct 5, 2011: 8:40 PM to 9:40 PM (in class)

**Term Test II-25%:** Wednesday, Nov 2, 2011: 8:40 PM to 9:40 PM (in class)

**Term Test III- 25%:** Wednesday, Nov 30, 2011: 8:40 PM to 9:40 PM (in class)

### **Short Research Paper- 25%:**

#### **Writing Option:**

You can write the paper alone (for those who are independent-minded and do best working alone)

or

You can write the paper in a group of two students together from your section (for those who think and work best in dual partnerships).

or

You can write the paper in a group of three students together from your section (for those who like differing inputs, meetings and discussions and work best in three).

Students adopting the last two options: You are responsible for building your team. Team members will receive identical mark in the paper.

I will grade all papers using equal standard of evaluations.

#### **Topic:**

The paper must be of one of the following two topics. You can investigate/analyze any areas under these two topics:

##### Topic 1: Islamic Finance

Example Areas of research: What is Islamic finance? How Islamic is Islamic Finance? What are the pros and cons of Islamic finance? Islamic Finance in Western World etc.

##### Topic 2: Micro Financing/micro credit.

Example Areas of Research: What is micro financing/micro credit? What are the pros and cons of micro financing? Micro financing in Canada etc.

**Due Date, Time, Place:** Friday, December 02, 2011 by 9. 50 PM in my office at the PAS 1049. I will be in my office from 7:30 till 9:50 PM. You may also slide in the paper through the office door if I am not around.

Internet/email submission will not be accepted under any circumstances.

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**Late Penalty:** If you submit the paper after the due date and time, you will get a grade of zero (0) in the paper. No doctor's note or excuse will be accepted under any circumstances.

**Format (Read and Follow Carefully):**

- 1) Length: Maximum five standard printing page (excluding the end note, bibliography and cover page). End note, bibliography and cover page are not counted in calculating the page number. I will give excellent marks for a well-written and well-researched three or four-page paper.
- 2) Double-spaced typing with font size 11 or 12. Use any one of the following fonts: 'Times New Roman' or 'Cambria' or 'Calibri'.
- 3) Do not use footnote. Use endnote as may be needed.
- 4) Number the pages.
- 5) There must be a bibliography of at least five different sources, three of which must be academic or scholarly in nature, say, books, journal article, writing by a person of authority etc.
- 6) There must be a cover page with your name(s), student number(s), section number and a title of your paper.
- 7) Use any one of the following three citation styles: APA, MLA or Chicago. I will ignore slight deviations from the requirements of your chosen citation style given a very strict conformity with a chosen style may appear unduly complicating.

**The above 'format' will be strictly enforced in grading thus:** A paper that would not meet the above described 'format' requirement even by a margin will receive a grade of **zero (0)**.

Example: a paper that exceeds 5 pages (excluding the end note, bibliography and cover page) even by a single line will get a grade of zero (0).

Another example: a paper written in single-spaced typing will get a grade of zero (0).

**\$\$\$\$\$ Double-check these format rules before submitting your paper \$\$\$\$\$**

**Grading Scheme of the Research Paper:**

Analysis/Synthesis of Issues/information: 5 marks

Grammar, punctuation, spelling: 5 marks

Depth of Research: 5 marks

Original Thinking: 5 marks

Organization and Style: 5 marks

**For a good mark in the paper:** You should research to identify a sufficiently narrow issue within your chosen topic as the main issue of your paper so that you can:

--- research and investigate that issue in some detail and

--- input your original thought and analysis on that issue.

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The more effectively you can do this and put it in writing, the higher the marks I will give you in your paper.

Researching, organizing, writing down, then editing and proof-reading to have a good research-paper takes time. Plan ahead. Start early. Use your time wisely.

**Plagiarism:**

If I detect plagiarism, i.e., you have used another person's writing and/or findings that is not a common knowledge in the field, as your own writing or finding without proper acknowledgement, then I will give you a zero (0) in your paper. Please familiarize yourself on what plagiarism generally entails. Plagiarism is considered a serious academic offense and I will treat it as such.

**Cheating:**

If I detect two or more papers substantially identical giving rise to a reasonable apprehension of cheating, then I will give each such papers a grade of zero (0).

**Lecture Attendance**

I will take attendance starting the first class after Term Test I till the lecture before Term Test III. If you miss more than three (3) lectures during this period, then I will deduct one mark (from the total mark of 100) for missing a lecture. I will not deduct any mark for missing three or fewer lectures over this period.

**Bonus Marks**

**I will give bonus marks for:**

- A minimum 3 to a maximum 5-minute presentation to the class if a sole presentation.
- A minimum of 6 to a maximum of 10-minute presentation to the class if a dual presentation.

**But Note:**

- You must come to me to claim your bonus marks on the very night you have made the presentation. You may do so during the break or right after the lecture. I will give you the bonus marks then and there. **I will not accept any later claims of bonus marks.**
- To make the presentation, you must sign up beforehand in the signing sheet in-class. See under 'Learning Plan' for available presentation slots.
  
- If you sign up for a presentation but do not show up for it, then 1 mark will be deducted from your total grade as a penalty.

**Topic:**

Any business finance topic other than the two Short Research Paper topics.

**Mode:**

You may use the blackboard, PowerPoint, projector or some other mode or nothing: anything feasible that suits your presentation needs is fine.

**Criteria for and the amount of Bonus Marks:**

Excellent: You engaged the class. You got sound attention of the class. → 3 Marks

Good: You somewhat engaged the class. You got some attention of the class. → 2 Marks

Nice Try: You got little attention. Modest or no engagement with the class. → 1 Marks.

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### **Missed Test(s) Policy**

- Under no circumstances the options described in this section can be used to transfer the weight of a midterm that you have written.
- No doctor's note is required or will be accepted for a missed term test.
- No make up test will be arranged for missed term test(s) under any circumstances.
- You can transfer the weight of ONE and ONLY ONE of the three missed term tests by using the options outlined here.

#### Option 1:

Writing a second research paper in the second of two topics outlined in the 'Short Research Paper' section that you have not chosen for your first paper. In such a case, the second research paper will count as another 25% of your grade.

- On the cover sheet of the second paper, you **MUST** clearly mention which one of the three tests you have missed and whether you are following Option 1 or Option 2. Otherwise, your paper will not be graded.
- You must write the second short research paper **ALONE**. Any collaboration with others in writing this second paper will be considered cheating.
- All the rules of the 'Format' discussed under the 'Short Research Paper' section will be strictly applied in writing the second research paper. You will receive a **zero** for breaching any of those Format rules.
- Grading scheme, plagiarism /cheating policy and **especially the due date, place and time and late penalty, are the same** as outlined under the 'Short Research Paper' section. I will not accept late submission of the second paper under any circumstances.

#### Option 2:

Writing an extended research paper in any of the two topics outlined in the 'Short Research Paper' section. In such a case, the research paper will count as 50% of your grade.

- On the cover sheet of the extended paper, you **MUST** clearly mention which one of the three tests you have missed and whether you are following Option 1 or Option 2. Otherwise, your paper will not be graded.
- You must write the extended paper **ALONE**. Any collaboration with others will be considered cheating.
- The length of the extended research paper must be of minimum 10 pages and maximum 12 pages (excluding the end note, bibliography and cover page). There must be a bibliography of at least ten (10) different sources, six (6) of which must be academic/scholarly in nature, like books, journal article, writing by a person of authority etc. This maximum and minimum length and bibliography requirement is strict and the penalty would be getting a **zero** (0) if you violate these requirements.
- All the other rules of the 'Format' discussed under the 'Short Research Paper' section will be strictly applied. You will receive a zero for breaching any of those Format rules.
- Grading scheme, plagiarism /cheating policy and **especially the due date , place and timeand late penalty, are the same** as outlined under the 'Short Research Paper' section. I will not accept late submission of the extended paper under any circumstances.





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student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals,

<http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm> **Academic Integrity website (Arts):**  
[http://arts.uwaterloo.ca/arts/ugrad/academic\\_responsibility.html](http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html) **Academic Integrity Office (UW):**  
<http://uwaterloo.ca/academicintegrity/>

**Accommodation for Students with Disabilities: Note for students with disabilities:** The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, 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 OPD at the beginning of each academic term.