

FINS 1613 BUSINESS FINANCE

Course Outline Semester 2, 2017

Course-Specific Information

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the School's Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Lecturer-in-charge: Dr. Kyung Hwan Shim (covering weeks 3 to 12)

Room: 306 UNSW Business School Building

Phone No: 9385 5852

Email: k.shim@unsw.edu.au

Consultation Times – Thursdays 2 to 3PM (or by appointment). To be revised for the examination period.

Co-Lecturer: Dr. Baha Circi (covering weeks 1 and 2)

Room: TBA

Phone No: TBA

Email: TBA

Consultation Times – TBA

A full list of tutors will be posted on Course Website.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Lectures start in Week 1(to Week 12): The lecture times and location are:

A: Tuesdays 14:00 to 16:00 Keith Burrows Theatre

B: Mondays 14:00 to 16:00 Colombo Theatre A

C: Mondays 18:00 to 20:00 Ainsworth G03

Tutorials start in Week 2 (to Week 13). A full list of tutorials and times can be found here:

<http://www.timetable.unsw.edu.au/current/FINS1613.html#S2>

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

This is a first course in corporate finance that looks at the essential aspects of financial decision-making. The course begins with the different ways in which companies can be structured and the differing types of ownership that exist. Thereafter, the principles and applications of financial mathematics are introduced and used to value securities and investment decisions. Portfolio theory is used to provide a foundation for determining the relationship between expected risk and returns in financial and real asset investments. Dividend payouts and the choices between debt and equity financing, including methods of determining the cost of capital, are also covered. Further, this course includes analysis of the influence of the capital market environment, the implications of financial risk, taxation and the conflict of interest between managers and investors on the value and operation of businesses.

The course develops distinct conceptual frameworks and specialized tools for solving real-world financial problems at both the personal and corporate level. Illustrations from real-life corporate practices are used to highlight the importance and relevance of

financial management to the realization of personal and corporate financial objectives. Examples include personal financial planning, funds management, capital raising, portfolio selection, private and public financing, and the pricing of assets in the stock market.

2.4 Course Aims and Relationship to Other Courses

FINS1613 is one of two gateway courses for the electives and more advanced courses in the finance stream. It provides a foundation for understanding financial decision making and valuation which you will need for more advanced finance classes.

There is no formal pre-requisite or co-requisite for this course. However, students are required to have an interest in finance.

2.5 Student Learning Outcomes

Upon completion of this course, students should:

1. Be familiar with the basic financial decision making and valuation concepts;
2. Be able to solve problems involving valuation and assessment of relevant risks in corporate decision making.
3. Be able to evaluate different types of securities;
4. Have developed critical skills in analysing capital budgeting projects;
5. Understand the relation between risk and return, and be able to estimate the cost of capital;
6. Understand the firm's capital structure and dividend policy, and relevant theory;

The course is designed to specifically target the following UNSW Graduate Attributes:

1. an in-depth engagement with the relevant disciplinary knowledge in its interdisciplinary context;
2. the capacity for analytical and critical thinking and for effective problem solving;
3. the ability to independently learn related concepts for the purpose of corporate decision making;
4. the skills required for collaborative and multidisciplinary work;

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. 'be an effective team player'). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. 'participate collaboratively and responsibly in teams').

For more information on Program Learning Goals and Outcomes, see the School's Course Outlines Policies webpage available at <https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business undergraduate students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Understand and apply the set of tools needed in corporate decision making.	<ul style="list-style-type: none"> • Tutorial Problems • In-tutorial sessions • Early Assessment and Midterm Exams • Final Exam
2	Critical thinking and problem solving	Be able to apply the knowledge and the tools acquired in FINS 1613 in any corporate financing and investment setting.	<ul style="list-style-type: none"> • Tutorial Problems • In-tutorial sessions • Early Assessment and Midterm Exams • Final Exam
3a	Written communication	Communicate finance related ideas in a theoretically and applicably sound manner.	Not specifically assessed
3b	Oral communication	Communicate finance related ideas in a theoretically and applicably sound manner.	Part of tutorial participation mark
4	Teamwork	N/A	Not specifically assessed
5a.	Ethical, social and environmental responsibility	N/A	Not specifically assessed
5b.	Social and cultural awareness	N/A	Not specifically assessed

3 ASSESSMENT

3.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50; and

- make a satisfactory attempt at all assessment tasks (see below).

3.2 Assessment Details

Assessment Task	Weighting	Due Date
Tutorial Attendance and Participation	5% each (10 % total)	Ongoing
Early Assessment Exam	5%	Tentatively scheduled for Friday, 18 Aug, 2017
Midterm Exam	35%	Tentatively scheduled for Saturday, 16 Sept, 2017.
Final Exam	50%	Centrally Scheduled. Details to be announced.
Total	100%	

Compulsory Tutorial Components (10%)

You must enrol in a tutorial class and attend the class in which you are enrolled. MyUNSW will be available until the end of the first week of lectures to enable changes, additions and deletions. After the first week, changes will **ONLY** be made for documented University conflicts and approval is needed from the lecturer-in-charge.

Your tutorial grade is based on your attendance and participation. Tutorials are designed to complement the lecture material and involve small group discussions. Active participation is **STRONGLY** encouraged in class. By discussing and preparing formal written answers, ample opportunity is provided to allow you to develop your written and oral skills. You should look upon tutorials as a way in which you can (1) extend your understanding and knowledge of basic finance principles and (2) develop problem solving techniques particular to the discipline.

Solutions to key problems will be discussed in tutorials and the final answer (without full workings) will be provided to students after the last tutor covers the topic. Note also that not all of the set problems will be expressly discussed in tutorials due to time constraints. Students will benefit by attempting to solve every question and problem on their own prior to attending their tutorials.

- a) Tutorial Attendance (5%):** You are expected to regularly attend your assigned tutorial classes as they contribute to the understanding of lecture material through a small group setting. You are required to attend at least 80% of the tutorials to be eligible for special consideration and a role will be distributed for you to sign. **WARNING:** No credit will be given for attendance at tutorials other than that in which you are enrolled.

- b) Tutorial Participation (5%):** You are expected to prepare detailed answers to the set tutorial problems **BEFORE** attending tutorials. You will be called upon on a random basis throughout the tutorial stream to present answers to the class. You will be assessed on these presentations and the clarity of your discussion. Students who do not participate in tutorial discussion will not have the opportunity of scoring maximum marks for tutorials. Your attendance in class will also affect the tutorial component of your grade (see above).

Early Assessment Exam (5%): The early assessment examination is a 1.0 to 1.5-hour closed book examination (no reading time) covering the earlier topics of the course. It consists of questions and problems in a multiple-choice format. The main purpose of this exam is to ensure an early assessment/feedback in this course prior to the August 31 Census Date.

Midterm Exam (35%): The midterm examination is a 2.0-hour closed book examination (no reading time) covering the 1st ½ of the semester (textbook readings, lecture notes and other assigned readings). It consists of questions and problems in a multiple-choice format.

Final Examination (50%): The final examination is a 2.0-hour closed book examination (no reading time) covering the topics discussed in the course (textbook readings, lecture notes and other assigned readings) with an emphasis on the 2nd ½ of the semester. It consists of questions and problems in a multiple-choice format. A passing grade of 50% is required in the final examination. Students who fail to meet this criterion will be deemed to have failed the course at the end, irrespective of tutorial, early assessment and midterm exam marks.

If you fail to sit the examination at the scheduled time, there is **NO** guarantee that a supplementary examination will be granted. Poor attendance (less than 80%) is sufficient justification for refusal of a final assessment.

Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

4 COURSE RESOURCES

The website for this course is on UNSW Moodle.

Required text: Essentials of Corporate Finance (4rd Australian and New Zealand edition), by Stephen A. Ross, Rowan Traylor, Gerhard Van de Vender, Ron Bird, Randolph W. Westerfield and Bradford D. Jordan, McGraw Hill Irwin, 2017. ISBN #: 9781743760956. The textbook is available in the UNSW bookshop.

Lecture slides, tutorial coverage and any additional material provided on the course website via Moodle.

Students may wish to keep informed of general business and financial news by reading the financial/business/economics section of several news outlets. Students may also wish to check out information available on the World Wide Web. The following sites are of interest in finance:

Regulators :

Australian Securities & Investments Commission: www.asic.gov.au

U.S. Securities Exchange Commission: www.sec.gov

Newspapers and Magazines :

Australian Financial Review: www.afr.com.au

The Economist: <http://www.economist.com/>

Business Review Weekly: www.brw.com.au

Wall Street Journal: www.wsj.com

Business Week: www.businessweek.com

CNN Money: money.cnn.com

Securities Exchanges :

Australian Securities Exchange: www.asx.com.au

New York Stock Exchange: www.nyse.com

5 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students about the courses offered in the School upon which continual improvements are made. In this course, we will seek your feedback through course and instructor evaluations. Previous student feedback has been incorporated into course deliveries resulting in significantly improved learning experiences to the students of the School. Your feedback expressed in the course and instructor evaluations are of utmost importance in improving the quality of education offered at the School. The evaluations must be objective and taken seriously.

6 COURSE SCHEDULE

Tutorials start in Week 2 and finish in Week 13.

Lectures start in Week 1 and finish in Week 12.

COURSE SCHEDULE				
Week	Lecture Topic	Tutorial Topic	Lecture Readings	Lecturer
Week 1 24 July	Introduction and Basic Concepts	<i>NO TUTORIALS</i>	Ch 1	Circi
Week 2 31 July	Financial Mathematics	Introduction and Basic Concepts	Ch 4,5	Circi
Week 3 7 August	The Valuation of a Firm's Securities: Bonds	Financial Mathematics	Ch 6	Shim
Week 4 14 August	The Valuation of a Firm's Securities: Shares	The Valuation of a Firm's Securities: Bonds	Ch 7	Shim
Week 5 21 August	Capital Budgeting: NPV and Other Investment Criteria	The Valuation of a Firm's Securities: Shares	Ch 8	Shim
Week 6 28 August	Capital Budgeting: Making Investment Decisions	Capital Budgeting: NPV and Other Investment Criteria	Ch 9. Pre-read Ch 2	Shim
Week 7 4 September	Capital Market History	Capital Budgeting: Making Investment Decisions	Ch 10	Shim
Week 8 11 September	Risk and Return	Capital Market History	Ch 11	Shim
Week 9 18 September	Cost of Capital	Risk and Return	Ch 12	Shim
Mid-semester break: 23 September – 2 October inclusive (2 Oct = Labour Day Public Holiday)				
Week 10 3 October	Capital Structure	Cost of Capital	Ch 13	Shim
Week 11 9 October	Dividend Policy	Capital Structure	Ch 14	Shim
Week 12 16 October	Raising Capital	Dividend Policy	Ch 15	Shim
Week 13 23 October	<i>NO LECTURES</i>	Raising Capital		