



## **Course Outline 2017** **BUSADMIN 765: FINANCE (15 points)**

### **Quarter 3 (1176)**

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#### **Course Prescription**

Describes the role of the financial manager in the creation of wealth for shareholders and stakeholders. Examines the working of the markets for real and financial assets, including techniques for their valuation. Assesses the potential for wealth creation from investment (or divestment) in real assets, choice of the firm's capital structure, and design of the firm's dividend policy.

#### **Programme and Course Advice**

Prerequisite: BUSADMIN 764

Restriction: BUSADMIN 775

#### **Goals of the Course**

Typically, the financial manager is a member of the firm's management team; in smaller firms financial management is one of the roles an executive (such as the company secretary) performs, while in larger firms it is a full-time position. The course seeks to give you an appreciation of what financial management is and why the role is important, rather than to try to turn you into a professional financial manager. After the course, you should feel better able to engage with the financial manager – you should understand their language and the decisions they make (including quality of their inputs and outputs). You should also be more financially literate (than you were before the course).

#### **Learning Outcomes**

By the end of this course, it is expected that the student will be able to:

1. Understand the goal of financial management and the ways of and challenges in maximising shareholder value.
2. Understand the theoretical approaches to the valuation of real and financial assets, and be able to assess their implementation in practice.
3. Understand the risk-return tradeoff and the estimation of the discount rate.
4. Understand the sources of long-term financing.
5. Appreciate the theoretical and practical implications of capital structure choice and payout policy.

#### **Content Outline**

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|--------|---|
| Week 1 | Introduction to Corporate Finance, Corporate Governance and Market Efficiency |
| Week 2 | Financial Mathematics (time value of money)                                   |
| Week 3 | Debt, Equity and their Valuations   |
| Week 4 | Capital Budgeting (Investment Appraisal) Techniques                           |

Week 5	Midterm Test / Review / class problems
Week 6	Risk Analysis, Real Options and Capital Budgeting
Week 7	The Risk-Return Relation and Estimation of the Discount Rate
Week 8	Capital Structure and Capital Budgeting for the Levered Firm
Week 9	Raising Long-term Capital and Payout Policy
Week 10	Presentations / Review

## Learning and Teaching

### Teaching Staff

Dr Stephen Gong  
 Senior Lecturer in Finance  
 Phone: 923 5105  
 Office: 260-380  
 Office Hours: 2pm-4pm Wednesday  
 Email: s.gong@auckland.ac.nz

### Learning Resources

The required textbook for this course is:

Ross, S., Westerfield, R., Jaffe, J. & Westerfield, B.J. (2016). Corporate Finance (11th ed.). McGraw-Hill Education: New York.

All students are expected to have a copy of the required textbook. Students are also expected to bring a hand-held calculator to class. Although most calculators have all the functions required for this course, the following models are recommended and are either available in the University Bookshop, or available for purchase in other shops or online:

Casio FX82AU PLUS II Scientific Calculator, Casio FX100AUPPLUS Scientific Calculator, Texas Instruments BA II Plus Financial Calculator (the textbook uses this one).

In addition, lecture session materials will be available on Canvas.

### Assessment

Assessment Type	Final Grade Weight %	Exact Date	Conditions	Duration
Assignment 1	10%	Week 4 (Wednesday 12 <sup>th</sup> July 2017)	Individual	-
Assignment 2 (Group Presentation)	20%	Week 10 (Wednesday 23 <sup>rd</sup> August 2017)	Groups <sup>1</sup>	-
Mid-term test	20%	Week 5 (Wednesday 19 <sup>th</sup> July 2017)	Closed Book / Individual	1.5 hours
Final Test <sup>2</sup>	50%	Week 11 (Monday 28 <sup>th</sup> August 2017)	Individual / Open Book	3 hours
Total	100 %			

<sup>1</sup> Assignment 2 is to be prepared in groups of three to five people. Each group's assignment submission must list group members' names and AUID numbers. It is expected that all students will actively participate in their group's completion of the assignment. All groups will be required to deliver a presentation of their assignment in class in week 10. Individual marks may be subject to adjustment based on the level of participation by each student.

<sup>2</sup> A candidate must pass the final test for the on-course assessment marks to be included in the total marks for the course.

The broad relationship between these assessments and the course learning outcomes is as follows:

Learning Outcome	Assignment 1	Assignment 2	Mid-term Test	Final Test
1	X		X	X
2	X	X	X	X
3		X		X
4				X
5				X

## **INCLUSIVE LEARNING**

Students are urged to discuss privately any impairment-related requirements face- to-face and/or in written form with the course convenor/lecturer and/or tutor.

## **STUDENT FEEDBACK**

### **Formative feedback surveys**

During the early part of the quarter (usually Week 3 or 4), short feedback surveys are administered to all students to get a snapshot of how they are coping with their new courses. This qualitative data, which is administered, collected and collated by the Programme Office, is designed as an 'early warning' system of any significant issues with the course that might need addressing quickly.

Lecturers are asked to provide a brief report to the Director GSM MBA on key items identified and proposed actions. Lecturers are also asked to provide a verbal report to the class, proposing any solutions as appropriate.

### **Course and teaching evaluations**

The University of Auckland evaluates the quality of teaching and of courses by using the Summative Evaluation Tool, or SET. Summative evaluation is formal, summative evaluation of teaching undertaken according to University policy and is conducted at the end of a semester/quarter through the use of the formal University SET instruments. Summative evaluation is used by teachers to reflect on their teaching practice, and is also used by the University for quality assurance of teaching and courses.

## **In the Event of an Unexpected Disruption**

We undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies. In the event of a disruption, the University and your course coordinators will make every effort to provide you with up to date information via canvas and the university web site.

## **CHEATING AND PLAGIARISM**

The University of Auckland regards cheating as a serious academic offence.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerised detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: [www.cite.auckland.ac.nz/](http://www.cite.auckland.ac.nz/)

The document Guidelines: Conduct of Coursework provides further advice on how to avoid plagiarism. It can be found at:

[www.business.auckland.ac.nz/conductcoursework](http://www.business.auckland.ac.nz/conductcoursework)