



Course Outline 2017
BUSMGT 732: BUSINESS FINANCE (15 POINTS)
Quarter 2 (1174)

Course Prescription

Examines the functions of the markets for real and financial assets, and their valuation. Focuses on the various techniques that financial managers can use to create wealth for shareholders and stakeholders.

Programme and Course Advice

Prerequisite: 60 points from BUSMGT 711–714 with at least a B– average

Goals of the Course

The course provides students with an appreciation of the role financial managers play within the management team as they seek to create wealth for shareholders and stakeholders. Students will gain insight into how financial managers make decisions concerning investing in real assets, financing capital investment and distributing value to shareholders.

Learning Outcomes

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

1. Identify the goals of financial managers and evaluate the challenges posed by the agency problem and possible solutions;
2. Apply different investment appraisal techniques and critically assess their limitations;
3. Evaluate the relative advantages and costs of different sources of finance;
4. Analyse the key types of corporate payouts and their role in distributing value to shareholders and monitoring managers;
5. Analyse the key characteristics of different types of working capital investment and evaluate their cost-benefit tradeoff.

Content Outline

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|-----------|--|
| Topic 1: | Introduction and wealth creation |
| Topic 2: | Time value of money |
| Topic 3: | Investment appraisal: NPV |
| Topic 4: | Investment appraisal: other techniques |
| Topic 5: | Valuation of debt and equity |
| Topic 6: | Risk and cost of capital |
| Topic 7: | Long-term finance and capital structure |
| Topic 8: | Dividend policy |
| Topic 9: | Working capital and working capital management |
| Topic 10: | Course review and exam preparation |

Learning and Teaching

The class will meet for approximately five and a half hours per week, beginning with a one and a half hour plenary lecture, followed by a two-hour tutorial session. There will also be a two-hour TBL session each week.

In addition to attending classes and tutorials, students should be prepared to spend about a further ten hours per week on activities related to this course. These activities include reading the textbook, solving recommended practice problems, working on assignments, and preparing for the mid-semester test and the final examination.

Teaching Staff

Dr Stephen Gong

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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 FX100AUPUS Scientific Calculator, Texas Instruments BA II Plus Financial Calculator (the textbook uses this one).

All additional course materials may be found on CANVAS.

Assessment

| | |
|---------------|------------|
| TBL exercises | 5% |
| Mid-term test | 25% |
| Assignment | 20% |
| Final test | <u>50%</u> |
| Total | 100% |

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

| Learning outcome | TBL exercises | Mid-term assessment | Assignment | Final test |
|------------------|---------------|---------------------|------------|------------|
| 1 | X | X | X | X |
| 2 | X | x | X | X |
| 3 | X | X | X | X |
| 4 | X | | | X |
| 5 | X | | | 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

We regularly seek feedback from students in order to shape and improve this and all courses on the programme. Students will be asked to complete formative fast feedback early in the quarter, and course and teaching evaluations at the end of the course. In addition, each course will seek volunteers to serve as class reps.

We strongly encourage students to communicate with their teachers on a continuous (informal) basis in order to improve the quality of teaching and learning.

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/

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

The penalties for plagiarism can be severe, including losing some or all of the marks for the assignment. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

Third Party Assistance with Coursework

While you are encouraged to improve your coursework writing skills and are permitted to seek assistance from third parties, you are advised that there are important limits on the amount and type of assistance that can be given to you in completing your assignments, including group work. Third parties include fellow students, reading groups, friends, parents, SLC tutors, and paid-for professional editing services.

There is a set of guidelines which clearly indicates the type of advice and assistance that can be given. If you are seeking the assistance of any third party you are required to give a copy of the guidelines to the person prior to them helping or assisting you.

You are also required to only seek and accept help using a printed version of your work, not an electronic version. You must keep a copy of this printed version and produce it if required.

A copy of the guidelines is available at: www.business.auckland.ac.nz/thirdpartyassistance

Help with Academic Referencing

Acknowledgement of sources is an important aspect of academic writing. The University's Referen©ite website www.cite.auckland.ac.nz provides students with a one-stop online resource for academic referencing needs. Referen©ite explains the essentials of referencing and how to avoid plagiarism. It also includes practical tools to help students reference correctly, use references effectively in writing, and gives fast access to some major reference formats with examples.

Assignment Submission

All assignments for this course should be submitted through the Assignments section of these course webpages, after going through the standard review process. This process is as follows:

1. assignment draft is run through Grammarly
2. Grammarly report and assignment draft are submitted to the assignment draft point for language, grammar and structure review and feedback by the Business Communication team, and for originality checking. This draft point will close no later than 24 hours before the assignment submission deadline
3. final assignment, which incorporates the Business Communication team feedback on language and originality, is submitted to the final submission point

The draft and final submission points can be found in the Assignments section of these webpages.

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 website.

Late Submissions and Special Consideration

For any queries about the programme policies around the late submission of assignments, or for special consideration or aegrotat processes, please contact the Programme Manager.