FIN221 INTRODUCTORY BUSINESS 6 CP
FINANCE

Pre-requisites: ACCY102, and ECON 111

SPRING 2006

Lecturer and Subject Coordinator

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Consultation: Monday  Time: 13:30-15:30
                        Wednesday  9:30-11:30
SECTION A: GENERAL INFORMATION

LECTURE TIMES
   Wednesday  15:30-17:30 67.107

TUTORIALS
See university timetable or WebCT Vista site for detailed list.

WORKSHOPS
See university timetable or WebCT Vista site for detailed list.

Workshops are intended to demonstrate the more practical aspects of the subject. Work will be undertaken during the workshop and does not need to be prepared in advance. Workshops are compulsory (see Students Code of Conduct).

Workshops commence in week 2 and finish in week 13.

Public Holidays
If you have a tutorial or workshop that falls on a public holiday, consult the list of tutorial/workshop times and locations in this outline, on the School of Accounting and Finance Notice Board, third floor building 40 or on WebCT Vista and select an alternative time to attend for that week.

Access to Solutions
Solutions for tutorial and workshop problems will be placed on WebCT Vista the week before an assessment task (for example, solutions to week 1-4 tutorials will be released Friday morning of week 4). Students are advised to refer to the solutions provided.

WebCT Vista
There is a web site for this subject. It is open to enrolled students of this subject through the university home page. You use your university username and password. On this site will be posted solutions, announcements, results, and at the lecturers' discretion, lecture overheads.

BRIEF OUTLINE
This subject provides an introduction to business finance. It includes a critical examination of the theory and practice of corporate financial management, including the capital structure decision, the capital acquisition/disbursement decision, and the investment decision for both current and long term assets. The main focus is on financial decision making, with consideration of risk and returns a fundamental consideration.

STUDENT LEARNING OUTCOMES
Upon completion of this subject students will be able to:

- value projected cash flow streams such as loans, debentures, equity investments, and other contracts.
- model and solve short-term and long-term capital investment decision problems.
• identify and make allowance for the relationship exhibited by financial markets between risk and return.
• identify and measure the costs to the firm of different forms of debt and equity capital.
• evaluate the dividend and financial leverage policies of individual firms.
• build and operate financial models using computer spreadsheets.
• explain lucidly and succinctly selected concepts and tools of corporate finance.

ATTENDANCE REQUIREMENTS
In order to maximise learning outcomes, it is strongly recommended that students attend all lectures. Attendance at tutorials and workshops is compulsory.

PERFORMANCE LEVEL
To be eligible to pass this subject, students must achieve an overall mark of at least 50%, and at least 45% on the final examination.

REQUIRED TEXT(S)
This textbook is available online from the University Bookshop at http://unishop.uow.edu.au/textbooks/

An online study resource has been developed for this unit to help you learn the complex content that will be covered this semester. Using hundreds of interactive practice questions and problem solving exercises, the e-workbook helps you make the most of your limited study time by offering:
• The chance to practice, revise and focus on each topic until you completely understand it
• Step-by-step feedback explaining why each answer you have given was correct or incorrect
• Virtual tutoring available anywhere, anytime (even outside of normal class hours)
• At a glance, you can see the areas you need to focus on.

The e-workbook costs $29.70 for unlimited access throughout the semester and can be purchased online by credit card, money order, cheque or BPAY. Payment instructions are provided after registration.

As you can appreciate, a great deal of time and effort has gone into the development of this extensive and useful learning resource. Students who have regularly engaged with the e-workbook content in previous semesters have performed exceptionally well and have found that the benefits far outweigh the cost. Indeed, students who use the e-workbook and do not pass the unit are guaranteed a refund under Perdisco’s ‘Guaranteed Pass Program’.

To start using the e-workbook, visit www.perdisco.com.au/students and click on ‘Create a new account’.
E-workbook assignments

The e-workbook is also being used to deliver interactive assignments that will contribute to your overall assessment marks for this unit. The assignments can be submitted online from anywhere, are marked instantly and give you immediate feedback on your performance.

In the interest of student access and equity, a limited number of free 'library copies' are provided in Electronic Special Reserve (ESR) for students who cannot afford to purchase the e-workbook to complete their assignments. To access these, you must first create an account, add this course’s e-workbook to it and click on ‘ESR login’. For more information, click ‘ESR info’ after registration.

BACKGROUND AND FURTHER READING


This is not an exhaustive list of references. Students should also use the library catalogue and databases to locate additional resources.
SECTION B: ASSESSMENT

General Criteria

Summary

<table>
<thead>
<tr>
<th>Task</th>
<th>Weighting</th>
<th>Due Date</th>
<th>Return date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Assignments</td>
<td>10%</td>
<td>weeks 4,8,&amp;13</td>
<td>on submission</td>
</tr>
<tr>
<td>Quiz 1</td>
<td>15%</td>
<td>During lecture week 5</td>
<td>2 weeks later, on web</td>
</tr>
<tr>
<td>Quiz 2</td>
<td>15%</td>
<td>During lecture week 10</td>
<td>2 weeks later, on web</td>
</tr>
<tr>
<td>Tutorial preparation &amp; participation</td>
<td>5%</td>
<td>each tutorial</td>
<td>study week</td>
</tr>
<tr>
<td>Final Exam</td>
<td>55%</td>
<td>TBA</td>
<td></td>
</tr>
</tbody>
</table>

NB. Marks may be scaled.

NB. To be awarded a Pass or higher grade in this subject, students must achieve at least 45% of the available marks in the final exam.

Performance grades

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD</td>
<td>High Distinction</td>
<td>85–100%</td>
</tr>
<tr>
<td>D</td>
<td>Distinction</td>
<td>75–84%</td>
</tr>
<tr>
<td>C</td>
<td>Credit</td>
<td>65–74%</td>
</tr>
<tr>
<td>P</td>
<td>Pass</td>
<td>50–64%</td>
</tr>
<tr>
<td>F</td>
<td>Fail (unsatisfactory completion)</td>
<td>0–49%</td>
</tr>
</tbody>
</table>
Assessment Tasks

Task 1: Quizzes

Quiz 1
Date: Lecture of week 5
Weighting: 15%
Length: 60 minutes

Quiz 2
Date: Lecture of week 10
Weighting: 15%
Length: 60 minutes

Quiz details: There will be 2 (two) quizzes for FIN221. These will be held during the lectures. Quizzes will be of 60 minutes duration each.

They will include subject matter covered in lectures and/or tutorials and/or workshops. You should study from your notes and tutorial work, supplementing this material with explanations and further example problems from the textbook. The objective is to test your understanding of the material rather than mere memory.

<table>
<thead>
<tr>
<th>Quiz #</th>
<th>Covers chapters:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1, 4, 5</td>
</tr>
<tr>
<td>2</td>
<td>6-11</td>
</tr>
</tbody>
</table>

Task 2: On-line Assignments

Due date: Week 4(3%), Week 8(4%), and Week 13(3%)
Return date: Immediately
Weighting: 10% in total
Assignment details

THE ASSIGNMENT CAN ONLY BE COMPLETED ON-LINE THROUGH THE PERDISCO E-WORKBOOK AT WWW.PERDISCO.COM.AU/PETTY4E

SUBMISSION AND RETURN DETAILS

There are three on line assignments to be completed. Each one can be completed any time during the period from 9.00am. Monday until 10.00 pm. Sunday (Wollongong time) of the week that assignment is due. The first on line assignment (worth 3% of your total assessment) is due to be completed in week 4, the second on line assignment (worth 4% of your total assessment) is due to be completed in week 8, the third on line assignment (worth 3% of your total assessment) is due to be completed in week 13. You are able to attempt and submit the assignment twice and your mark for this piece of assessment will be the average achieved for the two submissions.

ASSIGNMENT TURNAROUND TIME

On the submission of each attempt at the assignment you will receive instant feedback of your assignment mark.

EXTENSIONS

As the assignment can be undertaken on-line at any time during the assignment period detailed above, **no extensions are possible beyond the cut-off of 11 PM Sunday (Wollongong time)**

ASSESSMENT CRITERIA

Assessment of your assignment will take into account correctness of your answer to the question or task set.

Task 3: Tutorial Participation

Due date: Each tutorial
Return date: The final tutorial mark will be released the week after tutorials have finished
Weighting: 5%

**Tutorial Attendance**

Attendance at tutorials is a compulsory requirement (see Students Code of Conduct) of this subject.

A schedule of the questions to be prepared for the tutorials is attached. These questions must be attempted before the tutorial. Attempted solutions to tutorial problems are to be submitted to tutors as required. Your tutors will provide further details on what is required.

Tutorials begin in week 2 and finish in week 13.

Your preparation and participation in weekly tutorial discussions will be taken into account when awarding your mark for tutorial work (see above). Marks are not given for attendance only. You must attend your assigned tutorial. I would encourage you to attend
an alternate tutorial if you are (on rare occasions) unable to attend your own. However, your tutorial participation assessment will only include attendance at your assigned tutorial (except in the case of public holidays).

Students will be able to seek help from tutors during consultation times. Tutors will indicate their availability in the first tutorial and their consultation times will be posted on their doors.

Task 4: Final Examination

Date: University examination period
Weighting: 55%
Length: 3 hours 15 minutes

Examination details

This will include subject matter covered in lectures and/or tutorials and/or workshops. You should study from your notes and tutorial work, supplementing this material with explanations and further example problems from the textbook. The objective is to test your understanding of the material rather than mere memory.

PLAGIARISM

Plagiarism means using the ideas of someone else without giving them proper credit. For example, that someone else may be an author, critic, journalist, artist, composer, lecturer, tutor or another student. Unintentional plagiarism can result if you don’t understand and use the acceptable scholarly methods of acknowledgement. Whether plagiarism is deliberate or unintentional, the University may impose penalties, which can be very severe. When it is desirable, or necessary, to use other people’s material, take care to include appropriate references and attribution. Plagiarism will not be tolerated and has led to expulsion from the University.

Students should visit the following University website and become familiar with the University’s policy on Plagiarism.

### SECTION C: RULES, CODES OF PRACTICE & POLICIES

#### C1 UNIVERSITY POLICIES

Information on the following University Policies can be found at the websites below:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical objection by students to the use of animal and animal products in coursework subjects</td>
<td><a href="http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html">http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html</a></td>
</tr>
</tbody>
</table>

* see brief explanation of policy below.

#### C1.1 Non-discriminatory Language

The Faculty of Commerce supports the University’s policy on the use of non-discriminatory language. It is the responsibility of students to ensure that they understand and abide by this policy. The policy is available at:

http://staff.uow.edu.au/eeo/nondiscrimlanguage.html
C1.2 Special Consideration Policy

The Faculty of Commerce recognises that it has a responsibility to ensure equity and consistency across its subjects for all students. Sometimes, in exceptional circumstances, students need to apply for special consideration in order to complete all assessable work.

The University applies strict criteria to the granting of special consideration. Before applying for special consideration students should carefully read the University’s policy. The policy can be found at:


C1.3 Student Academic Grievance Policy

The Faculty of Commerce aims to provide a fair, equitable and productive learning environment for all its students. The Student Academic Grievance Policy seeks to support the achievement of this goal by providing a transparent and consistent process for resolving student academic grievances.

Any student who has a grievance over a result should obtain a Faculty of Commerce Appeal of Assessment Form from the Schools or the Sub-Dean’s Unit. The student should firstly take the form to the marker/lecturer to discuss the matter and, if the student is still not satisfied, s/he should take the next step as outlined on the form.

Once the grievance has been considered by the Faculty, if the student still feels the situation has not been fully resolved s/he may consult the Dean of Students. However, the Dean of Students can have no input into the academic judgement of the lecturer and can only review the grievance to ensure proper procedure has been followed.

For more information, please consult the policy in full at


C2 FACULTY AND SCHOOL POLICIES

REFERENCING

WHY DO YOU NEED TO REFERENCE?

At University it is necessary to acknowledge the sources of information and ideas that you have incorporated in your assignments. Failure to do this thoroughly may result in accusations of plagiarism: this is the academic equivalent of stealing (because by not acknowledging someone else’s work, you are presenting it as your own). Plagiarism is taken very seriously by the University and may result in expulsion from the University.

Referencing is not only about acknowledging other people’s work: accurate referencing and lists of references are beneficial when researching a topic as they allow the reader to follow up information and read further into the area. In a sense, references provide readers with clues to help them explore different avenues of a topic. This aspect of referencing will become more valuable to you as you progress in your studies.

There is a correct procedure that must be followed when referencing and using footnotes. Not complying with these set techniques and format will most likely result in loss of marks.

When writing an essay it is easiest to reference as you go, making sure you are writing down all relevant information. This will save hours trying to find the source again in the library.
THE HARVARD SYSTEM OF REFERENCING

The Faculty of Commerce uses the Harvard system of referencing. This system makes use of short references within the body of the text. It is supplemented by a detailed list of references at the end of the text, which provides all the information necessary to find the source material. In-text references include the author and year of publication, and where necessary the page number(s).

*It is the responsibility of students to ensure that they are familiar with the Harvard system of referencing and that they use it accurately in all written work submitted.*

Students should consult the following University Library website for a detailed explanation and examples of the Harvard system of referencing.


CITATION OF ELECTRONIC SOURCES

It is necessary for students to reference all sources used in their written work, including file transfer protocol sites, worldwide web sites, telnet sites, synchronous communications (MOOs, MUDs, IRC, etc.) Gopher sites, and email, Listserv and Newsgroup citations.

*It is the responsibility of students to ensure that they are familiar with the accepted Faculty of Commerce practice for referencing electronic material and that they use it accurately in all written work submitted.*

Students should consult the following University Library website for a detailed explanation and examples of how to reference electronic material.


OCCUPATIONAL HEALTH AND SAFETY WHERE RELEVANT, INCLUDING SAFETY IN LABORATORIES AND ON FIELD TRIPS

C3 SUPPORT SERVICES AND FACILITIES

LEARNING RESOURCE CENTRE

Learning Development offers a range of free services to all enrolled students who wish to improve their academic or English language skills. There are a range of workshops available including: essay writing and editing; reading for assignments; grammar; presentation skills; pronunciation and exam preparation.

For information on language and academic skills workshops, or to make appointments for consultations, please visit the Learning Resource Centre (LRC), Building 19, Ground Floor, Room G102, or Phone 02 4221 3977. For further information visit the website:


FACULTY LIBRARIANS

Each faculty has a Faculty Librarian who is available to help with research related enquiries. Research Help Desk staff are also available in the Library to assist with research needs.

The Faculty Librarians for Commerce can be contacted as follows:
DISABILITY LIAISON OFFICER

The Disability Liaison Officer (DLO) can provide advice on how particular disabilities affect university study and information on resources available at the University for assisting students with disabilities. Students commencing courses are advised to contact the Disability Liaison Officer prior to the beginning of their first session of study.

For further information on services offered, consult the Disability Services website or contact the office.

web address: http://www.uow.edu.au/student/services/ds/
telephone: 42 213445
fax: 42 215667

FACULTY DISABILITY ADVISERS

Faculty Disability Advisers are academic staff who provide assistance and support to students with disabilities within their Faculty and act as an intermediary between the student and the Faculty’s academic and general staff. They provide support, educational advice and referral to appropriate staff on issues related to teaching and learning within the Faculty and the University. Students are advised to communicate specific information about the ways in which their disability affects learning to the Faculty Disability Adviser as soon as possible after enrolment.

The Faculty of Commerce Disability Adviser is Mr. Ron Perrin. Mr Perrin can be contacted as follows:

Office location: Building 40, room 224
email address: ron_perrin@uow.edu.au
telephone: 42 214118

WOOLYUNGAH INDIGENOUS CENTRE

The Woolyungah Indigenous Centre (WIC) provides academic and personal support for Aboriginal & Torres Strait Islander and other indigenous students. The Centre also runs an Indigenous Specific Orientation Program for students who gain entry to the University through the alternative admissions program.

For further information on services offered, consult the Aboriginal Education Centre website or contact the office.

Centre location: Building 30
web address: http://www.uow.edu.au/aec/
Telephone 42 213563
Fax: 42 214244
**SUBJECT SCHEDULE**

The lecturer reserves the right to vary the questions by announcement in the lecture.

RQ: Review Questions found throughout the chapter  
P: Problems – at end of chapter

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Reading (Gitman et al.)</th>
<th>Tutorial Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>17/7</td>
<td>Introduction</td>
<td>Chpt 1</td>
<td></td>
</tr>
</tbody>
</table>
| 2    | 24/7 | Time Value of Money | Chpt 4              | Ch 1: RQ:10, 11, 13, 16, 25  
P: 2, 4, 6 |
| 3    | 31/7 | Risk and Return | Chpt 5              | Ch 4: P: 7, 9, 16, 23, 26, 50, 57 |
| 4    | 7/8  | Interest Rates and Bond Valuation & Introduction to Share Valuation  
**1st On-line assignment to be completed.** | Chpt 6              | Ch 5: RQ: 9, 11, 12  
P: 13, 18, 25, 27 |
| 5    | 14/8 | Quiz 1  
Share Valuation continued | Chpt 7              | Ch 6: RQ: 3, 4  
P: 11, 17, 18, 19, 22, (do all bond valuations with semi-annual interest) |
| 6    | 21/8 | Capital Budgeting | Chpt 7  
Chpt 8              | Ch 7: RQ: 1, 11  
P: 6, 8, 10, 14, 15 |
| 7    | 28/8 | Capital Budgeting Continued | Chpt 9,10 | Ch 8: P: 2, 6, 15, 18, 26 |
| 8    | 4/9  | Cost of Capital  
**2nd On-line assignment to be completed.** | Chpt 11             | Ch 9: P 2, 21  
Ch 10: P:1, 7, 9, 11 |
| 9    | 11/9 | Dividend Decisions | Chpt 12             | Ch 11: RQ: 3  
P: 1, 8, 14, 17, Case |
| 10   | 18/9 | Quiz 2  
Intro to Leverage and Capital Structure | Chpt 13             | Ch 12: RQ: 6  
P: 2, 3, 7, 14, 18 |
| 11   | 2/10 | Leverage and Capital Structure cont’d | Chpt 13             | Ch 13: RQ: 4, 5  
P: 11, 20, |
| 12   | 9/10 | Introduction to Hybrid securities | Chpt 16             | Ch 13: P: 17, Case |
| 13   | 16/10| Revision  
**3rd On-line assignment to be completed.** | Chpt 16             | Ch 16: RQ: 6, 9  
P: 8, 12, 13, 14 |