Business Finance 1 is a subject within the Bachelor of Commerce Degree offered by the University of Wollongong.

**Lectures:**
- Wednesday 14:30-15:30 67.107
- 17:30-18:30 20.4 (Repeat)
- Thursday 14:30-15:30 67.107
- 17:30-18:30 20.3 (Repeat)

**Subject Description**

Management needs to be informed in order to make effective decisions, this is as true for the finance function as for other areas of business activity. The aim of this course is to explore the alternatives available to managers as they seek to make corporate financial decisions to finance their business activities, as well as, to provide analytical tools to evaluate investments. The main focus throughout the course is on financial decision making. Major business finance decisions are considered in terms of investment risk and return.

**Objectives:**

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.
Teaching Team

Subject coordinator  Mara Koplin:
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Prescribed Text:
And

Other useful texts:


**Subject Requirements and Assessment**

For the purposes of determining final grades for ACCY 221, student performance will be evaluated on a composite mark, determined as follows:

- Essay 10%
- Computer Assignment 10%
- Mid-Term Test 25%
- Final Exam 45%
- Tutorial Problems and Participation 10%

100%

**NB.** Marks may be scaled.

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

**Dates to Remember**

- Computer Assignment 19 April 2000
- Mid-Session Test 8 April 2000
- Essay 18 May 2000

**WEB-CT**

There is a web site for this subject. It is open to enrolled students of this subject at [http://webct.uow.edu.au](http://webct.uow.edu.au) or you may go 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.

**Tutorial Attendance**

*Attendance at tutorials is a compulsory requirement 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 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.

**Workshops**

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.

Workshops commence in week 2 and finish in week 14. A schedule of the questions that will be done during the workshops is attached. It is not necessary to do these ahead of time.

**Public Holidays**

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

**Access to Solutions**

Each Monday copies of the solutions of the previous week’s tutorial and workshop problems will be placed on WEB-CT and in the Closed Reserve section of the library and in the Commerce Resource and Student Information Centre in Building 40. Students are advised to refer to the solutions provided.

**Mid-Session Test**

Date: Saturday: 8 April 2000  
Room: Hope Theatre  
Time: 10:30

The mid-session test will cover the material up to and including chapter 8. A formula sheet will be provided. A sample of this formula sheet will be provided on the web, in the resource room, and in the library prior to the test. The duration of the mid session test is anticipated to be 1.5 hours.

The test will not be returned, results will be posted when available, (on the web and on the Accounting and Finance noticeboard on the third
floor of building 40) within 2 weeks. You may, if you wish, review your test in the coordinators’ office during consultation times.

**Computer Assignment**

Due: 19 April 2000: 17:30

The computer assignment will be provided in lectures. It is to be completed using a spreadsheet package (either in the faculty computer laboratory or using your own equipment).

**Submission by Facsimile**

Note the University policy covering submission of assignments by fax on page 8 of the 1999 Undergraduate Calendar. Generally assignments will **NOT** be accepted or marked if submitted by fax.

**Exams**

These will include subject matter covered in lectures and/or tutorials and/or workshops. You should study from your notes and tutorial/workshop 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.

**Essay**

You may select any one of the three essay topics below.

Length: 1,500 words
Due Date: Place your essay in the box outside 40.317 by 18.30 18 May 2000:

*Topic A*  Is maximisation of shareholder wealth a realistic objective in the current climate of government regulation and social concern of and by the wider community.

*Topic B*  How will the proposed changes to the taxation system in Australia affect decisions made by managers and investors.

*Topic C*  Dividend policy is determined by the market, not management. Discuss.
Mandatory essay presentation standards are as follows:

1. The essay is to be typed, double spaced, on one side of the paper only, using a computer word processing package.
2. A duplicate of the essay is not required. You must ensure, however, that you have the capacity to provide a duplicate, should this be requested. Problems with computers, software, lost disks etc will not be accepted as excuses for late submissions.
3. The pages should be numbered consecutively.
4. An assignment cover sheet as described below must be attached to your essay.
5. A synopsis of no more than 150 words is to preface the essay.
6. There must be a margin of about 40mm to allow for written comments.
7. All essays should include a list of references in academic form. All sourced material, including direct quotations, should be appropriately acknowledged. For referencing format see The Accounting Review.

The essay will be penalised for failure to meet any of these requirements.

Any essays submitted after the due date will incur a penalty (one mark per day) which may reduce the mark to zero, unless special exemption has been granted.

Students not submitting the essay by the last day of classes, in the absence of accepted documented reasons, will fail the subject.

The essay will be available from the coordinator within 3 weeks of submission date.

Assignment Cover Sheet

A cover sheet should be attached to the essay and computer assignment containing the following:
- Your name and Student Number.
- Your tutor and tutorial group.
- The topic.
- A signed declaration using the following wording:

    I have read and adopted the University of Wollongong Acknowledgement Practice Code as set out in the 1999 Undergraduate Calendar, pages 86-87. Signed ......................... Date ....................
SUBJECT REQUIREMENTS, ILLNESS AND MISADVENTURE

Section 10 of the Bachelor Degree regulations covers subject requirements and assessment. Note in particular 10(7) which says: 
*Should performance in a subject be affected by illness or other cause beyond the control of a candidate, the circumstances should be reported to the Vice-Principal (Administration) in writing, supported by evidence, normally no later than seven days following the illness or other cause. The circumstances shall be referred to the Head and may be taken into account when assessment of the candidate in that subject is made.*

Students who are in the unfortunate position referred to in the above paragraph should note the following:
(i) The formal letter requesting special consideration must be submitted to the University administration and not to the Department.
(ii) As a matter of courtesy and to facilitate prompt action, the relevant staff member should be advised and you should ensure that she/he is supplied with an up-to-date address and, where possible, a contact telephone number.
(iv) Students do not have a right to a supplementary examination and should refer to the Departmental policy.

Disability

If a student with a disability requires reasonable accommodation in this subject, they are strongly advised to discuss the issues early in the session with one of the following people: the Disability Liaison Officer, Faculty Disability Advisor and/or the subject co-ordinator.
# Subject Schedule

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<td>Chpt 1</td>
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<td>3</td>
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<td>Risk and Return</td>
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<td>27 March</td>
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<td>Chapter 8</td>
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<td>6</td>
<td>3 April</td>
<td>Capital Budgeting continued <strong>Mid-session test</strong></td>
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<td>13</td>
<td>29 May</td>
<td>Revision</td>
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### Tutorial and Workshop Schedule

These questions may be varied by announcement.

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<th>Tutorial Questions</th>
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| 3    | chpt 5 P #5-8, 5-14, 5-16, 5-17, 5-23, 5-25, 5-27, 5-31 | Chpt 5: P#5-6, 5-10, |
| 4    | chpt 6: P #6-5, 6-12, 6-13, 6-17, 6-23, 6-24 | Chpt 6: P#6-1, 6-9 |
| 5    | chpt 7 Q #7-10  
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| 7    | chpt 9  
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| 8    | chpt 10  
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| 9    | chpt 11 P #11-5, 11-7, 11-17, Case study: Evaluating Tampa Manufacturing's capital structure | Chpt 11: P# 11-11, 11-18 |
| 10   | chpt 12 P #12-4, 12-6  
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| 13   | Reading: Concepts Review and Critical Thinking Questions (pgs 669-671)  
# 3, 6, 8, 10, 13 Questions and Problems (pgs 671-672) #1, 4, 5 | Q&P #2 |