FIN 221  INTRODUCTORY BUSINESS FINANCE  6 CP

Pre-requisites: ACCY102, and ECON 111

AUTUMN 2007  Wollongong, Moss Vale, Shoalhaven, Bega,
              Batemans Bay & Loftus Campuses

Subject Coordinator / Lecturer

Associate Professor  School of Accounting and Finance
Gary Tian

Room:  40.335  Ph:  4221 4302  email:  TBA
Consultation:  TBA  Time:  TBA

Administrative Assistant

MS FRED HUI  School of Accounting and Finance

Room:  40.237  Ph:  4221 3679  email:  fredah@uow.edu.au
Consultation:  Tuesday Time:  1.30pm – 3.30pm
              Thursday  11.30am – 1.30pm
SECTION A: GENERAL INFORMATION

LECTURE TIMES

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday</td>
<td>8.30 – 10.30</td>
<td>14.G01</td>
</tr>
<tr>
<td>Wednesday</td>
<td>17:30 – 19:30</td>
<td>20.5 (Repeat)</td>
</tr>
</tbody>
</table>

Note: Students are required to attend one two-hour lecture only. It is highly recommended that part-time students attend the lecture on Wednesday.

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)

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>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>20%</td>
<td>During lecture week 10</td>
<td>2 weeks later, on web</td>
</tr>
<tr>
<td>Tutorial preparation &amp; participation</td>
<td>10%</td>
<td>Each tutorial</td>
<td>TBA</td>
</tr>
<tr>
<td>Final Exam</td>
<td>55%</td>
<td></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 and an overall mark of at least 50%.

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: 45 minutes

Quiz 2
Date: Lecture of week 10
Weighting: 20%
Length: 60 minutes

Quiz details: There will be 2 (two) quizzes for FIN221. These will be held during the lectures.

Note: There will be NO supplementary quizzes.

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 - 5</td>
</tr>
<tr>
<td>2</td>
<td>6 – 9, 11</td>
</tr>
<tr>
<td>Task 2:</td>
<td>Weekly Tutorial Assignments</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Weekly tutorial assignments from textbook chapters</td>
<td>Refer to page 14 of the subject outline. Students are required to prepare written (typed) answers for the tutorial questions for that particular week. Collection of the written answers is at the discretion of the lecturer (tutor). Students are also required to actively participate in tutorial discussions.</td>
</tr>
<tr>
<td>Marking Criteria</td>
<td>Typed answers of one or two pages are to be shown to the lecturer (tutor) at the beginning of each tutorial. Students failing to meet this criterion will receive a zero mark for the tutorial for that particular week.</td>
</tr>
<tr>
<td>Length</td>
<td>Depends on the tutorial questions assigned for that particular week.</td>
</tr>
<tr>
<td>Weighting</td>
<td>10%</td>
</tr>
<tr>
<td>Due Date</td>
<td>Weekly</td>
</tr>
<tr>
<td>The final tutorial mark will be released the week after tutorials have finished</td>
<td></td>
</tr>
</tbody>
</table>

**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 3: 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.

PASS PROGRAM

PASS (Peer Assisted Study Sessions) is an academic mentoring program where experienced senior students are available to help you with FIN221. In a one hour PASS session each week you can learn strategies and concepts that will save you many hours struggling at home on your own. Many students struggle each year with this subject, and PASS has a strong record of helping those students to get through the subject. Last time PASS was run with FIN221, students attending regularly achieved 11 marks higher, on average, than non-attending students.

For more information about PASS visit the website:
http://www.uow.edu.au/student/services/pass

CALCULATORS AND SPREADSHEETS

All accounting and finance subjects involve problems requiring calculation. Many of these can be solved using a scientific calculator (addition, subtraction, division, multiplication, powers, square roots, logarithms and exponentials, statistical functions) and students should make sure they have access to such a calculator at the beginning of each subject. Students will also find a range of statistical, scientific and financial functions in electronic spreadsheets like Microsoft Excel, and these are useful for the preparation of submitted work where manual calculation is not strictly required or recommended.

However, students should also consider purchasing a financial calculator. These offer nearly all of the functions found in scientific calculators, as well as compound interest and discounting, amortization, bond yields and investment appraisal functions (including net present value and the internal rate of return). Students will find these are of great benefit in their studies and their future careers. Examples of suitable calculators include the Casio FC-100V and 200V, Sharp EL733A and EL735, Hewlett-Packard HP 10bII, 12c, 12c Platinum and 17bII+ and Texas Instruments BA II Plus.
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</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>
<tr>
<td>to the use of animal and animal products in coursework subjects</td>
<td></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 is also available in the Library to assist with research needs. The Faculty Librarians for Commerce can be contacted as follows:

email: lib_commerce@uow.edu.au
telephone: 42 213078

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, Section-a section in the chapter

<table>
<thead>
<tr>
<th>Week</th>
<th>Week Commencing date</th>
<th>Topic</th>
<th>Reading (Gitman et al.)</th>
<th>Tutorial Questions</th>
<th>Workshop Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>26/02/07</td>
<td>Introduction Financial Statements &amp; Cash Flow</td>
<td>Chpt 1, Chpt 2, Section 2.1, Chpt 3, Section 3.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>05/03/07</td>
<td>Time Value of Money</td>
<td>Chpt 4</td>
<td>Ch 1: RQ: 2, 6, 9, 11, 16, 28, P: 2, 4, 7, Ch 2: P: 3</td>
<td>Ch 1: P: 3, 5, 6, Ch 2: P: 4</td>
</tr>
<tr>
<td>3</td>
<td>12/03/07</td>
<td>Risk and Return</td>
<td>Chpt 5</td>
<td>Ch 3: P: 2, Ch 4: RQ: 1, 5, 7, 8, 12, 16, P: 2, 9, 13, 18, 22</td>
<td>Ch 3: P: 3, Ch 4: P: 1, 12, 23</td>
</tr>
<tr>
<td>4</td>
<td>19/03/07</td>
<td>Interest Rates and Bond Valuation &amp; Introduction to Share Valuation</td>
<td>Chpt 6, Chpt 7</td>
<td>Ch 5: RQ: 11, 12, 15, P: 13, 15, 18, 23, 25</td>
<td>Ch 5: P: 24, 28</td>
</tr>
<tr>
<td>5</td>
<td>26/03/07</td>
<td>Quiz 1 Share Valuation continued</td>
<td>Chpt 7</td>
<td>Ch6: RQ: 1, 10, 13, 18, P: 5, 11, 19, 23</td>
<td>Ch6: P: 14, 16, 22</td>
</tr>
<tr>
<td>6</td>
<td>02/04/07</td>
<td>Share Valuation continued Capital Budgeting</td>
<td>Chpt 7, Chpt 8</td>
<td>Ch 7: RQ: 1, 3, 11, P: 1, 4, 6, 14</td>
<td>Ch 7: P: 2, 8, 15</td>
</tr>
<tr>
<td>7</td>
<td>16/04/07</td>
<td>Capital Budgeting Continued</td>
<td>Chpt 9</td>
<td>Ch 8: RQ: 6, 9, 14, P: 2, 12, 15, 26</td>
<td>Ch 8: P: 3, Case</td>
</tr>
<tr>
<td>8</td>
<td>23/04/07</td>
<td>Cost of Capital</td>
<td>Chpt 11</td>
<td>Ch 9: RQ: 1, 4, 6, 10, P: 4, 11</td>
<td>Ch 9: P: 10, 18, 21</td>
</tr>
<tr>
<td>9</td>
<td>30/04/07</td>
<td>Dividend Policy</td>
<td>Chpt 12</td>
<td>Ch 11: RQ: 1, 8, 11, 13, P: 1, 5, 8, 10, 17</td>
<td>Ch 11: P: 2, 7, 16</td>
</tr>
<tr>
<td>10</td>
<td>07/05/07</td>
<td>Quiz 2 Intro to Leverage and Capital Structure</td>
<td>Chpt 13</td>
<td>Ch 12: RQ: 2, 4, 5, 11, 15, P: 2, 4, 7, 18</td>
<td>Ch 12: P: 3, 14, 19</td>
</tr>
</tbody>
</table>
## SUBJECT SCHEDULE (CONT.)

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, Section-a section in the chapter.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Chapters</th>
<th>Review Questions</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 14/05/07</td>
<td>Leverage and Capital Structure cont’d &amp; Working Capital</td>
<td>Chpt 13, Chpt 14</td>
<td>Ch 13: RQ: 1, 6, 12, 13, 14</td>
<td>Ch 13: P: 2, 10, 18</td>
</tr>
<tr>
<td>12 21/05/07</td>
<td>Leasing</td>
<td>Chpt 16, Section 16.2</td>
<td>Ch 13: P: 17, Case Ch 14: RQ: 1, 2 P: 2</td>
<td>Ch 13: 19, 20 Ch 14: P: 3</td>
</tr>
<tr>
<td>13 28/05/07</td>
<td>Current Liabilities</td>
<td>Chpt 15</td>
<td>Ch 16: RQ: 2, 3 P: 1, 2, 3 Ch 15: RQ: 2, 11</td>
<td>Ch 16: P: 4, 6</td>
</tr>
</tbody>
</table>

MAY BE SUBJECT TO CHANGES