



## BUSINESS SCHOOL

### Course Outline 2019 FINANCE 251: FINANCIAL MANAGEMENT (15 POINTS) Summer School (1190)

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#### Course prescription

This is an introductory course in finance that focuses on the practical aspects of corporate finance. Topics covered include the mathematics of finance, security valuation, investment and financing decisions, risk and return tradeoff, and the fundamentals of international financial management. The goal is to equip students with the basic skills that will be supplemented and extended in FINANCE 261 and the year three finance papers.

#### Course advice

It is assumed that you will be familiar with the core notions in accounting and finance, as well as those of economics and management, at the level of a first year university course. If you lack confidence in your ability to deal with some of the basic concepts, we strongly suggest that you review your lecture notes.

Many of the concepts you encounter will likely be completely new to you. We will guide you through the learning process in lectures. Gaining a deeper understanding will require a great deal of effort from you, we do not expect you to understand immediately and fully the concepts we discuss in lectures. We can only hope that you will think about these further after the lectures, read the textbook and complete the revision problems we have assigned. Although this paper schedules only three formal hours of lectures per week students are expected to devote at least six additional hours each week in reading and revision and attend any tutorials that may be offered. Please make use of the Help Desk prior to contacting the course lecturers for any clarification of the course material.

Students are expected to have a reasonable degree of competence in basic algebra, Microsoft Excel and Word.

Prerequisite: ACCTG 102 or 192

Recommended: ECON 101, ECON 111, ECON191and MGMT101

#### Goals of the course

The main aim of this course is to introduce a set of concepts that are necessary for more advanced finance papers (FIN261, FIN351, FIN361, and FIN362).

## Learning outcomes (LO)

#	Learning outcome	Graduate profile capability*
LO1	Identify the objective of the firm, the role of managerial finance and outline the implications of the separation of ownership and control.	1. Disciplinary knowledge and practice
LO2	Demonstrate the importance of cash-flows to financial planning and apply a variety of time-value-of-money formulae and techniques.	1. Disciplinary knowledge and practice
LO3	Discuss the relationship between risk and return and demonstrate how risk is measured through Capital Asset Pricing Model (CAPM).	1. Disciplinary knowledge and practice 2. Critical thinking
LO4	Explain the general concept of valuing financial assets and calculate the value of debt and equity securities.	1. Disciplinary knowledge and practice
LO5	Evaluate long-term investment decisions by applying a variety of capital budgeting techniques and appraising risk and refinements in capital budgeting.	3. Solution seeking 4c. Engagement (Collaboration)
LO6	Evaluate short-term financial decisions and explain the costs and benefits of different working capital management financing strategies.	3. Solution seeking
LO7	Evaluate long-term financial decisions and describe the factors that influence a firm's optimal capital structure and payout policies	3. Solution seeking
LO8	Explain the importance of international managerial finance and risk management using simple hedging strategies	3. Solution seeking 4b. Communication (Written)

\* See the graduate profile this course belongs to at the end of this course outline.

## Content outline

Module	Topic	Relevant learning resources/activities	Assessment due this period
1	Introduction	Chapters 1, 2 & 3	
2	Financial Tools	Chapters 4, 5 & 6	Assignment
3	Risk, return and cost of capital	Chapters 7 & 13	Assignment & Test
4	Valuation of securities	Chapters 8 & 9	Assignment
5	Long-term investment decisions	Chapters 10, 11 & 12	Assignment
6	Short-term financing decisions	Chapters 14	
7	Long-term financing decisions	Chapters 15, 16 & 17	Assignment
8	Risk management and international financial management	Chapters 20 & 21	

## Learning and teaching

### Lectures

Venue	Day	Time
LibB15/109-B15	Tuesday	9am – 11am
LibB15/109-B15	Wednesday	9am – 11am
LibB15/109-B15	Thursday	9am – 11am

### Tutorials

Venue	Day	Time
LibB15/109-B15	Friday	9am – 10am

## Teaching staff

Name	Location	Office hours	email
Graeme Treasure	260-579	TBA	<a href="mailto:g.treasure@auckland.ac.nz">g.treasure@auckland.ac.nz</a>

## Learning resources

The recommended textbook is:

Parrino, Kidwell, Au Yong, Dempsey, Morkel-Kingsbury, Ekanayake, Kofoed & Murray (2014) *Fundamentals of Corporate Finance* (2<sup>nd</sup> Ed.). Wiley:Australia

It is highly recommended that you purchase this e-text (also available in print form) as it will be referred to and used extensively throughout the course. Lecture notes and further readings will also be posted on Canvas. Please download them yourself.

In the lecture notes, you will find recommended problems from the 2<sup>nd</sup> edition of your textbook. They are designed to test and reinforce your understanding of the materials covered in the lectures.

The following books provide a useful background to report writing, a skill that is necessary for gaining a high grade in this course:

Manalo, E., Wong-Toi, G., and Hansen, M. (1997) *The Business of Writing: Written Communication Skills for Commerce Students*, Longman;

Emerson, E. (2005) *Writing Guidelines for Business Students*, Thomson Dunmore Press.

### Assessment information

Assessment task	Weight %	Group and/or individual	Submission
Mid-term test	30%	Individual	Written
5 x Assignments	10%	Group and Individual	Electronic
Final exam	60%	Individual	Written

### Pass requirements

You must achieve an overall mark of 50% or higher to pass this course

### Description of assessment tasks

Assessment task	Learning outcome to be assessed
Mid-term test	1 – 3
Assignments	1 – 8
Final Exam	1 – 8

### Inclusive learning

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

### Academic integrity

The University of Auckland will not tolerate cheating, or assisting others to cheat, and views cheating in coursework as a serious academic offence. The work that a student submits for grading must be the student's own work, reflecting his or her learning. Where work from other sources is used, it must be properly acknowledged and referenced. This requirement also applies to sources on the worldwide web. A student's assessed work may be reviewed against electronic source material using computerised detection to provide an electronic version of their work for computerised review.

### Student feedback

Student course evaluations are requested at the end of each semester.

## 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.

## Graduate profile for Bachelor of Commerce

The following six themes represent the capabilities that the Business School seeks to foster in all of its graduates. The development of these capabilities does not come all at once, but rather is expected to build from year to year. Each course is not expected to contribute to all capabilities, but each course will have its own goals and learning outcomes that relate to the overall development of this profile.

Graduate Profile	
<b>Disciplinary knowledge and practice</b>	Graduates will be able to demonstrate and apply a breadth of knowledge across disciplines, as well as specialist knowledge within one or more of them, while recognising the relevancy of this knowledge within a global context.
<b>Critical thinking</b>	Graduates will be able to analyse and critique theory and practice to develop well-reasoned arguments.
<b>Solution seeking</b>	Graduates will be able to identify and frame problems using analytical skills to create and evaluate innovative solutions.
<b>Communication and engagement</b>	Graduates will be able to collaborate and communicate effectively in diverse contexts using multiple formats.
<b>Independence and integrity</b>	Graduates will be able to respond professionally and ethically, demonstrating a capacity for independent thought and learning.
<b>Social and environmental responsibility</b>	Graduates will recognise the significance of the principles underpinning the Treaty of Waitangi and consider their obligations in relation to sustainability, whilst displaying constructive approaches to diversity.