

School of Economics and Finance

**FINA 101**  
**FINANCE FOR BUSINESS**

Trimester 2, 2014

**COURSE OUTLINE**

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**Names and Contact Details**

Course Coordinator:	Brandon Chen <a href="mailto:brandon.chen@vuw.ac.nz">brandon.chen@vuw.ac.nz</a> Office hours: By appointment in RH316	RH316 Ph: 463-5131
Course Lecturers:	Mona Yaghoubi (weeks 1-6) <a href="mailto:mona.yaghoubi@vuw.ac.nz">mona.yaghoubi@vuw.ac.nz</a> Office hours: 4-5pm on Tuesdays and Thursdays in EA116 or by appointment in RH314	RH314 Ph: 463-5884
	Tahir Suleman (weeks 7-12) <a href="mailto:tahir.suleman@vuw.ac.nz">tahir.suleman@vuw.ac.nz</a> Office hours: 4-5pm on Tuesdays and Thursdays in EA116 or by appointment in RH314	RH208 Ph: 463-5764
Course Administrator:	Pinky Shah <a href="mailto:pinky.shah@vuw.ac.nz">pinky.shah@vuw.ac.nz</a>	RH319 Ph: 463-5818

**Trimester Dates**

Teaching Period: Monday 14 July – Friday 17 October

Study Period: Monday 20 October – Thursday 23 October

Examination Period: Friday 24 October – Saturday 15 November (inclusive)

**Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 25 July 2014.
2. The standard last date for withdrawal from this course is Friday 26 September. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks.

## Class Times and Room Numbers

Tuesday and Thursday 3.10pm – 4.00pm MCLT101

## Course Delivery

The course material will be presented in two one-hour lectures per week for the 12 weeks of trimester. There will be eight tutorials during the trimester.

## Group Work

There is no group work for this course.

## Expected Workload

A total of 150 hours of work is expected from students in this course. This consists of 32 hours of classes and tutorials, 8 hours per week outside classes during teaching weeks spent reading, studying and working problems and a further 22 hours revising during the mid-trimester break and study week.

## Prescription

An introduction to the principles of finance and their application to issues facing businesses and individual investors. Extensive use will be made of spreadsheets.

## Course Learning Objectives

- Use spreadsheets to analyse financial data and evaluate simple financial models
- Describe the nature of real and financial assets
- Summarise and analyse information in a finance context
- Analyse the trade-off between risk and return
- Analyse simple problems involving personal financial decision making
- Analyse simple problems involving corporate financial decision making

## Course Content

FINA 101 is designed as an introduction to concepts of corporate and business finance. The main areas that will be considered are an understanding of relevant cash flows of a project and how to value these cash flows. The time values of money and compound interest will be covered in detail. In addition, the valuation of bonds and stocks will be addressed. The course will also study the relationship between risk and reward of investments as well as the classical concept of the weighted average cost of capital.

Week beginning	Week	Subject	Textbook chapter	Tutorial
14 July	1	Introduction and Time Value of Money	1, 4	--
21 July	2	Financial Mathematics and Bond	5, 6	--
28 July	3	Bond and Equity Valuation	6, 7	Yes
4 August	4	Capital Budgeting – Introduction	8	Yes
11 August	5	Capital Budgeting – Application	9	Yes
18 August	6	Risk and Return and CAPM	10, 11	Yes
<i>Test – Thursday 21 August, 6.30pm-7.15pm</i>				

<i>Mid-trimester break (25 August – 7 September)</i>				
8 September	7	CAPM	11	--
15 September	8	Cost of Capital	12	--
22 September	9	Raising Capital	15	Yes
29 September	10	Capital Structure	13	Yes
6 October	11	Dividend Policy	14	Yes
13 October	12	Financial Planning and Course Review	16	Yes

### **Readings**

The set textbook is:

Ross, S.A, Trayler, R, Bird., Westerfield, R.W., and Jordan, B.D. Essentials of Corporate Finance Second Edition 2011.

### **Assessment**

Your mark will be determined in the following way:

In-term test 25% Thursday 21 August 2014

Final exam 75% The date will be scheduled during the University exam period

Each student's mark will be calculated based upon the above scheme.

The 45-minute in-term test will cover the material presented in the first 6 weeks. The two-hour final examination will cover the entire course.

From Trimester 1, 2014, a revised Assessment Handbook will apply to all VUW courses: see <http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C-.

### **Examinations**

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

Friday 24 October – Saturday 15 November (inclusive)

### **Mandatory Course Requirements**

In addition to obtaining an overall course mark of 50 or better, students must sit the in-term test and final examination.

If you cannot complete an assignment or sit a test or examination, in the first instance, contact the Course Administrator to discuss the options. In the case that you wish to consider applying for an aegrotat, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat).

**Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

**Communication of Additional Information**

Course assignments and suggested problems will be available on Blackboard. Blackboard will also be used to communicate channel to liaise with the course coordinator on behalf of students.

**Student feedback**

Student feedback on University courses may be found at  
[www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://www.cad.vuw.ac.nz/feedback/feedback_display.php)

**Link to general information**

For general information about course-related matters, go to  
<http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

**Note to Students**

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

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