



## BUSINESS SCHOOL

Course Outline 2020

BUSADMIN 765: FINANCE (15 POINTS)

Quarter 1 (1202)

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### Course prescription

Describes the role of the financial manager in the creation of wealth for shareholders and stakeholders. Examines the working of the markets for real and financial assets, including techniques for their valuation. Assesses the potential for wealth creation from investment (or divestment) in real assets, the firm's mix of financial assets, and mergers, acquisitions and divestments.

### Course advice

Prerequisite: BUSADMIN 764

Restriction: BUSADMIN 775

### Goals of the course

Sound financial management is a key factor in contributing to the survival and success of a corporation. The aim of this course is to provide you with a broad understanding of important elements of the financial management process. It will cover both theories and practical considerations relevant to making various financial management decisions. In addition, after this course you should be able to better interpret corporate financial information and apply underlying financial concepts such as time value of money and the risk-return relationship.

### Learning outcomes (LO)

By the end of the course, it is expected that students will be able to:

#	Learning outcome	Graduate profile capability*
LO1	Identify and critically analyse a corporation's challenges in optimally achieving shareholder objectives and propose strategies to overcome these challenges.	5b. Integrity 6. Social and environmental responsibilities
LO2	Analyse situations involving cash flows occurring at different points in time by applying the concept of time value of money.	1. Disciplinary knowledge and practice
LO3	Evaluate investment projects by applying various capital budgeting techniques and	2. Critical thinking

#	Learning outcome	Graduate profile capability*
	justify the advantages and disadvantages of these techniques.	
LO4	Critically analyse the relationship between risk and return in the context of finance and examine its implications for discount rates and asset values.	3. Solution seeking 4b. Communication (Written)
LO5	Evaluate and apply theoretical approaches in order to determine the value and cost of equity and debt and examine practical considerations associated with this.	1. Disciplinary knowledge and practice 3. Solution seeking
LO6	Examine the characteristics of mergers/acquisitions and critically analyse the rationale for entering into a merger/acquisition.	2. Critical thinking

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

## Content outline

Week / Module	Topic	Relevant learning resources/activities	Assessment due this period
Week 1	Topic 1: Intro., objectives and governance of the corporation	Recommended textbook readings: BMM Chapters 1 & 2	
Week 2	Topic 2: Time value of money	Recommended textbook readings: BMM Chapter 5	
Week 3	Topic 2: Time value of money / Topic 3: Capital budgeting	Recommended textbook readings: BMM Chapter 5 / BMM Chapters 8 & 9	
Week 4	Topic 3: Capital budgeting	Recommended textbook readings: BMM Chapters 8 & 9	<b>Assignment 1</b> Wednesday 5 February
Week 5	Topic 4: Risk and return	Recommended textbook readings: BMM Chapters 11 & 12	
Week 6	Test		<b>Test</b> Thursday 20 February
Week 7	Topic 5: Debt / Topic 6: Equity	Recommended textbook readings: BMM Chapter 6 / BMM Chapter 7	
Week 8	Topic 6: Equity / Topic 7: Weighted average cost of capital and company valuation	Recommended textbook readings: BMM Chapter 7 / BMM Chapter 13	

Week / Module	Topic	Relevant learning resources/activities	Assessment due this period
Week 9	Topic 8: Mergers and acquisitions / Topic 9: Market efficiency and behavioural finance	Recommended textbook readings: BMM Chapter 21 / BMM Chapter 7	<b>Assignment 2</b> Thursday 12 March
Week 10	Course review / Special topic (not examined)	TBC	
Week 11	Final Exam		<b>Final Exam</b> Saturday 28 March

## Learning and teaching

The course has ten weekly lecture sessions. These will mainly involve a mixture of formal lecturing, discussion, case studies and problem solving. The test will be held during one of these lecture sessions.

A small number of optional tutorials will be held during the quarter. These will consist mainly of solving example problems and will also be an opportunity for students to ask questions. Details of the additional tutorial sessions will be made available on Canvas after the first lecture session.

## Teaching staff

Dr Marco Eugster

Lecturer/Course co-ordinator

Phone: 021 061 3395

Office Hours: By arrangement, Level 5 Owen G Glenn Building

Email: marco.eugster@auckland.ac.nz

## Learning resources

The optional textbook for this course is:

Brealey, R.A., Myers, S.C., & Marcus, A.J. (2019). *Fundamentals of corporate finance* (10th ed). New York, NY: McGraw-Hill Education.

The reading list provided will specify which chapters of the textbook are relevant for the material covered during the course. It is recommended that students read the relevant chapters from this textbook to supplement the lecture notes. However, students may choose to use other corporate finance textbooks and/or online sources instead - please bear in mind that, other than calculators, electronic devices and watches of any kind are not permitted in tests or examinations.

Links to supplementary materials (such as company financial statements, industry reports, articles and websites) will be provided in the reading list on Canvas. The reading list will specify whether these supplementary materials are required or optional readings.

Students are also expected to bring a hand-held scientific calculator to class and to the test and exam. Students may use a financial calculator if they wish but this is NOT required.

## Assessment information

Assessment task	Weight %	Group and/or individual	Submission
Assignment 1	15%	Group	Wednesday 5 February (Week 4) – Online Canvas submission
Assignment 2	15%	Group	Thursday 12 March (Week 9) – Online Canvas submission
Test	30%	Individual	Thursday 20 February (Week 6)
Final Exam	40%	Individual	Saturday 28 March

## Pass requirements

To pass the course, an overall passing mark is required on the aggregate of the four assessments.

## Description of assessment tasks

Assessment task	Learning outcome to be assessed
Assignment 1	LO 1, 2 & 3
Assignment 2	LO 4 & 5
Test (1.5 hours)	LO 1, 2, 3 & 4
Final Exam (2 hours)	LO 1, 2, 3, 4, 5 & 6

## 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

The University of Auckland evaluates the quality of teaching and of courses by using the Summative Evaluation Tool, or SET. Summative evaluation is formal, summative evaluation of teaching undertaken according to University policy and is conducted at the end of a semester/quarter through the use of the formal University SET instruments. Summative evaluation is used by teachers to reflect on their teaching practice, and is also used by the University for quality assurance of teaching and courses.

## 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 Postgraduate Diploma in Business

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	
1. <b>Disciplinary knowledge and practice</b>	Graduates will be able to demonstrate advanced knowledge of general management theory and apply this effectively in a range of contexts.
2. <b>Critical thinking</b>	Graduates will be able to effectively evaluate and synthesise evidence from multiple sources to develop coherent and evidence-based arguments.
3. <b>Solution seeking</b>	Graduates will be able to frame and analyse complex problems, develop practical solutions, and understand the impact and implications of planned implementation.
4. <b>Communication and engagement</b>	Graduates will be able to work effectively in teams and engage varied audiences by communicating professionally using multiple formats.
5. <b>Independence and integrity</b>	Graduates will be able to engage in independent and ethical decision-making and behaviour, demonstrating self-reflection and self-management in complex and ambiguous situations.
6. <b>Social and environmental responsibility</b>	Graduates will recognise, in relation to their field, the potential significance of the principles underpinning the Treaty of Waitangi and sustainability, and demonstrate capability to shape business practice accordingly where appropriate.