

Subject Description Form

Subject Code	AF3313
Subject Title	Business Finance
Credit Value	3
Level	3
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: Financial Accounting (AF2108) or equivalent
Role and Purposes	This subject contributes to the achievement of the BBA Outcomes by enabling students to develop strong <u>analytical skills</u> and <u>critical thinking</u> , and <u>apply financial methods</u> to analyze business problems and <u>apply basic financial theories</u> , analyze financial reports and understand the operations of financial markets (Outcome 7) and <u>present and communicate</u> in English effectively
Subject Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> a. Apply basic financial theories and understand the operations of financial markets (BBA Outcome 7) b. Apply different investment appraisal techniques and evaluate the limitations; c. Apply the portfolio theory to construct a diversified portfolio; d. Determine the corporate cost of capital and e. Present findings and report them effectively in English
Subject Synopsis/ Indicative Syllabus	<p>Introduction Corporate Goal. The Agency Problem and Control of the Corporation</p> <p>Valuation of Securities Time value of money. Valuation of Stocks and bonds.</p> <p>Investment Appraisal Techniques and the limitations Payback period. Average Accounting Return. Internal rate of return. Net present value. Profitability Index. Incremental cash flows and Capital Budgeting. Investments of unequal lives.</p> <p>Risk Analysis, Real Options and Capital Budgeting Decision trees, Real Options. Sensitivity Analysis. Scenario Analysis. Breakeven Analysis</p> <p>Portfolio Theory Risk statistics. Opportunity Set and Efficient set. Capital Market Line. Capital Asset Pricing Model. The Security Market Line.</p> <p>Cost of Capital Beta. Cost of Equity. Cost of Debt. Weighted Average Cost of Capital.</p> <p>Net Working Capital Management Short-term Finance and Planning. Cash Management. Credit Management</p>

Teaching/Learning Methodology	The mass lectures cover the basic concepts and theories. Tutorial sessions allow students to discuss the lectures and present the applications of financial methods in smaller groups.																																																																					
Assessment Methods in Alignment with Intended Learning Outcomes	<table border="1" data-bbox="456 329 1482 974"> <thead> <tr> <th data-bbox="456 329 783 495" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="790 329 940 495" rowspan="2">% weighting</th> <th colspan="6" data-bbox="946 329 1482 427">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="946 436 1032 495">a</th> <th data-bbox="1038 436 1125 495">b</th> <th data-bbox="1131 436 1217 495">c</th> <th data-bbox="1224 436 1310 495">d</th> <th data-bbox="1316 436 1402 495">e</th> <th data-bbox="1409 436 1482 495"></th> </tr> </thead> <tbody> <tr> <td data-bbox="456 504 783 562">Continuous Assessment</td> <td data-bbox="790 504 940 562">40%</td> <td data-bbox="946 504 1032 562"></td> <td data-bbox="1038 504 1125 562"></td> <td data-bbox="1131 504 1217 562"></td> <td data-bbox="1224 504 1310 562"></td> <td data-bbox="1316 504 1402 562"></td> <td data-bbox="1409 504 1482 562"></td> </tr> <tr> <td data-bbox="456 571 783 669">1. Participation (Tutorial sessions)</td> <td data-bbox="790 571 940 669">5%</td> <td data-bbox="946 571 1032 669"></td> <td data-bbox="1038 571 1125 669">√</td> <td data-bbox="1131 571 1217 669">√</td> <td data-bbox="1224 571 1310 669">√</td> <td data-bbox="1316 571 1402 669">√</td> <td data-bbox="1409 571 1482 669"></td> </tr> <tr> <td data-bbox="456 678 783 736">2. Midterm Test</td> <td data-bbox="790 678 940 736">20%</td> <td data-bbox="946 678 1032 736">√</td> <td data-bbox="1038 678 1125 736">√</td> <td data-bbox="1131 678 1217 736"></td> <td data-bbox="1224 678 1310 736"></td> <td data-bbox="1316 678 1402 736"></td> <td data-bbox="1409 678 1482 736"></td> </tr> <tr> <td data-bbox="456 745 783 844">3. Individual Written Assignment</td> <td data-bbox="790 745 940 844">15%</td> <td data-bbox="946 745 1032 844">√</td> <td data-bbox="1038 745 1125 844"></td> <td data-bbox="1131 745 1217 844">√</td> <td data-bbox="1224 745 1310 844">√</td> <td data-bbox="1316 745 1402 844">√</td> <td data-bbox="1409 745 1482 844"></td> </tr> <tr> <td data-bbox="456 853 783 911">Final Examination</td> <td data-bbox="790 853 940 911">60%</td> <td data-bbox="946 853 1032 911">√</td> <td data-bbox="1038 853 1125 911">√</td> <td data-bbox="1131 853 1217 911">√</td> <td data-bbox="1224 853 1310 911">√</td> <td data-bbox="1316 853 1402 911">√</td> <td data-bbox="1409 853 1482 911"></td> </tr> <tr> <td data-bbox="456 920 783 978">Total</td> <td data-bbox="790 920 940 978">100 %</td> <td colspan="6" data-bbox="946 920 1482 978"></td> </tr> </tbody> </table> <p data-bbox="456 1028 1482 1095">To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components.</p>								Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d	e		Continuous Assessment	40%							1. Participation (Tutorial sessions)	5%		√	√	√	√		2. Midterm Test	20%	√	√					3. Individual Written Assignment	15%	√		√	√	√		Final Examination	60%	√	√	√	√	√		Total	100 %						
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Reading List and References	<p data-bbox="456 1592 1482 1659">Ross, Westerfield, Jaffe, Lim, Tan and Wong, <i>Corporate Finance</i>, Asia Global Edition, McGraw-Hill, 2015.</p> <p data-bbox="456 1695 1482 1762">Ross, Westerfield, and Jaffe, <i>Fundamental of Corporate Finance</i>, 10th Edition, McGraw-Hill, 2012.</p> <p data-bbox="456 1798 1482 1832">Jonathan Berk and Peter DeMarzo, <i>Corporate Finance</i>, 3rd Edition, Pearson, 2013.</p>																																																																					