

(Preliminary syllabus, subject to revision)

**Hong Kong University of Science and Technology
School of Business and Management**

FINA 110

Fundamentals of Business Finance

Spring 2007

Prof. Yuk-Shee CHAN

Office: Rm 2384

Phone: 2358- 7882

Class Meetings: Mondays and Wednesdays 5:00 – 6:20 pm at Room 2303

Office Hours: 4:00–5:00 pm before class; other times by appointment

Teaching Assistant:

Mr. CEN Ling (Office: Rm 4383; Email: cenling@ust.hk; Phone: 2358-8031)

Tutorials and Office Hours (to be announced)

Course Content:

This is an introductory finance course for non-business major students. The aim of the course is to provide students with a good understanding of the basic concepts and analytical techniques of corporate finance. Topics to be covered include financial statements and cash flows, time value of money, discounted cash flows, stocks and bonds valuation, capital budgeting, risk and return, cost of capital, capital structure, dividend policy, and aspects of international finance.

Course Materials

1. Required Textbook: *Corporate Finance Essentials* by Ross, Westerfield and Jordan, McGraw Hill International Edition, fifth Edition, 2007.

2. Course Website: (TBA)

3. Financial Calculator: Recommended Models – HP 10B/TI BA II Plus.

You will need a basic financial calculator for the course and be proficient in using its financial functions (present value, future value, and statistical computations). Please consult the TA if you have any questions regarding the financial calculators (a workshop may be held by the TA on the use of financial calculators as necessary).

**4. Online Learning Center (OLC) at the Publisher's Website:
www.mhhe.com/rwj & Self-Study Software**

The OLC provides access to additional web-based study materials for the textbook.

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The Self-Study Software contains self-grading questions for testing your knowledge of the materials in different chapters. You are advised to make reference to the OLC and the Software depending on your interest.

5. Other Reference Websites:

The textbook makes reference to some interesting financial websites which contain a lot of financial information on the US markets and companies. As finance is global in practice, it is useful to familiarize yourself with these sites as referred to in the textbook. For financial matters of local interest, you may consult the following sites: www.hkex.com.hk; www.sfc.hk.

Assessment

Examinations: There will be a midterm as well as a final examination. The midterm will cover roughly the material in the first half of the course. The final examination will be cumulative; that is, it will cover all material, but with a heavier weight on the material covered in the second half of the course.

Cases: There will be two group cases assigned for the course. Students should form groups of 4 to 5 for the case analyses. Cases will be assessed on a group-basis; all members of the same group will receive the same grade for the case submitted.

Forming Groups: You can form the group yourself and let Mr. Cen know via email between **Feb. 12 (Monday) and Feb.14 (Wed)**. Students whose names are not submitted will be assigned into groups by Mr. Cen.

	<u>To be posted</u>	<u>Due by Email to Mr. Cen</u>
Case #1:	Feb.28 Wed	by 10:00 am Mar 12 Mon
Case #2:	Apr.11 Wed	by 10:00 am Apr 23 Mon

Homework Assignment: Selected End-of-chapter *intermediate-level* Questions and Problems from the textbook will be assigned as homework to the class. The assignments are primarily for practice and for testing your understanding of the material, especially the more difficult concepts. Solution to the problems will be provided on the course website after the assignment due date.

Self-study Recommendations

I also recommend that, to test your understanding of the material, you do the following problems on your own: (i) the *Chapter Review and Self-test Problems*

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(answers provided in the textbook); and (ii) the *basic-level* Questions and Problems recommended (solution to these problems will also be provided).

Grading Method:

1. The two cases will each count for 5 points, for a total of 10 points.
2. The midterm exam will count for 36 points and the final exam 54 points. The final grade will be determined by the sum of the points you receive from the cases and a composite score of your midterm and final exam grades.
3. The composite exam score is the maximum of $(M+F)$ and $(5/3 \times F)$. For example, suppose the midterm score is 30/36 and the final exam score is 40/54, the composite score will be 70/90. However, if the final score is 48/54, the composite score will be 80/90 (that is, for proportionately stronger performance in the final exam, the final exam counts as 100% for the composite exam score). **Those who miss the midterm exam will automatically have their final exam counts as 100% for the composite exam score.**
4. The homework problems will not count directly in your course grade. However, for borderline cases, I shall raise a student's grade if he or she has an excellent record on homework assignments.

Academic Integrity:

You must observe the HKUST Academic Honor Code and rely entirely on your own intellectual endowments during the examinations. Cheating will not be tolerated and will result in serious consequences including failing grade and additional sanctions.