

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

**FINA 111: Financial Management
Spring Semester 2007**

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Office hours:	By appointment	By appointment

Lectures: L1: Monday and Wednesday, 2pm – 3:20pm in LTA
L2: Monday and Wednesday, 3:30pm – 4:50pm in LTA

Course description

Financial Management is an introductory finance course that focuses financial decision making in corporations. Major financial decisions include capital investment decisions, financing decisions, capital structure decisions, dividend policy decisions, and working capital decisions. Teaching methods include lectures, tutorials, in-class exercises, case analyses, and online homework assignments.

Required Textbook

Corporate Finance Essentials by Ross, Westerfield and Jordan (McGraw-Hill/Irwin, fifth international edition, 2007, ISBN 0-07-110734-7.) This book is **required** of all students since it will be used extensively throughout the course.

Note: This textbook contains information about U.S. financial markets, institutions and corporate finance practices. This information is not important to FINA 111 and will not be covered in assessed cases and examinations.

In addition, three copies of *Corporate Finance* by Ross, Westerfield and Jaffe are available in the UST library's two-hour reserve. This is a more advanced textbook but is similar in structure to the *Essentials* text used in FINA 111. Hence, it is a useful resource for those who want to learn more about financial management. Material in the *Corporate Finance* text will **not** be included in the FINA 111 assessments.

Financial calculator

It is strongly recommended that students buy a basic financial calculator such as the TI BAII Plus or the HP 10B calculator. Financial calculators have built-in functions that save time in solving problems, and their use is permitted in examinations. We will use calculators in lectures and tutorials and one or more workshops will be offered by the Hong Kong distributor for Texas Instruments calculators. In addition to the user manual, information about calculator use can be found on WebCT. Calculators may be purchased from the campus bookstore.

Homework Manager Access Card

Each student is required to have an Access Card for use in logging on to Homework Manager, a software tool provided by the textbook publisher. Access Cards may be obtained in one of three ways: By purchasing a new textbook (the cost of the Card is included in the textbook price,) by presenting a used copy of the 5th Edition of the *Essentials* text and purchasing a Card at a discount price, or by purchasing a Card by itself. Access Cards are available at the campus bookstore.

Assessment

Three cases (done in groups)	12%
Participation	3%
Nine homework manager assignments	5%
First examination	40%
Second examination	<u>40%</u>
Total	100%

Tutorials

1. A total of 11 tutorials will be held during the semester. Each tutorial has approximately thirty students, providing an opportunity for you to ask questions and deepen your understanding of material presented in the lectures.
2. There are three tutorial instructors: Stella Lien (fnstella@ust.hk), Vivian Hu (vivianhu@ust.hk) and Cher Ni (cher@ust.hk). Their office is Room 3392 (lifts 17-18) and their phone number is 2358 7674.
3. Students in each tutorial will be formed into 5-person groups during the first week of class. Students are free to choose their own groups from among students registered in the same tutorial; tutorial instructors will assist in this process. Students who wish to change to another tutorial may do so provided they do so officially through ARRO.

Cases

1. There will be four assessed group case analyses during the semester. Each case will be distributed in advance via WebCT. Questions pertaining to each case will be handed out in the tutorials, and each group will have approximately forty minutes to prepare written responses to these questions that will be assessed. Groups are encouraged to discuss cases prior to the tutorials.
2. The lowest grade earned on the four cases will be dropped; the grades on the remaining three cases will each count 4% of the overall course grade. All members of a group will receive the same grade on a given case. If a student does not attend a tutorial in which a case analysis is submitted for assessment, that student will receive a grade of zero for the case. There will be no make-ups for missed cases.
3. If a “free rider” problem develops, meaning one or more group members is not pulling his or her own weight, group members should first try to resolve the problem among themselves. If this does not work, then the entire group should schedule a meeting with their tutorial instructor. Grades of students not making an appropriate contribution to the group effort will be adjusted accordingly.

Participation

Participation assessment will be based on tutorial attendance and on the relative contribution each group member has made to his or her group. Near the end of the semester, each group member will be asked to evaluate the contribution of his or her fellow group members. These peer evaluations will count towards the grade each student receives for participation.

Homework Manager

1. Homework Manager (HWM) is a software tool that allows you to do end-of-chapter problems online. While the problems are identical in structure to the textbook problems, their numerical parameters will be different.
2. There will be ten HWM assignments, each one pertaining to a single textbook chapter. The first assignment will not be assessed. The remaining nine assignments will each receive a pass/fail mark, one point for pass, zero points for fail.
3. Each assignment consists of five end-of-chapter questions for which three out of five must be answered correctly to receive a passing mark. Overall HWM assessment will be based on the number of points earned.
4. You may do an assignment as many times as you like, but no more than one pass mark point will be awarded. Each assignment will have a required completion date used for assessment purposes.

Examinations

1. There will be two examinations, with the first occurring about halfway through the semester and the second taking place during the university's final examination period. The second exam will not be cumulative, but keep in mind that some material presented in the first part of the course is relevant to the second part of the course.
2. Examinations are closed book, meaning no notes, books or other printed matter may be used. Non-programmable electronic hand calculators including financial calculators may be used in examinations, but laptop computers, mobile phones and other electronic devices may not be used.
3. There will be no makeup examination for a student who misses the first examination. For a student who misses the first examination due to extenuating circumstances beyond his or her control, a mark will be given for the first examination that is based on the mark earned on the second examination. Otherwise, the student will be given a zero mark for the first examination.
4. A student who misses the second examination, which will be held during the university's final examination period, will be treated in accord with standard university policy pertaining to absence from the final examination.
5. Examinations will be in multiple choice format and will test both conceptual knowledge and numerical problems solving ability.

Classroom policies

1. You are expected to come to class **on time**. Should you happen to arrive late, please sit in the rear of the lecture theater so as to not disrupt the class.
2. Students are discouraged from attending a lecture other than the one for which they are registered (L1 or L2) since the class is large and seating may be a problem. Please keep in mind that if seating availability becomes a problem, registered students will receive first priority.
3. Please turn off your pagers and cell phones so as to not disturb others in the class.
4. Talking with other students during class is annoying, especially for students who are trying to concentrate on the lecture. Students who persist in talking in class will be asked to leave.

Some interesting websites relevant to this course

www.mhhe.com/rwj (textbook publisher's website--much useful information here)
www.duke.edu/~charvey/Classes/wpg/glossary.htm (8,000+ finance terms)
www.hkex.com.hk (Hong Kong Exchanges and Clearing Ltd—cash and derivative securities trading and clearing)
finance.yahoo.com (current market information, historical price data)
finance.yahoo.com.hk (same as finance.yahoo.com, except it's in Chinese)