

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

**FINA 111: Financial Management
Spring Semester 2008**

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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

Essentials of Corporate Finance by Ross, Westerfield and Jordan (McGraw-Hill/Irwin, 6th edition, 2008, ISBN 0978-0-07-340513-1) This book is **required** of all students since it will be used extensively throughout the course. (The 5th edition of RWJ's *Essentials* may also be used in FINA 111. The 5th edition was used in FINA 111 last year and second-hand copies may be available.)

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. Additional material contained in the *Corporate Finance* text will **not** be included in FINA 111 assessments.

Also on reserve are two copies of Alan Greenspan's *The Age of Turbulence*, one in English and one in Chinese. Dr Greenspan was chairman of the U.S. Federal Reserve System (central bank) for nearly twenty years. His economic, financial and social insights into the workings of the global economy are of interest to finance practitioners. Material in *The Age of Turbulence* will **not** be included in FINA 111 assessments.

Financial calculator

It is necessary that you have a basic financial calculator such as the Texas Instruments BA II Plus calculator or the Hewlett Packard 10B calculator. Financial calculators have built-in functions that save time in solving problems, especially problems whose solutions involve “trial and error.” We will use calculators in lectures and tutorials and a calculator workshop will be offered by the Hong Kong distributor for Texas Instruments. Also, calculators may be used in examinations. In addition to the workshop and user manual, information about calculator use can be found on LMES, our class website. 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 two ways: By purchasing a new textbook (the cost of the Card is included in the textbook price), or by presenting a used copy of the 5th edition of the *Essentials* text and redeeming an Access Card at a discount price before February 15. Textbooks and Access Cards are available at the campus bookstore. Homework Manager assignments are part of the course assessment for the second half of the course. However, you must have your account properly set up BEFORE February 11 (Mon).

IMPORTANT: A student who does not have an HWM account on our record as of February 11 will NOT be able to earn any points on his or her HWM assignments in the second half of the course.

Tutorials

1. A total of 10 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 Benson Leung (bbsleung@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.

Course website: lmes2.ust.hk

You should visit the course website regularly because a lot of important information will be available there including the course syllabus and outline, announcements, lecture notes, solutions to end-of-chapter problems, the schedule for submitting homework assignments and your performance.

Assessment

Cases (group cases, best “3 of 4”)	12%
Participation in tutorials (attendance and peer evaluation)	3%
Homework Manager assignments (best “5 of 6”)	5%
First examination	40%
Second examination	<u>40%</u>
Total	100%

Cases

1. There will be four assessed group case analyses, two in the first half and two in the second half of the course. Each case will be posted in advance via LMES. Questions pertaining to each case will be handed out in a tutorial 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 contributing his or her fair share, 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.
4. 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.

Tutorial Participation

Tutorial 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. Six HWM assignments will be assessed in the second half of the course, each one pertaining to a single textbook chapter. The assignment with the lowest score will be dropped.
3. Each assignment consists of five end-of-chapter questions. Students are allowed three attempts and to have the assignment graded before each specified deadline. The assignment will be blocked after it is due and NO requests for late submission will be considered.

4. You may use lecture notes, textbook, and other references when working on the assignments. However, this is an individual assessment and you must work on the problems by yourself without assistance from any other people. The TA will not answer questions regarding the assigned problems before the assignments are due.
5. Homework Manager assignments are part of the course assessment for the second half of the course. Accordingly, you will need to have your Homework Manager account properly set up by Thursday, March 27.
6. Further instructions on registering your personal class account and logging into the system to do the assignments are available in the “Homework Manager” section on LMES, the course website.

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 problem 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 that the class is not disturbed.
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

lmes2.ust.hk/portal/ (class website)

Online Learning Center at publisher's website

http://highered.mcgraw-hill.com/sites/0072946733/student_view0/index.html

The website offers several valuable learning tools. The Self-Study Software provides 75-100 questions per chapter which allows you to test your knowledge. The Interactive FinSims simulates how to solve key concepts to help reinforce the most important corporate finance topics.

www.mhhe.com/business/finance/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 in Chinese)