

## FOUN050 Introduction to Business Finance

### Section 1: General Information

#### 1.1 Administrative Details

Subject:	Introduction to Business Finance
Code:	FOUN050
Stream	Commerce
Points	12
Pre-requisite	none

#### 1.2 Subject Workload

Number of timetabled hours per week	Number of Personal study hours per week	Total workload hours per week
4 – two (2) lectures and two (2) tutorials	4	8

#### 1.3 Pre-requisites

There are no pre-requisites for students prior to undertaking the paper.

#### 1.4 Other resource requirement

None

### Section 2: Academic Details

#### 2.1 Subject Overview

This is a 12 week, one term paper within the University of Otago's Foundation Studies Certificate. It is a compulsory paper for students studying the Commerce stream.

The paper aims to give an introduction to finance, the calculation and analysis of theoretical values for bonds and equities, the financial impact of capital investments and their returns and to increase awareness of important institutions and organisations in New Zealand environment, preparing students for study at the University of Otago. This paper assumes students have a limited background in finance.

The paper is a good introduction to the concepts students learn enrolling on the BSNS114 Financial Decision Making paper, a core Commerce paper at the University of Otago.

Each Foundation Year paper is worth 12 points and 0.1 EFT. Full-time students will study ten papers that total 120 points. This is equivalent to 1.0 EFT

#### 2.2 Learning Objectives and Outcomes

By the end of the paper, students will have a foundation understanding of the following concepts:

1. Solve problems related to interest rates and the time value of money
2. Calculate theoretical values for shares and bonds
3. Explain the key differences between international capital markets
4. Conduct risk and return analysis

### 2.3 Subject Content

Lectures are delivered 'face to face' by the lecturer. There is a base set of notes that need to be covered from the student workbook reinforcing the lecture notes.

PowerPoint lectures are available on Blackboard and are available to students in advance of the lecture.

### 2.4 Teaching Method/Strategies

Each unit is taught through the lecture/ tutorial activities, teachers reinforce the student's understanding of the learning aims, key features, causes, effects and linkages.

In some units of work, there are more activities than students can cover in one tutorial session and may be assigned as homework. Methods include teacher-led discussion, small group activities, note taking, individual activities etc. These are included in the student workbook so students can reinforce their knowledge and understanding in their own time. It also allows teachers to select activities suitable for their classes.

Answers to the activities are in the teacher's handbook.

There is regular feedback to students of their progress.

### 2.5 Assessment

Assessment Type	When	Weighting	Learning Outcomes Assessed
Internal	Week 7	20%	1, 2 and 3
Internal	Weeks 10	10%	1, 2 and 3
Final Examination	Week	70%	1, 2, 3 and 4

#### 2.5.1 Assessment Strategy

Students receive regular feedback on analysis/interpretation skills as a method of formative assessment to encourage student improvement in content as well as academic skills.

Summative assessment includes a variety of methods within the week 7 test, an online assessment in week 9 and the final examination.

#### 2.5.2 Hurdle Requirement

In order to pass this paper, students must obtain an overall mark of 50% (C-) or better.

#### 2.5.3 Assessment Details

Assessment formats:

**Test1** (20%) on weeks 1 - 5: Time value of money, bond and equity valuations. Bond and equity characteristics.

Held in week 7. 90 minutes.

- 25 Multi Choice Qs 25 marks
- 4 Analysis/Calculation Qs 20 marks
- 1 Passage answer Q 10 marks
- Total: 50 marks.

**Test2** (10%) on weeks 1 - 9: Time value of money, bond and equity valuations, foreign exchange and investment decision rules

Held in week 10. 50 minutes.

- Online 25 Multiple Choice Qs 30 marks

**Final Exam** (70%) covers all topics.

2 hours

- 30 Multiple choice Qs                    30 marks
- 5 Analysis/Interpretation Qs        35 mark)
- Total:    65 marks

## 2.6 Prescribed and Recommended Reading

Prescribed Text: Refer to the Foun050 'Finance' student workbook

Recommended readings and websites:

Given the focus of this paper on the general business environment, there is no prescribed additional readings. Suitable sources are advised and given to students throughout the paper, these tend to change over time but include news sources for current business development such as the [www.rbnz.govt.nz](http://www.rbnz.govt.nz) the New Zealand Herald and for an international perspective the Economist magazine and website and [www.bloomberg.com](http://www.bloomberg.com).

Refer to sources in Teacher Guide booklet.

### 3. Subject Details

#### 3.1 Weekly Schedule

Teaching Outline FOUN050 Introduction to Business Finance Term 3 2019

Week No	Lecture 1	Tutorial 1	Lecture 2	Tutorial 2
1	Course Introduction	Introduction	Calculating Interest	Calculating Interest
2	Time Value of Money PV & FV	Time Value of Money PV & FV	APR's and EAR's	APR's and EAR's
3	Time Value of Money Annuities	Time Value of Money Annuities	Annuities Complex Questions	Annuities Complex Questions
4	Introduction to Bonds	Introduction to Bonds	Bond Pricing	Bond Pricing
5	Bond complex Questions	Bond complex Questions	Equities - Introduction	Equities - Introduction
6	Equity Pricing Dividend Discount Model	Equity Pricing	Equities complex Questions	Equities complex Questions
7	SPSS*	SPSS*	<b>Assessment</b> Weeks 1 – 6	
8	SPSS*	SPSS*	Capital Investments Payback Period	Capital Investments Payback Periods
9	Capital Investments NPV	Capital Investments NPV	Capital Investments IRR	Capital Investments IRR
10	The Forex Market <b>Assessment</b>	The Forex Market	Risk and Return 1 Single Assets	Risk and Return 1
11	Risk and Return 2 Portfolios	Risk and Return 2	CAPM & Market Efficiency	CAPM
12	Cost of Capital	Cost of Capital	Exam Prep	