## Subject Description Form

<table>
<thead>
<tr>
<th>Subject Code</th>
<th>AF3313</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject Title</td>
<td>Business Finance</td>
</tr>
<tr>
<td>Credit Value</td>
<td>3</td>
</tr>
<tr>
<td>Level</td>
<td>3</td>
</tr>
<tr>
<td>Pre-requisite/ Co-requisite/ Exclusion</td>
<td>Pre-requisite: Financial Accounting (AF2108) or equivalent</td>
</tr>
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### Objectives

This subject contributes to the achievement of the BBA Outcomes by enabling students to develop strong analytical skills and critical thinking (Outcome 4), and apply financial methods to analyze business problems (Outcome 7) and apply basic financial theories, analyze financial reports and understand the operations of financial markets (Outcome 9 and Outcome 12) and present and communicate in English effectively (Outcome 1 and Outcome 2).

### Intended Learning Outcomes

Upon completion of the subject, students will be able to:

a. Identify the major responsibilities of financial managers;

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. Analyze the key characteristics of working capital and its individual elements.

### Subject Synopsis/ Indicative Syllabus

**Introduction**

Corporate Goal. The Agency Problem and Control of the Corporation

**Valuation of Securities**

Time value of money. Valuation of Stocks and bonds.

**Investment Appraisal Techniques and the limitations**


**Risk Analysis, Real Options and Capital Budgeting**

Decision trees, Real Options. Sensitivity Analysis. Scenario Analysis. Break-even Analysis

**Portfolio Theory**


**Cost of Capital**
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>
<thead>
<tr>
<th>Specific assessment methods/tasks</th>
<th>% weighting</th>
<th>Intended subject learning outcomes to be assessed (Please tick as appropriate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>a  b  c  d  e</td>
</tr>
<tr>
<td>Continuous Assessment</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>1. Participation (Tutorial sessions)</td>
<td>5%</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>2. Midterm Test</td>
<td>20%</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>3. Individual Written Assignment</td>
<td>15%</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Final Examination</td>
<td>60%</td>
<td>✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
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</tbody>
</table>

To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components.

Student Study Effort Required

- Class contact:
  - Lectures 26 Hrs.
  - Tutorials 13 Hrs.

Other student study effort:

- Assigned tutorial questions 28 Hrs.
- Individual written assignment 10 Hrs.

Total student study effort 77 Hrs.

Reading List and References

- Ross, Westerfield, and Jaffe, *Fundamental of Corporate Finance, 9th Edition*,