



**ROYAL INSTITUTE OF MANAGEMENT  
BHUTAN**

**Department/Centre:** Department of Finance  
and Business

Unit reference code: 6224

This Unit Outline must be read in conjunction with RIM Academic Policies, which sets out Institute policies and procedures, including information on matters such as plagiarism, grade descriptors, moderation, feedback and deferred exams.

## 1: General Information

1a Teaching period and year offered: Term III, 2015

1b Credit point value: 3 Credit Points

1c Unit level: Post Graduate

1d Name of Unit Convener and Course Coordinator and contact details (including telephone and email):

### Unit Convener:

Chonga Zangpo

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Phone # 02 351013/351014

### Course Coordinator:

Karma Pema Loday

Sr. Lecturer/Head

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Phone # 02 351013/351014

1e Administrative contact details (including name of the programme assistant location, telephone and email):

### Program Assistant:

Karma Tshomo

Program Assistant

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Phone # 02 351013/351014

## 2: Academic Content

### 2a Unit description or syllabus

In general, business finance has three major components:

- investing funds to obtain an acceptable rate of return for the owners of the business;
- sourcing the funds to be invested at an optimum cost; and
- determining whether to distribute or retain the funds returned from the firm's investment

This unit is designed to introduce a wide range of business finance topics to enable students to understand and participate in financial decision making. It covers a broad range of topics and aims to provide students with theoretical, analytical and practical framework to address financial decisions at both corporate and individual level including issues of project appraisal and financing or capital investment, financial mathematics, the risk return trade off, company and securities valuation, capital structure and market efficiency, financing decisions and payout policies. It also aims to provide students with the analytical tools and techniques required for further studies in financial intermediation and investments.

As a part of this unit, following topics will be covered:

- the foundation to business finance study
- the valuation of future cash flows and risks
- capital budgeting decisions
- working capital management and financing decisions
- dividend policies
- capital structure policy and cost of capital

The relevant cases from both local and international context will also be used. This should help students better understand the practicality of the concepts and theories covered as part of the unit.

### 2b. Learning outcomes

At the end of this unit, and having completed the essential readings and activities, students should be able to:

- demonstrate an advance understanding of how to read and analyse the financial performance of a company or a firm through use of various tools and techniques
- demonstrate an advance understanding of the concept of time value of money, issues of risk return tradeoffs and fundamentals of securities valuation
- demonstrate an advance understanding and ability to make investment decisions, financing decisions and dividend policy decisions

- comprehend the complex principles, theories, frameworks, and models of corporate finance as they apply to business at a international and local level
- apply corporate finance principles, theories, frameworks, tools and techniques to solve business problems
- carry on further studies in financial intermediations and investments

## **2c. Graduate attributes developed in the unit**

The unit is expected to develop following graduate attributes:

- discipline specific knowledge and capabilities – knowledge appropriate to the level of study at par with the international standards
- creative, innovative and enterprising – critical and analytical thinking and judgment to create innovative solutions to challenges
- professional excellence – positive attitude towards work (working independently and in teams) and taking responsibilities for personal actions
- leadership attributes – be able to manage, guide and make timely decision
- integrity, honesty and ethical – act in accordance with universal standards of integrity, honesty and ethical attributes
- communication skills – using oral, written and interpersonal communication to inform, motivate and effect change
- digital literacy – using technologies to find, use and disseminate information

## **2d. Prerequisites and/or co-requisites**

Prior to enrolling into this unit, students are expected to have completed Financial Accounting or related unit and have adequate knowledge in the following areas:

- fundamentals of accounting and reporting of business entity,
- knows how to read and prepare financial statements of corporations
- different type of business entities and their financial operations.

# **3: Delivery of Unit and Timetable**

## **3a Delivery mode**

This unit will be delivered over a five days intensive class/seminar. The seminar delivery will comprise of lecture, case discussions, presentations and problem based learning. Students are expected to do all the readings prior to the attending the seminar sessions. The topic coverage and

the required readings for each day are given in section 3b. It is expected that students to attend all the seminar sessions.

### 3b Timetable of learning activities

Days	Seminar Session	Topic	Delivery Methods	Required reading
Monday (Oct. 26, 2015)	Morning	Introduction to Financial Management	Lecture/seminar discussion	Chapter 1 of Gitman, L.J. 2012 <i>IVEY Case: Melco Crown Entertainment: Rolling the Dice and other ways to raise capital</i>
	Afternoon	Time value of money	Lecture/seminar discussion	Chapter 4 Gitman, L.J. 2012 <i>IVEY Case: Time Value of Money: The Buy Vs. Rent Decisions</i>
Tuesday (Oct. 27, 2015)	Morning	Risk and Return	Lecture/seminar discussion	Chapter 5 Gitman, L.J. 2012
	Afternoon	Securities Valuation	Lecture/seminar discussion	Chapter 6 & 7 Gitman, L.J. 2012
Wednesday (Oct. 28, 2015)	Morning	Fundamentals of capital budgeting and Capital budgeting techniques	Lecture/seminar discussion	Chapter 8 & 9 Gitman, L.J. 2012 <i>IVEY Case: Capital Budgeting Management of Bharti Airtel – The Profitability Impact</i>  <i>HBR Case – Investment Analysis and Lockheed Tri Star</i>
	Afternoon	Cost of capital	Lecture/seminar discussion	Chapter 11 Gitman, L.J. 2012 <i>H.J. Heinz: Estimating the Costs of Capital in Uncertain Times</i>  <i>HBR Case: Marriott Corporation : The Cost of Capital</i>
Thursday (Oct. 29, 2015)	Morning	Capital structure and leverage	Lecture/seminar discussion/ case study	Chapter 12 Gitman, L.J. 2012 <i>HBR Case - Blaine Kitchenware, Inc. : Capital Structure</i>
	Afternoon	Dividends and dividend policy	Lecture/seminar discussion/ case study	Chapter 13 Gitman, L.J. 2012 <i>HBR Case – Dividend Policy at Linear Technology</i>

<b>Friday (Oct. 30, 2014)</b>	Morning	Working Capital Management	Lecture/seminar discussion/ case study	Chapter 14 & 15 Gitman, L.J. 2012 <i>HBR Case – Dell's Working Capital</i>
	Afternoon	Class test (quizzes) & Wrap up session		<i>HBR Case – Winfield Refuse Management, Inc.: Raising Debt Vs. Equity</i>

**Note:**

1. Relevant case studies will also be made available online (through email) or in the seminar sessions as and when appropriate. Students are expected to prepare the case prior coming to the seminar session.

## 4: Unit Resources

### 4a. Lists of required texts/readings

Following two textbooks will be the main and required textbook for the unit.

1. Gitman, L.J. 2012. Principles of Managerial Finance, 11th Edition, Pearson, Dorling Kindersley Pvt. Ltd., India
2. Gitman, L.J. 2002. Principles of Managerial Finance, 10th Edition, Addison Wesley, US

In addition to the unit's required text/reading materials, following are some of the additional reading materials which will be useful. In addition to this, weekly additional reading materials will be provided or made available on the unit website (moodle.rim.edu.bt).

1. Parrino, R & Kidwell, D. 2009. Fundamentals of Corporate Finance, Wiley India Pvt. Ltd
2. Schall, L.D & Haley, C.W. 1997. Introduction to Financial Management, 6th Edition, McGraw-Hill, Inc.
3. Chandra, P. 1997. Financial Management: Theory & Practice, 4th Edition, Tata McGraw-Hill Publishing Company Ltd. New Delhi.
4. Pandey, I.M. 1996. Financial Management, 7th Edition, Vikas Publishing House Pvt. Ltd., New Delhi.
5. Van Horne, J.C. & Wachowicz, Jr. J.M. 1995. Fundamentals of Financial Management, 9th Edition, Prentice-Hall
6. Brealey, R.A., Myers, S.C. & Marcus, A.J. 1999. Fundamentals of Corporate Finance, 2nd Edition, Irwin/McGraw-Hill

#### **4b. Materials and equipment**

There is no specific requirement of any materials and equipment for this unit; however, students are expected carry a non-programmable financial or normal calculator and have access to computer and internet so that they can access the unit reading materials.

#### **4c. Unit website**

The unit materials can be accessed through institute's Learning Management System (LMS) Moodle at moodle.rim.edu.bt or will be made available to students in soft copy by the program assistant.

### **5: Assessment**

#### **5a. Assessment overview**

As a part of the assessment for the unit, students will be assessed and evaluated based on a number of assessment methods such as in class quizzes, written assignment and final examination. To pass the unit, students should obtain a minimum of 50% in aggregate as reflected in the *Academic Progress Policy* and are NOT required to pass the final examination (Assignment 3) to pass the unit. The unit's final grades/scores will be awarded in term of numerical figure where 100 being the maximum score.

#### **5b. Assessment item description including assessment criteria**

For this unit, following assessment methods will be used.

##### **Assessment 1:** In class quiz (Class test Individual) - 20%

As part of the assessment for this unit, there will be a class test at the end of the week (Friday afternoon session). The test will comprise of quizzes. This will be a closed book examination and will test your knowledge of the principles and concepts taught, as well as your ability to think critically and to apply your knowledge to case studies.

This will help unit convener to understand the student performance towards the end of the intensive sessions and enable to provide necessary feedback for the final exam preparation. To successfully complete this assessment, students should be able to undertake the assessment on scheduled date and time and achieve an above average score. The scores will be determined by:

- ability to answer the questions;
- accuracy of the answer to the questions;
- ability to demonstrate the achievement of the learning outcomes

The details on the assessment will be provided in the class.

**Assessment 2: Written Assignment (Group) - 30%**

Refer Annexure I & II for details on the assignment. If the work is not your own and you have borrowed ideas from others' work, you will have to reference and acknowledge it. APA style of referencing system has to be used. Errors in referencing will reduce your mark. If there is a clear indication of breach of academic integrity, the assignment will be dealt as per the *Academic Integrity Policy* of the Institute.

**Assessment 3: Final examination - 50%**

This will be a closed book examination which will be conducted on the schedule examination date. To successfully complete this assessment, students should be able to undertake the assessment on scheduled date and time and achieve an above average score. The scores will be determined by:

- ability to answer the questions;
- accuracy of the answer to the questions;
- ability to apply the knowledge and skills to practical case studies
- ability to demonstrate the achievement of the learning outcomes

Further details on the assessment will be provided in the class.

**5c. Due dates**

Following are the due dates for the assessments and relevant information.

<b>Assessments forms/methods</b>	<b>Proportion of total marks</b>	<b>Due dates</b>	<b>Penalties applicable for late submission</b>	<b>Date – work expected to be returned to student</b>
Assessment 1: Class test	20%	October 30, 2015	Failing to sit for test will be awarded zero*	Two weeks from completion
Assessment 2: Written Assignment	30%	November 23, 2015	Non-acceptance and assessment non-complete	Two weeks from submission
Assessment 3: Final examination	50%	Term III Examination Week	Failing to sit for final examination will be awarded zero*	

**\* Note:**

1. In normal circumstances, students failing to complete Assessment 1 & 3 on the due date will be awarded zero for the assessment and will not provide with alternative arrangements or supplementary assessments. However, students failing to complete these assessments in exceptional circumstances as indicated in *clause 9.1 & 9.2* of the *Academic Progress Policy*, students could be allowed to sit a special examination in accordance with *clause 7 of Examination Policy*.



2. No extension on the submission deadline (due date) will be entertained for Assessment 2 under any circumstances and thus failing to submit on due date would mean assessment not complete and will be awarded ZERO for assessment.

#### **5d. Weighting within the unit - to 100 per cent**

Unit assessment will be assessed based on the following weightings:

<b>Assessment items/methods</b>	<b>Percentage Marks</b>
Class test (Individual)	20 %
Written Assignment (Group)	30%
Final Examination	50%
<b>Total</b>	<b>100%</b>

#### **5e. Identification of the learning outcome/s the assessment item addresses**

<b>Assessment Items/methods</b>	<b>Learning outcomes (Refer 2b in bullet points)</b>	<b>Remarks</b>
Class Test (Individual)	1,2,3,4,5	
Written Assignment (Group)	1,2,3,4,5,6	
Final Examination	1,2,3,4,5	

#### **5f. Identification of the graduate attributes the assessment item addresses**

<b>Assessment Items/methods</b>	<b>Graduate attributes (Refer 2c in bullet points)</b>	<b>Remarks</b>
Class Test (Individual)	1,2,3,5	
Written Assignment (Group)	1,2,3,4,5,6,7	
Final Examination	1,2,3,4,5,6	

#### **5g. Special assessment requirements—if any**

In normal circumstances, no supplementary or special assessments will be entertained in any of the assessments mentioned in section 5b. However, in exceptional circumstances as indicated in *clause 9.1 & 9.2 of the Academic Progress Policy*, students could be allowed to sit a special examination in accordance with *clause 7 of Examination Policy*. This will only be applicable to Assessment 1 and 3. NO supplementary assessment will be entertained on Academic grounds.

#### **5h. Supplementary assessment criteria**

In circumstances mentioned in 5g and if students are granted for the special or supplementary examination, the criteria for such supplementary assessment will remain same as the initial one.

#### **5i. Requirements for academic integrity**

Students are expected to be well versed with the *Academic Integrity Policy* of the Institute and any work/activities or assignment or assessments carried out as part of this unit has to be in line with the policy, especially *clause 4*. Failing to uphold the academic integrity in any forms will be dealt in accordance with the *clause 5* of the *Academic Integrity Policy* of the Institute.

#### **5j. Text-matching software**

As of now, there is no standard text-matching software institutionalized in the Institute. The details of the software, if any, even if it is an open source, will be advised when finalized.

### **6: Student Responsibility**

#### **6a. Workload**

Expected student workload is 150 hours inclusive of 40 hours contact period intensive week long seminar sessions. However, this is only indicative of the estimated minimum time commitment necessary to achieve an average grade in the unit. Students aiming to achieve high grades (scores or marks) or if not from a business/finance/accounting background, students will need to commit more than minimum time commitment.

#### **6b. Special needs**

This unit upholds and respects the *Equity Policy* of the Institute. A student with a disability, impairment, or medical condition who seeks reasonable adjustment in the teaching and learning or assessment methods in this unit on the basis of his/her disability may make request to the unit convener or course convener as soon as practicable after enrolment in the unit so that appropriate adjustments/arrangements can be made. Any such reasonable adjustments/arrangements must be agreed in writing between the student and the unit convener and must be in accordance with the related Institute policy.

#### **6c. Attendance requirements**

Students are required to maintain a minimum of 80% attendance in the seminar sessions for the unit. If students fail to meet the minimum attendance requirement, they will not be allowed to

sit/complete the 3<sup>rd</sup> assessment of the unit (*refer section 5b*) which is the final examination. This attendance requirement is stipulated in accordance with the *Academic Progression Policy* of the Institute.

#### **6d. Withdrawal**

Withdrawal from the unit will be governed by the Academic Policy of the Institute.

#### **6e. Required IT skills**

Students are expected to have basic IT skills to use Microsoft Office packages and be able to use internet facilities to access online materials such as electronic databases through Institute's library system. They should also know how to access Institute's LMS, moodle.

#### **6f. Cost**

All cost related to the unit will be covered by your institutional/tuition fee, except where specified. For example, students will buy their own stationeries and textbooks (if not available in Institute's Library) or pay for reproduction costs beyond a certain limit.

#### **6g. Work Integrated Learning**

This is not relevant for this unit as it is Institute based teaching and learning.

#### **6h. Additional information**

If there is any other relevant information which is not reflected in this unit outline, but need to be communicated during the term, will be done accordingly by the unit convener in written.

### **7: Student Feedback**

All students enrolled in this unit will have an opportunity to provide anonymous feedback on the unit and the unit convener at the end of the term. This will be anonymous feedback which will be administered by the respective program assistant of the course.

### **8: Authority of this Unit Outline**

Academic Committee approves all details related to this unit.

This unit outline is based on the:

- Credit Policy

- Institutional teaching and learning policy
- Graduate Attributes Policy
- Academic Progress Policy
- Assessment Policy
- Course and Unit Specifications Policy

## **Annexure I**

### **Assignment Guidelines**

#### **Weight age:**

30% of the total unit grade.

#### **Objective:**

The main objective of this assignment is to help students learn from real life case example and substantiate to the theories and concepts learned during the class.

#### **Expectations:**

This assignment should be a practical learning process whereby students are expected to work in a group of not more than four members and study a company and produce a comprehensive critically analysed report with recommendations. In order for your group to produce a comprehensive study report with critical analysis, you are expected to carry out extensive research on chosen company based on both secondary as well as primary data. Your area of study should focus on the following topics or issues of the chosen company:

- cost of capital,
- leverage and capital structure,
- dividend policy, and
- working capital management.

The chosen company will have to be preferably a listed company of national incorporation. It is also very important for students to first understand the theories and concepts for above mentioned topic for you to critically analyse the research findings.

#### **Content of your report:**

Your report should contain following but not limited to;

- background of the company
- report on findings of the study --- in the above mentioned topics/areas
- critical analysis of the findings in relations to the company performance towards achieving the goal of maximizing the owners (shareholders) wealth.
- recommendations (if any) based on your critical assessment on the findings of the study

#### **Assessment criteria:**

Your report will be assessed against following criteria:

1. Comprehensiveness of your study and coverage of the indicated topics with the use of relevant theories and concepts supported by quality research---- 15 marks
2. Critical analysis of the findings based on the relevant theories and concepts ---- 8 marks
3. Recommendations based on the critical analysis ---- 5 marks
4. Overall presentation including the quality academic writing, proper referencing (as per the requirement of unit outline), and professionalism in presentation ----- 2 marks

**Submission date:**

November 23, 2015 before 3PM. Report can be submitted either directly to the Unit Convener or the Program Assistant via email. Failure to submit on the due date will be dealt according the Unit outline.

**Academic integrity:**

If there is any sign of breach of academic integrity, the report will be dealt as per the Academic Policy of the Institute as outlined in the Unit outline.

**Group members' contribution:**

It is expected that all members of the group equally contribute towards preparing (writing) the report. All members of the group will be awarded same grading on the assumption that each members contributed equally. It will be the responsibility of the members to make sure that each one of you makes equal contribution to the group.

**Disclaimer:**

This guideline will have to be read in conjunction with the generic guidelines on assignment provided in the Unit outline.

## Annexure II

### Assessment Criteria for Business Finance PG Assignment:

Criterion	Total marks	Allotted marks	Comments
Comprehensiveness of your study and coverage of the indicated topics with the use of relevant theories and concepts supported by quality research	15		
Critical analysis of the findings based on the relevant theories and concepts	8		
Recommendations based on the critical analysis	5		
Overall presentation including the quality academic writing, proper referencing (as per the requirement of unit outline), and professionalism in presentation	2		
TOAL	30		

#### Important Note:

As this is a group assignment, each members of the group will be awarded the same mark/score obtained by the work. Therefore, each member of the group will have to make sure that they put in equal effort in completing this assessment.

**Name and Signature:**

**Date:**