

# Tutorial Letter 101/3/2018

## FINANCE FOR NON-FINANCIAL MANAGERS

## FIN2603

### Semesters 1 & 2

### Department of Finance, Risk Management & Banking

#### IMPORTANT INFORMATION

All assessments for this module must be completed online. Please activate your myLife e-mail address, register on myUnisa and make sure that you have regular access to the myUnisa module website, FIN2603-2018-S1/S2.

BARCODE

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# 1 INTRODUCTION

Dear Student

Welcome to the module Finance for Non-Financial Managers (FIN2603). You have enrolled for an interesting yet challenging module. To be successful in this module, you will have to devote at least 120 hours to reading, summarizing and doing assignments.

Do not hesitate to contact your lecturers via e-mail if you are experiencing problems with the content of this tutorial letter or any aspect of the module. I sincerely hope that you find this module, as well as your online learning experience interesting and rewarding and trust that you will complete the module successfully.

Please also provide Unisa with your cellular number because important announcements may be sent to you by sms. Also check your *myLife* email address regularly for announcements.

In order to be successful in this module you will need to work continuously throughout the semester and resolve to do the assignments properly. Because this is a **fully online module**, with an **online examination**, you will need to use myUnisa to study and complete the formative and summative assessments for this course. You will therefore need to visit the module site on myUnisa for FIN2603 frequently. The module site for semester 1 is FIN2603-2018-S1 and the site for semester 2 is FIN2603-2018-S2. In addition to this tutorial letter, you will also receive printed copies of some of the online study material for your module.

**Tutorial Letter 101** – this tutorial letter – contains important information about the scheme of work, the assignments and guidelines for preparing and submitting the assignments for this module. Furthermore, the prescribed study material, other resources and how to obtain them is provided further on. We have also included general information about this module, as well as administrative guidelines. We urge you to read it carefully and to keep it at hand when working through the study material, preparing the assignments and addressing questions to your lecturers.

From the onset we would like to point out that **you must read all the tutorial letters** you receive during the semester **immediately and carefully**, as they always contain important and, sometimes, urgent information.

It is truly a pleasure having you as a student, and I would like to take this opportunity to wish you every success with your studies!

## 1.1 Getting started: Going online

As a registered Unisa student, you will have access to the myUnisa online portal. In order to be successful in this module you need to have activated your myLife email address, be able to access myUnisa and find your module site for FIN2603. From there, you can access various online resources to assist you in your studies and complete all of your assessments for this module.

**VERY IMPORTANT:** Your myUnisa password is used to gain access to a free myLife email address (your\_student\_number@mylife.unisa.ac.za). Unisa will only communicate with you using this myLife email address. The reason for this is that many of our students use web-based email addresses from Gmail, Yahoo or Hotmail; or email addresses at their current employment. Unfortunately, these email addresses do not always stay current (people change jobs or forget their Gmail passwords), so Unisa ends up sending communication to an old email address and you miss out on valuable information about your studies. A possible solution to this is for you to automatically forward your myLife email to the email address of your choice – refer to section 1.1.3 below for detailed instructions.

Now answer the following questions to help guide you through this tutorial letter:

Question	Answer	Section
<b>Question 1:</b> Do you have access to the internet on a phone or computer to complete your assignments?	Yes	Skip to question 2
	No	Please go to section 1.1.1
<b>Question 2:</b> Have you claimed your mylife email address?	Yes	Skip to question 2
	No	Please go to section 1.1.2
<b>Question 3:</b> Do you know that you can forward your mylife email address to another email address?	Yes	Skip to question 3
	No	Please go to section 1.1.3
<b>Question 4:</b> Will you be using myUnisa for the first time?	Yes	Please go to section 1.1.3
	No	Skip to question 4
<b>Question 5:</b> Can you login to myUnisa yourself and find the FIN2603 module site on your own?	Yes	Skip to question 5
	No	Please go to section 1.1.4
<b>Question 6:</b> Do you know how to access your e-tutor site for FIN2603?	Yes	Please go to section 1.2
	No	Please go to section 1.1.5

### 1.1.1 Access to the internet

Having access to a reliable, internet-connected device like a computer, tablet or smart phone is crucial for completing FIN2603. If you struggle with internet access, you should consult <http://www.unisa.ac.za/telecentres> for a list of telecentres and internet cafes where you can connect to myUnisa for free. Alternatively, you can visit any one of the Unisa regional centres and book time in the computer laboratory; lastly you can always take your own device to a regional centre and connect to the Unisa Student Wi-Fi for free.

## 1.1.2 Accessing myUnisa for the first time and claiming your myLife email address

Step 1: Using an internet browser like Microsoft Internet Explorer, Microsoft Edge, Google Chrome or Firefox on your computer, mobile phone or tablet, navigate to <http://my.unisa.ac.za>

myUNISA university of south africa

Student no/User id Password login

Claim UNISA Login | Forgotten Student Number | Forgotten UNISA Password

Registration Learner Support & Regions Assignments & Examinations Student Affairs & SRC News & Events

**STUDY@UNISA**  
A guide to distance learning and Unisa  
Undergraduate & honours  
VIEW MORE

Registration Learner Support & Regions Assignments & Exams Student affairs & SRC

myLife email  
Unisa Radio

**Notices**

- > Call for research papers: 2017 Student Research and Innovation Showcase
- > Access your study material via myUnisa
- > Problems accessing ScienceDirect
- > New procedures for collection of study material

**Important links**

- 2017 fee adjustment (missing middle) grant
- Books
- Student policies and rules
- Graduation
- Jobs and scholarships
- Bursaries and loans
- Accessibility

Step 2: Click on the “Claim UNISA Login” link which should be near the top centre of the page, next to the Unisa logo

### Claim UNISA Login

Welcome to UNISA.

Please complete the application below to access your **initial UNISA Login details**.

The initial login details will give you access to three systems:

1. myUnisa – teaching and learning system and the Unisa Library
2. myLife – a web-based email for UNISA students

Step 1 of 4: Please enter your student number


Required items marked with \*

Student number \*

Continue

Step 3: Enter your Unisa student number in the block provided and click “Continue”

Step 4: Enter your personal information as required – make sure to enter it exactly as you did when you registered. Enter only your South African ID number OR a Passport number, do not enter both; and then click “Continue”

 Claim UNISA Login

The details you enter on this form will be compared to the biographical information in the Unisa Student System.

Step 2 of 4: Complete your personal information for 50871609

**NOTE: If your name contains diacritical characters, and you get the “Data does not match” error, try the character without the diacritical character, e.g. “e” instead of “é”. If your name contains a hyphen (-) try leaving the hyphen out. Please enter your full names.**

Required items marked with \*

Surname \*

Full names \*


Date of birth (YYYY/MM/DD) \*  /  /

South African Identity Number \*

OR

Passport Number or Foreign ID \*

Step 5: Read the statements on the new page carefully and then place a tick in each box to acknowledge that you have read them before clicking on “Acknowledge”

 Claim UNISA Login

Step 3 of 4: Acknowledge that you have read the information below

Click in the check boxes next to each statement to **acknowledge** that you have read these guidelines:

This password will provide **initial access** to your myLife email account as well as the myUnisa Learning Management System.

Your **myLife account will be the only e-mail account** recognized by Unisa for official correspondence from the university.

You may redirect your myLife emails to another email account which you have access to. However, the myLife account will remain the official email address on record at Unisa.

The management of this e-mail account is solely your responsibility. You can make use of the online features supplied by the email provider to protect the privacy of your account.

It is your responsibility to protect your passwords from abuse by others. **DO NOT** disclose your passwords to any other persons.

Your student number and various passwords controls access to your information on myUnisa, myLife as well as allow access to the Library site. It is good practice to regularly **change** your passwords.

Unisa will not be liable for any changes to your information, made by other users logging in with your valid password, via the myLife email account (either with or without your consent) or myUnisa learning system.

Step 6: The final page in the registration process will provide you with your initial myUnisa password. This password is extremely sensitive so make sure that you write it down exactly as it is on screen (or if you are able, copy and paste it); the password will also be sent via sms to the mobile number that we have on record for you.

Step 4 of 4: UNISA Account details

Student number

You are almost done!

Your myLife email address is:  @mylife.unisa.ac.za

Your cell phone number on record is: +27

**TAKE NOTE**

Your initial UNISA password will be:   
and will be sent via SMS to your cell phone number on record.

Your initial UNISA password is case-sensitive – enter is exactly as above.

What is next?

You can now access your new myLife email account or the myUnisa learning system.

1. Click here to access your myLife email account at the Outlook Live Service. <http://mylife.unisa.ac.za/mail>
2. Click here to access the myUnisa learning system at <https://my.unisa.ac.za>

Step 7: Now you can go back to the myUnisa homepage <http://my.unisa.ac.za> and use your student number as 'user id' and the password that you have just received in order to login.

Once you have logged in, you will find a welcome page with a "Message of the Day"; a list of menu options on the left hand side; and some tabs on the top of the page such as "My Workspace", "My Admin" and "More Sites"

In order to change your password to something that is easier to remember, click on the "My Admin" tab at the top and then the "Change Password" link on the left hand menu.

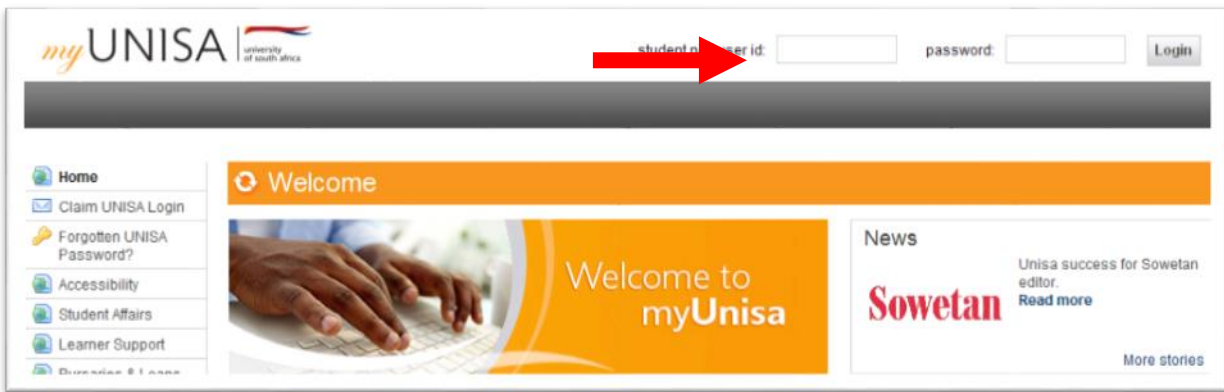
Now click on the "More Sites" tab at the top of the page and look for FIN2603. If you see more than one tab that begins with FIN2603, look carefully at the end of the code. If it ends with a number followed by 'E' then it is a link to your e-tutor. E-tutors are a valuable source of additional information and support throughout the semester – you should visit the site as often as possible and engage with your e-tutor! The FIN2603 site without the 'E' at the end is the main module site and that is where you will find your official study material and be able to complete the online assignments and online examination for this module.

You will find tabs to each of the modules that you are registered for and e-tutor sites if applicable. If there is no e-tutor site, then you can engage directly with the lecturer on the main module site (FIN2603 -18-S1).

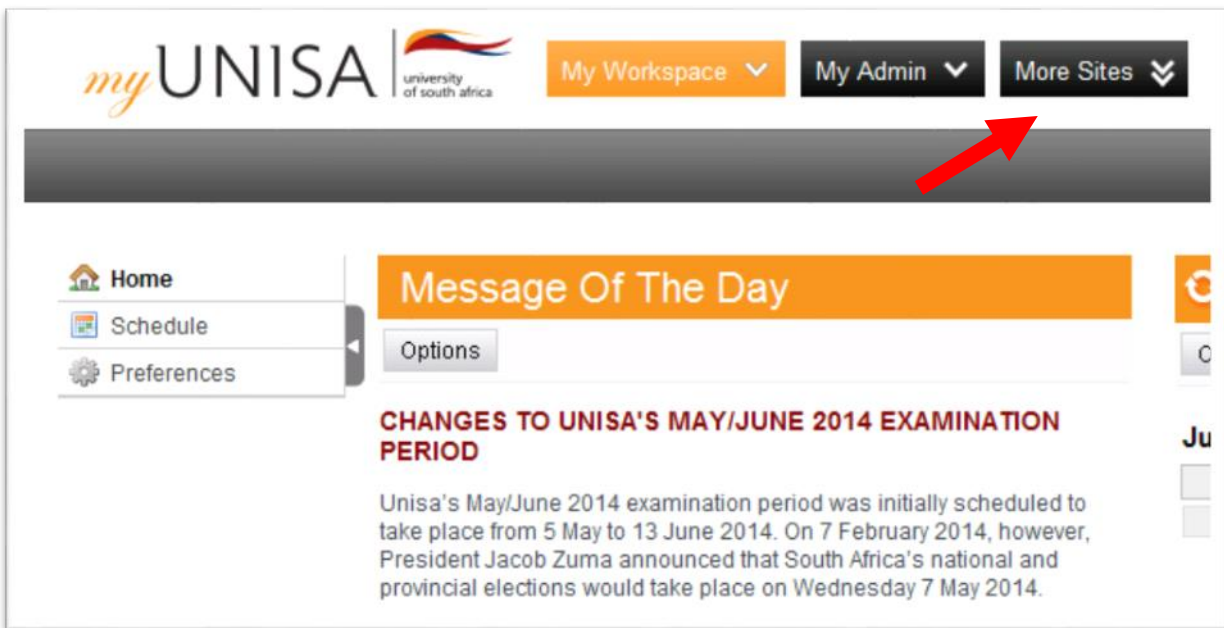
### 1.1.3 Accessing myUnisa and forwarding your mylife email address

Step 1: Log onto myUnisa

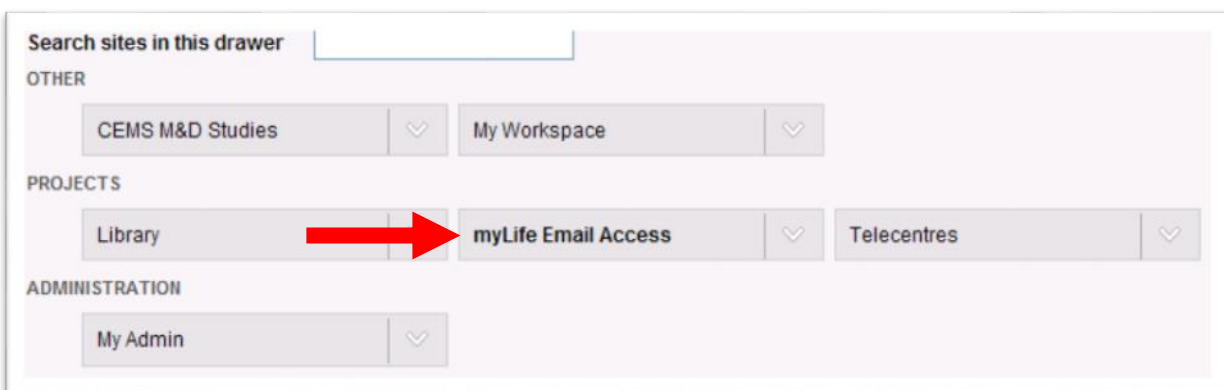


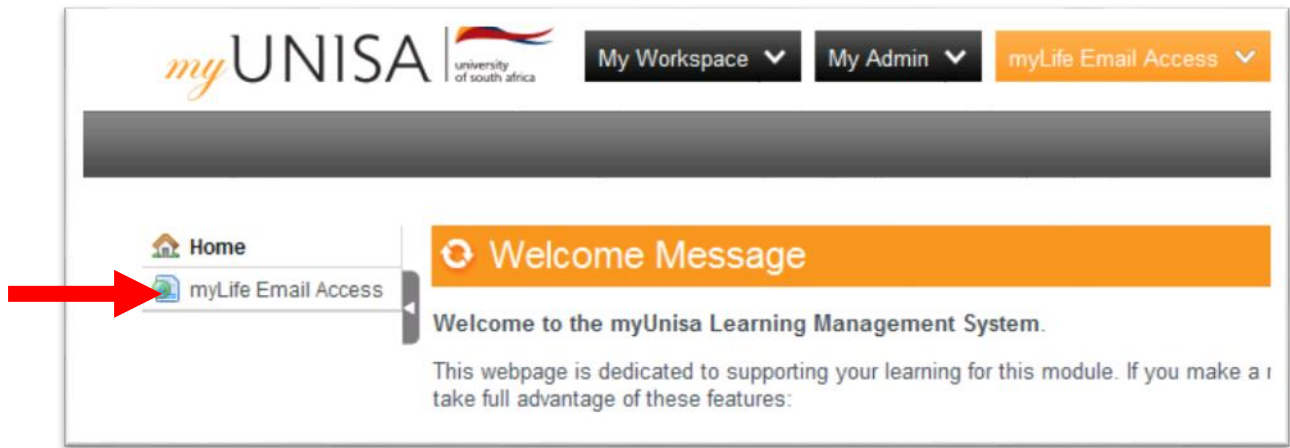


Step 2: Click on 'more sites'

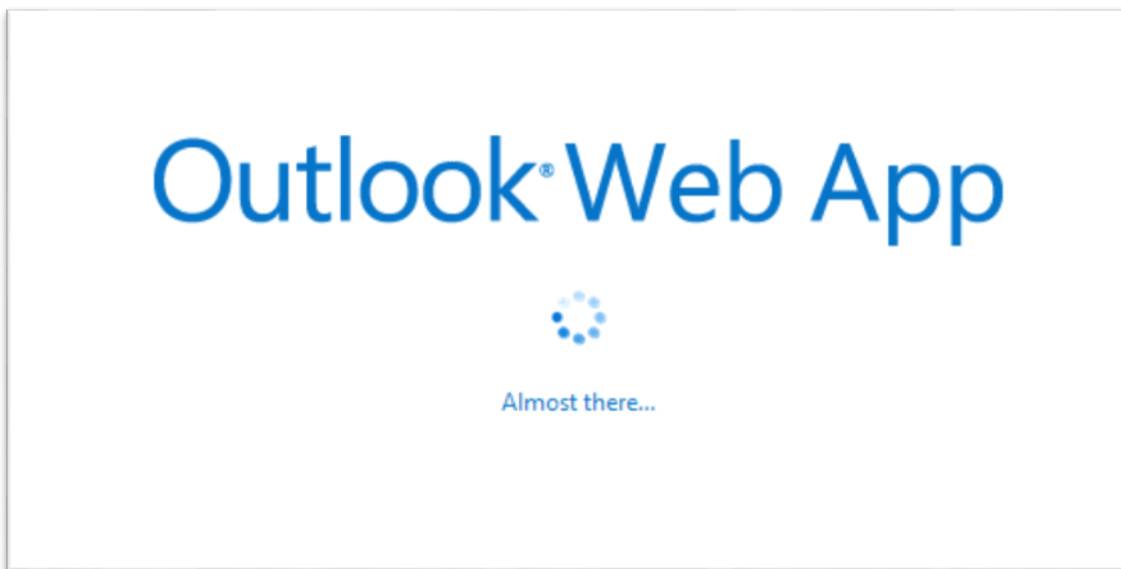


Step 3: Go to 'myLife Email Access'

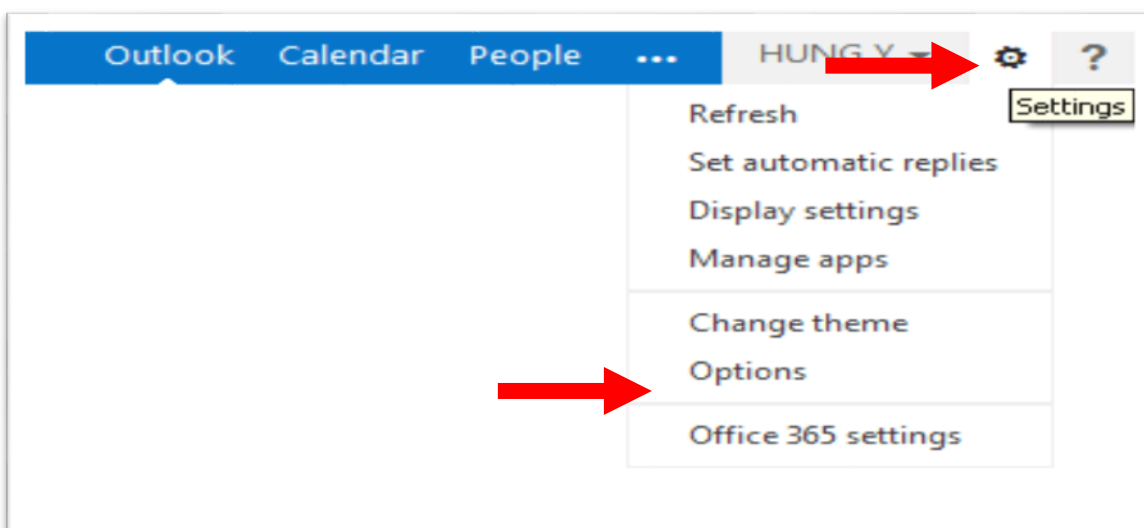




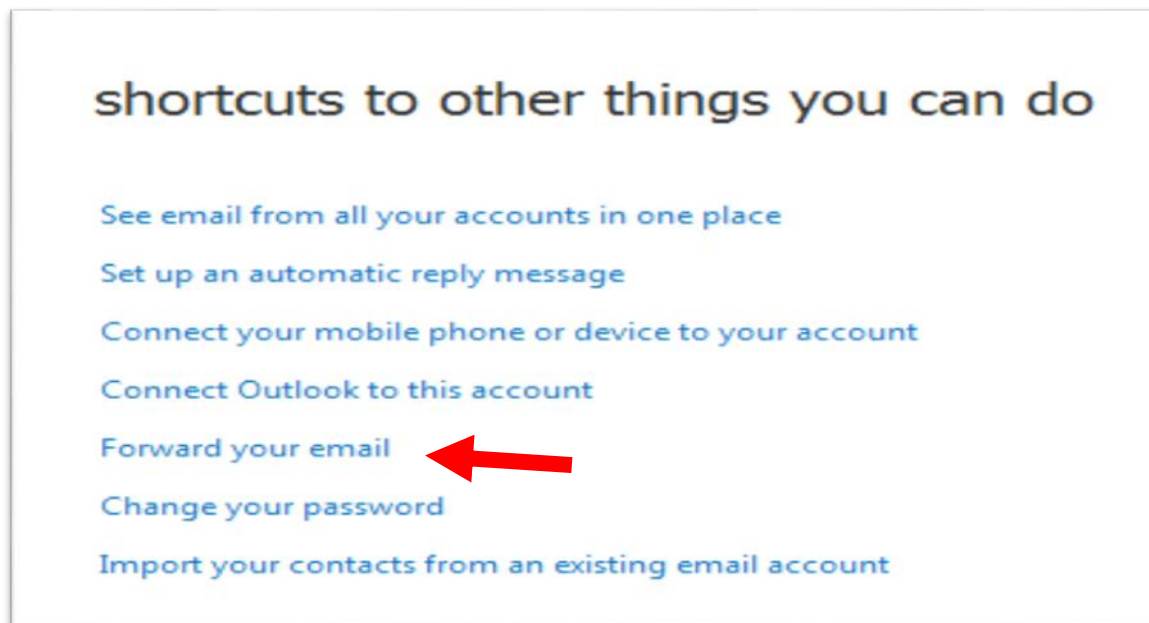
Another page will open – wait for it to load



Step 4: When it has finished loading, go to 'settings' which looks like a small gear icon and click on 'options'



Step 5: Click on 'forward your email'



Step 6: Enter your personal email and save

The screenshot shows the "forwarding" settings page. It includes a text input field for "Forward my email to:" containing the email address "hungy@unisa.ac.za". Below this is a checked checkbox labeled "Keep a copy of forwarded messages in Outlook Web App". At the bottom, there are two buttons: "stop forwarding" and "save".

For more information on myUnisa, consult the brochure **Studies @ Unisa**, which you received with your study material.

It is very important that you log in to myUnisa regularly. We recommend that you log in at least once a week or every 10 days to do the following:

- *Check for new announcements.* You could also set up your myLife e-mail in such a way that you will receive the announcement e-mails on your cellphone.
- *Participate in the discussion forum activities.* The discussion forum is specifically there for students to communicate with each other. We as lecturers will also participate in these discussions. This is a very useful resource for students and therefore recommend your participation when you feel the need.

#### 1.1.4 Finding your FIN2603 module site

You can go online to access your study material and see what to do for the module. Go to <https://my.unisa.ac.za> and log in using your student number and password. You will see FIN2603 -18-S1 or FIN2603 -18-S2 in the row of modules in the orange tabs across the top of the web page. If you cannot find it in the orange tabs, you could also check in the "More sites" tab. Click on the module you want to open.

#### 1.1.5 Accessing your e-tutor site for FIN2603

If you see more than one tab that begins with FIN2603, look carefully at the end of the code. If it ends with a number followed by 'E' then it is a link to your e-tutor. E-tutors are a valuable source of additional information and support throughout the semester – you should visit the site as often as possible and engage with your e-tutor! The FIN2603 site without the 'E' at the end is the main module site and that is where you will find your official study material and be able to complete the online assignments for this module.

### 1.2 Participating in the online learning community

If you have taken online courses before, you may well be familiar with how to participate in online environments. However, if this is the first time you are taking an online course, you may be interested in how to go about communicating in cyberspace. An important issue of online communities is how people relate to each other. As you may know, the internet – cyberspace – has its own culture and accompanying etiquette for e-mails, social networks and more formal online environments such as myUnisa.

When communicating electronically, people often forget that the person on the receiving end is someone with feelings, facial expressions, gestures and a unique tone of voice. Without being able to observe these communication cues, it is quite possible to misinterpret participants' meaning – in the case of online communication, meaning is usually conveyed by written words only. Because online communication tends to be less personal, it would be a good idea to familiarise yourself with [guidelines on netiquette](http://www.albion.com/netiquette/corerules.html) (social codes/etiquette for the internet, available at <http://www.albion.com/netiquette/corerules.html>). These guidelines will give you useful information about participating in online discussions, such as how to address one another and making sure you *"know what you're talking about and make sense"* (see netiquette rule #5).

**Please note** that when participating in the online discussions, we strongly recommend that you direct your responses to your lecturers and fellow students by **addressing them** at the opening of your response. Also, when you end your contribution, **sign off by using your name** (or title and surname). This will serve as an indication of how you would like your lecturers and fellow students to address you.

We urge you to make an effort and commit to following these guidelines to ensure that your communication and actions online are respectful.

## 2 OVERVIEW OF FINANCE FOR NON-FINANCIAL MANAGERS (FIN2603)

### 2.1 Purpose

Finance for Non-Financial Managers assumes that you have no prior knowledge of compiling, analysing and interpreting financial statements. The module also explains the long-term goal of creating value, followed by the short-term goals of profitability, liquidity and solvency.

This module will be useful to people who are non-financial managers, for example human resource managers, marketing managers, supply chain managers, operations managers, entrepreneurs and professional people.

### 2.2 Outcomes and assessment criteria

On completion of this module, you should be able to

- Analyse financial statements by means of financial ratios (as well as interpret each ratio) and recommend possible managerial actions for improvement.
- Apply techniques relating to the time value of money to value financial instruments within a risk return framework.
- Conduct profit planning, control and calculate interest and discount rates using a financial calculator.
- Apply knowledge of capital budgeting techniques and manage the working capital of a firm.

Outcomes	Assessment criteria
The student must demonstrate their knowledge and understanding of the financial management function.	Demonstrate knowledge of, and apply the following financial management concepts <ol style="list-style-type: none"> <li>1. Define profitability in a company.</li> <li>2. Distinguish between liquidity and solvency ratios of a company.</li> <li>3. Distinguish between profit maximization and wealth maximization.</li> <li>4. Explain the differences between financial management and accounting.</li> <li>5. Explain the fundamental principles of financial management.</li> <li>6. Describe the agency problem.</li> </ol>
Students must demonstrate their understanding and their interpretation of the financial	<ol style="list-style-type: none"> <li>1. Explain why financial statements are important to a firm.</li> <li>2. Classify financial information and the accounts used for capturing financial information.</li> </ol>

statements.	<ol style="list-style-type: none"> <li>3. Apply the accounting rules of debit and credit.</li> <li>4. Correctly interpret a statement of comprehensive income, a statement of financial performance and a cash flow statement.</li> <li>5. Calculate and interpret the five basic financial ratios and draw conclusions.</li> </ol>
Conducting profit planning and control and applying the time value of money concepts.	<p>A solid knowledge of profit planning and control and the application of the time value of money concepts will be demonstrated by:</p> <ol style="list-style-type: none"> <li>1. Correctly identifying the cost components of a firm.</li> <li>2. Classifying costs as fixed or variable.</li> <li>3. Calculating the present and future value.</li> <li>4. Determining growth rates.</li> <li>5. Understanding the amortisation of loans.</li> </ol>
Students must apply their knowledge of capital budgeting techniques and manage the working capital of a firm.	<p>A sound knowledge of capital budgeting techniques and the application of working capital management concepts will be demonstrated by:</p> <ol style="list-style-type: none"> <li>1. Distinguishing between the accept-reject approach and the ranking approach.</li> <li>2. Distinguishing between non-discounted cash flow methods and discounted cash flow techniques.</li> <li>3. Calculating and interpreting the payback period (PB), the net present value (NPV), the profitability index (PI), and the internal rate of return (IRR).</li> <li>4. Accurately calculating and interpreting the operating and cash conversion cycles.</li> <li>5. Accurately calculating and interpreting the economic ordering quantity (EOQ) equation.</li> <li>6. Compiling a cash budget.</li> </ol>

### 3 LECTURER(S) AND CONTACT DETAILS

#### 3.1 Lecturer(s)

You have two lecturers for this module. The contact details are as follows:

##### 3.1.1 Primary lecturer

Name: Mr GPM Grebe  
 Address: AJH 5-87  
 Phone: 012 429 6723  
 E-mail: [grebegpm@unisa.ac.za](mailto:grebegpm@unisa.ac.za)

##### 3.1.2 Secondary lecturer

Name: Mr M Nxumalo  
 Address: AJH 5- 81  
 Phone: 012 429 4680  
 E-mail: [enxumama@unisa.ac.za](mailto:enxumama@unisa.ac.za)

#### 3.2 Lecturer availability

The lecturers for this module will be available to take phone calls on academic matters and/or to attend to students who may prefer to visit personally for academic engagement. However, the days and times of lecturers' availability will be communicated in the module page on myUnisa. These days and times are subject to change from time to time in order to accommodate the lecturers' work schedule and other commitments. The changes on the days and times will be communicated in advance through the announcement option on myUnisa as and when this happens. Students are advised to check the module page on myUnisa before making phone calls or visiting the lecturer's office for academic enquiries/engagements to avoid disappointment.

Please note that lecturers should only be contacted for academic enquiries, that is, enquires about the content of the module. If you want to enquire about your student account or whether or not we have received your assignment, please refer to section 3.3 below. **Letters to lecturers may NOT be enclosed with assignments.**

#### 3.3 University

To contact the University follow the instructions in the brochure ***study @ Unisa***. Remember to have your student number available whenever you contact the University. In the table below are some of the most important university contact details:

##### Communication with the administrative departments of the University

If you need to contact the University about matters not related to the content of this subject, please consult the booklet *study @ Unisa* that you received with your study material. This booklet contains information on how to contact the University (for example, to whom you can write for different queries, important telephone and fax numbers, addresses and details of the times certain facilities are open).

Always have your student number at hand when you contact the University.

Please note that all administrative enquiries should be directed to the following:

Student admissions and registrations	Study-info@unisa.ac.za
Student assessment administration for assignments	Assign@unisa.ac.za
Student assessment administration for examination	Exam@unisa.ac.za / examadmission@unisa.ac.za
Despatch: Study material	despatch@unisa.ac.za
Finance	finan@unisa.ac.za
ICT ( <i>myUnisa</i> & <i>myLife</i> )	MyUnisaHelp@unisa.ac.za MyLifeHelp@unisa.ac.za

## 4 STUDENT SUPPORT SERVICES FOR THE MODULE

### 4.1 Predatory providers of classes and examination support

Please be aware of the existence of multiple fraudulent and predatory providers of classes and examination guidance to Unisa students. Please note that Unisa do not have agreements with any of these agencies/schools/colleges to provide tuition or support to our students. Unisa also do not provide these predators with study material, guidelines or your contact information.

These providers may not have the necessary expertise to assist you and often charge exorbitant fees. If you receive an invitation from any agency or College, it is best to confirm with your lecturer if the provider is a legitimate Unisa partner.

### 4.2 TVET Agreements

Unisa, however, have agreements with a number of TVET Colleges to provide contact tuition and support for students in the following Higher Certificates:

Higher Certificate in Economic & Management Sciences

Higher Certificate in Banking

Higher Certificate in Tourism

Higher Certificate in Accounting Sciences

More information on this is available on the Unisa website.

## 5 MODULE RELATED RESOURCES

### 5.1 Prescribed books

The tutorial matter for this module consists of the following:

- ONE study guide and a number of tutorial letters available in English (supplied by Unisa)
- A prescribed book (which you must obtain yourself)

The compulsory prescribed book for this module is:

**Marx, J., Ngwenya, S., Grebe, G. *Finance for non-financial managers. 3<sup>rd</sup> edition. Pretoria: Van Schaik.***

*Prescribed books can be obtained from the University's official booksellers, see a list of official booksellers and their addresses in study @ Unisa booklet. If you have difficulty in locating your*



book(s) at these booksellers, please contact the Prescribed Books Section at 012 429 4152 or e-mail [vospresc@unisa.ac.za](mailto:vospresc@unisa.ac.za).

## 5.2 Calculators

For this module, you are required to purchase a normal scientific calculator as well as a financial calculator:

Please purchase the following calculator:

- Financial calculator: HP10bII or HP10bII+

## 5.3 Library services and resource information

The Library has compiled numerous library guides:

- finding recommended reading in the print collection and e-reserves – <http://libguides.unisa.ac.za/request/undergrad>
- requesting material – <http://libguides.unisa.ac.za/request/request>
- finding, obtaining and using library resources and tools to assist in research – <http://libguides.unisa.ac.za/Research Skills>
- contacting the Library/finding us on social media/frequently asked questions – <http://libguides.unisa.ac.za/ask>

## 6 MODULE-SPECIFIC STUDY PLAN

Below is a study plan that we propose you use to work through the study material systematically until the examination time. However, it is merely a broad guideline and you may adapt it to fit your own particular time schedule. The time allocated to each topic also serves as an indication of its importance within the context of all the prescribed study material. Please see the Study @ Unisa brochure for general time management and planning skills.

Learning unit	Learning unit name	Time allocated
1	The financial goal of a firm	3 days
2	Understanding financial statements	1 week
3	The analysis of financial statements	1 week
4	Profit planning and control	1 week
	<b>Assignment 1: Online assessment</b>	2 hours
5	The time value of money	1 week

6	Capital budgeting	1 week
7	Financing	1 week
8	The management of working capital	1 week
	<b>Assignment 2: Online assessment</b>	2 hours
9	Revision of chapter 1-4	1 week
10	Revision of chapter 5-8	1 week

## 7 COMPULSORY ASSIGNMENTS

### 7.1 General information

There are **2** compulsory assignments for this module. There are non-negotiable submission deadlines for each of these 2 assignments.

#### Semester 01:

	Due date	Unique nr	Type of assessment	Time to complete assignment	Attempts
Assignment 01	12 March 2018	750541	Online assessment: 20 Multiple choice questions	Unlimited	5
Assignment 02	03 April 2018	708605	Online assessment: 20 Multiple choice questions	2 hours	2

#### Semester 02:

	Due date	Unique nr	Type of assessment	Time to complete assignment	Attempts
Assignment 01	31 July 2018	880498	Online assessment: Multiple choice questions	Unlimited	5
Assignment 02	20 August 2018	849409	Online assessment: Multiple choice questions	2 hours	2

### 7.2 Submission of assignments

You will be able to complete all of your assignments on myUnisa using one of the available tools as per the assignment instructions. **I advise you NOT to wait until the last date provided before you complete your assignments on myUnisa**, as the system might be very busy or down for routine maintenance.

**PLEASE NOTE:**

**You may not submit or post a paper copy of your assignment.**

**7.3 Year marks**

Your year mark, based on the marks obtained for the two compulsory assignments, contributes 20% towards your final mark, while your examination mark contributes 80%.

The combined weighted average of your year mark and examination mark must be 50% or higher for you to pass the module. However, you must obtain a minimum of 40% in the examination, regardless of your year mark. If you obtain less than 40% in the examination, your year mark will not be taken into account and you will fail.

For example:

Assignment 01 mark = 50% Assignment 02 mark = 90%. These marks each contribute 50% towards the year mark.

Assignment no	Mark	Weight	Total
Ass. 01	50%	50%	25
Ass. 02	90%	50%	45
			70 x 20% of final = 14

Assume an examination mark of 45%  
80% of the examination mark is 36

Final mark= (20% of the average assignment marks) + (80% examination mark)  
= 14 + 36  
= 50%

The example demonstrates that your year mark can help you to pass the module. To pass the module you need a final mark of at least 50% and to qualify for a supplementary examination you will need a final mark of above 40%.

**8 OTHER ASSESSMENT METHODS**

Only if you fail the examination and FIN2603 is one of the last two modules that you need to complete your degree, will an alternative assessment method be considered. In such an instance, you will be given a choice to either sit for the next formal, written examination at the end of the next semester, or to be assessed by means of a portfolio of evidence. If you qualify for this opportunity, send an email to the exams department for further details.

Please note that this alternative assessment opportunity will not be an easier option.

## 9 ONLINE EXAMINATION

### 9.1 General remarks

Module FIN2603 **does not make use of a venue-based written examination**. Instead, for this module, you will take part in an **online examination**. This means that you will not have to travel to a Unisa examination centre, in fact, you will be able to complete the exam at the venue of your choice as long as you have access to a computer, smart phone or tablet that is connected to the internet. The format of the exam will be very similar to Assignment 1 and 2 which you are required to submit, and will include a number of questions which you need to complete within a specified time period. You should use Assignment 1 and 2 as a test to ensure that your internet connection is stable and that you are familiar with the process to complete the online examination. If you foresee any problems with completing the online exam, please refer to section 1.1.1 of this tutorial letter for alternative arrangements.

The benefits of completing an online exam include:

- You will not be in a stressful examination hall with hundreds of other students
- Your exam will be an open-book exam, so you will have access to all your materials
- You will be able to choose when to begin the exam (in the case of FIN2603, the exam will be available for 5 days and you can select when you want to complete it)
- Since the exam format will be similar to your assignments, you will have an opportunity to practice before the actual exam.

In order to take part in this online examination, you will need the following minimum requirements:

- Access to an internet connected device for a minimum of 2 hours in one session.
- Reliable internet connection (one that can remain connected for a minimum of 2 hours).
- Ability to log in and use myUnisa.

Assignment 01 and 02 will be an excellent opportunity for you to test your device and internet connection to see if you will be comfortable completing the online examination.

To find your online examination on the myUnisa page :

- Go to *myUnisa*
- Log in with your student number and password.
- Select the module.
- Click on “self-assessments” in the left-hand menu.
- Click on Online exam.
- Follow the instructions on the screen.
- 
- 
- Please note that the online examination is not active yet and that the exam date of the online examination will be communicated

If you foresee any challenges with completing the online examination, please contact us immediately.

## 10 FREQUENTLY ASKED QUESTIONS

### SECTION A: ADMINISTRATIVE MATTERS

#### 10.1 MATTERS PERTAINING TO REGISTRATION

*What should I do if any of my personal details (name, address, etc.) have been incorrectly captured during the registration process?*

Please use myUnisa (<https://my.unisa.ac.za>) to rectify any mistakes. Alternatively, send an e-mail to [econ@unisa.ac.za](mailto:econ@unisa.ac.za). Alternatively, mail us a letter addressed to The Registrar, PO Box 392, Unisa, 0003. Please remember to quote your student number in all correspondence.

*What do I need to do to obtain items that were out of stock when I registered?*

Please use the internet facility at <https://my.unisa.ac.za> to download copies of any of the study material. Alternatively, send us an e-mail at [despatch@unisa.ac.za](mailto:despatch@unisa.ac.za). Please remember to quote your student number in all correspondence. Allow  $\pm$  four weeks for delivery of any outstanding items before contacting Unisa about out-of-stock items.

#### 10.2 ASSIGNMENTS

*My assignment is late because ... Can I submit it at a later date?*

It is your responsibility to ensure that your assignment is submitted via myUnisa or reaches the Unisa main campus on or before the due date. Do not contact us to request an extension for the submission of an assignment. Once you have received the tutorial letter containing the solutions, you will know that you definitely can no longer submit the assignment.

*Are the assignments of this module compulsory?*

There are two compulsory assignments. The intention is that you should use the assignments to prepare yourself for the examination.

*Do the marks obtained for assignments count towards the final mark?*

The assignment marks do count towards the final marks, as explained in this tutorial letter.

*How long will I have to wait before I can expect my assignment results?*

We aim to have assignments marked within three weeks of each due date. Visit <https://my.unisa.ac.za> to determine what mark you achieved. Allow an additional week or two for the post office to deliver the results to your postal address. The assignment results will be returned to the postal address that you indicated. Please do not contact us to make enquiries about your assignment before four weeks after the due date has elapsed.

*What mark did I obtain for my assignment(s)?*

Register as a user of the myUnisa facility and visit <https://my.unisa.ac.za> to find out what mark you received for your assignment(s).

### **10.3 EXAMINATION**

*What happens if I am unable to write the examination because of ill health, work commitments or any other crisis?*

Any requests for aegrotat examinations need to be made in writing and directed to the Head: Examinations, PO Box 392, Unisa, 0003 or [exams@unisa.ac.za](mailto:exams@unisa.ac.za). A fee is payable for such requests. The amount payable is determined by the Examination Section.

*What happens if I fail any papers?*

Students who fail any of the papers may be granted admission to write the supplementary examination scheduled for the next examination, provided they achieved a final mark of at least 40%. Any enquiries in this regard need to be directed to the Head: Examinations, PO Box 392, Unisa, 0003 or [exams@unisa.ac.za](mailto:exams@unisa.ac.za).

*What will happen if I do not write any of the papers during the supplementary examination?*

In such a case you will have to obtain a registration form, complete it, pay the required fees and register again. Registration forms are available on [www.unisa.ac.za](http://www.unisa.ac.za).

*Could you give me an idea of the scope of the examination paper?*

The examination paper is based on your prescribed book and the learning outcomes provided in your study guide. Each learning outcome statement and assessment criterion may be used to set examination questions. Do not contact us to enquire about the scope of the examination paper. The scope of the examination paper will be communicated on myUnisa.

### **10.4 RESULTS**

*I am going to be away when the examination results are due to be released. Could you please tell me what mark I obtained for this paper?*

The results should be available four weeks after completion of the examination period. Do not contact the lecturers to request your results.

*How will the results be announced?*

The results are normally mailed to you. They are also published on myUnisa at <https://my.unisa.ac.za> and the MTN results facility, cellphone number 083 1234.

### **10.5 STUDY GUIDE AND TUTORIAL LETTERS**

*I have lost my study guide and tutorial letters. Could you please mail or fax me a copy?*

The lecturers do not mail or fax copies of study guides to students. You will need to download a copy from myUnisa. Register as a user at <https://my.unisa.ac.za>. You may also order replacement copies of study guides from Unisa's Despatch Department. Please send an e-mail to [despatch@unisa.ac.za](mailto:despatch@unisa.ac.za) or a letter to The Head, Despatch, PO Box 392, Unisa, 0003.

## 10.6 CHANGES IN REGISTRATION DETAILS

*What do I need to do if I want to add or cancel any of the modules?*

Please update your details on myUnisa. Alternatively, send us an e-mail to econ@unisa.ac.za or a letter addressed to The Registrar, PO Box 392, Unisa, 0003 to indicate any changes that need to be made to your registration. Any such changes must be completed two months before the examination. Remember to quote your student number in all correspondence.

## 10.7 ACCOUNTS

*What do I do if I do not agree with my account statement?*

Send a letter addressed to The Head, Student Accounts, PO Box 392, Unisa, 0003.

Provide a copy of your receipt(s), deposit slips or electronic funds transfer (EFT) as proof of payment.

*Will the payment appear on my account statement immediately?*

Note that your payment will only reflect on your next account statement.

## SECTION B: ACADEMIC MATTERS

### 1 THE PRESCRIBED BOOK

*May I use any alternative books?*

We strongly recommend the use of the prescribed book. You are welcome to consult additional reading material, but the examination paper is based on the prescribed book.

*Which specific pages do I need to study and which can I leave out?*

The chapters that need to be studied are indicated in your study guide. The study guide will indicate if any pages may be left out. You need to focus on achieving the learning outcome statements.

*Could you highlight the most important aspects of each chapter?*

Some students are inclined to study only the “most important aspects”. This may prove to be disastrous in the examination. All aspects of the prescribed chapters identified by means of the learning outcome statements should be regarded as important for the examination.

### 2 CALCULATORS

*Am I allowed to use a calculator?*

Yes. In fact we would like to encourage you to use a financial calculator.

*Am I allowed to use a programmable calculator in the exam?*

No.

### 3 GROUP DISCUSSION CLASSES

*Will any discussion classes be offered?*

Details of discussion classes (if any) will be announced on myUnisa and an SMS will be sent to all students who provided their cellphone numbers to Unisa.

*Is it compulsory to attend any group discussion classes?*

No.

#### **4 SUPPLEMENTARY BOOKS AND VIDEOS**

*Are there any supplementary books and videos which I can use?*

No. Supplementary books and videos are prescribed.

*I would like to do some additional exercises and calculations. Could you provide me with the tutorial letters of 20..?*

Because of limited storage space at Unisa, no tutorial letters from previous years are kept and/or made available to students.

#### **5 EXAMINATION**

*Are any old examination papers available?*

Previous examination papers are published on myUnisa, but no memoranda are made available to students. Old questions will not necessarily be repeated in subsequent examination papers and we would like to warn you not to rely on old examination papers in order to pass the module.

*Will the examination paper contain any theory questions or will there only be calculations and interpretations?*

Most of the questions involve applications, calculations and interpretations.

*Will all the equations be provided as an annexure to the examination paper?*

The equations will not be provided as part of the examination paper. You must be able to apply the equations in the exam. No marks are awarded for quoting equations in the examination script.

*If I study only the assignment questions, will I be adequately prepared for the examination?*

No. It is unlikely that you will be adequately prepared by studying only the assignment questions. The assignment questions represent a sample of the work and cannot be regarded as being representative of all the study material.

*Can you give me the “scope” of or any “hints” for the exam?*

No hints are provided. Do not contact the lecturers about the scope of or hints for the exam. Base your preparation for the examination on the learning outcome statements



## 11 CONCLUSION

Do not hesitate to contact us by e-mail if you are experiencing problems with the content of this tutorial letter or with any academic aspect of the module.

Remember that the module requires you to work at your studies – the more you do, the more you will get out of your studies. We wish you a fascinating and satisfying journey through the learning material and trust that you will complete the module successfully.

Enjoy the journey!

Mr GPM Grebe and Mr M Nxumalo  
Department of Finance, Risk Management and Banking  
UNISA

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**UNISA 2017**

## ADDENDUM A: SELF-ASSESSMENT ASSIGNMENT

**APPLICABLE TO THE FIRST AND SECOND SEMESTERS**

### ASSIGNMENT

**DO NOT SUBMIT**

### QUESTION 1

Morkels, a local manufacturer of furniture in South Africa, had sales totalling R40 000 000 in the 2017 fiscal year. Some financial ratios for the company are listed below. Use this information to determine the rand values of various statement of financial performance and statement of financial position accounts.

<b>MORKELS</b>	
<b><u>YEAR ENDED 31 DECEMBER 2017</u></b>	
Sales	R40 000 000
Gross profit margin	80%
Operating profit margin	35%
Net profit margin	8%
Return on total assets	16%
Return on ordinary shares	20%
Total asset turnover	2
Average collection period	62.2 days

Calculate values for the following:

- Gross profit
- Costs of goods sold
- Operating profit
- Operating expenses
- Earnings available for ordinary shareholders

**QUESTION 2**

Thabo, a marketing manager, plans to retire in exactly 20 years. His goal is to create a fund that will allow him to receive R20 000 at end of each year for the 30 years between retirement and death. Thabo is certain that he will be able to earn 11% per year during the 30-year retirement period.

- a) How large a fund will Thabo need when he retires in 20 years to provide the 30-year R20 000 retirement annuity?
- b) How much will he need today as a single amount to provide the fund calculated in part (a) if he earns only 9% per year during the 20 years preceding retirement?
- c) What effect would an increase in the rate he earns both during and prior to retirement have on the values found in parts (a) and (b)? Explain.

**QUESTION 3**

Philip has prepared the following sales and cash disbursement estimates for the business for the period May to September of the current financial year:

Month	Sales (R)	Cash disbursements (R)
May	400	300
June	500	500
July	500	700
August	600	400
September	700	500

90% of sales are for cash, while the remaining 10% are collected one month later. All disbursements are on a cash basis. The firm wishes to maintain a minimum cash balance of R50. The beginning cash balance in June is R25.

Prepare a cash budget for the months of July, August and September, noting any financing needed or excess cash available.

**QUESTION 4****Question 4.1**

- a) Tracy is a human resource trainee and invests R5 000 in a savings account at 20% per annum compound interest for 10 years. Calculate the end value of her investment.
- b) Calculate the difference between the following investment proposals:

- R2 000 is invested annually for 5 successive years at 10% per annum compound interest.
  - R4 103,70 is invested for 5 years at 20% per annum compound interest.
- c) Calculate the present value of R15 000 received annually at the end of every year for 10 consecutive years using a discount rate of 17%.
- d) Fanie, a first-year student at Unisa , just celebrated his 19<sup>th</sup> birthday. His father set up a trust fund for him that will pay him R100 000 when he turns 25. If the relevant discount rate is 11%, how much is the fund worth today?

#### Question 4.2

Mr. Fredericks wants to invest in a property. The following information pertains to the transaction:

<b>Purchase price</b>	<b>R220 000</b>
<u>Year</u>	<u>Cash inflow</u>
1	R28 000
2	R32 000
3	R36 000
4	R40 000

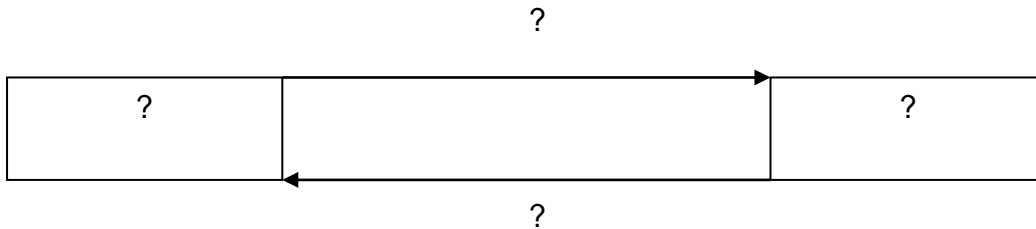
The property will be sold for R240 000 at the end of the fourth year. Mr. Fredericks required rate of return is 15%.

#### Required:

- Calculate the net present value (NPV) of the investment and advise Mr. Fredericks on whether he should make the investment. Give reasons for your answer.
- Calculate the internal rate of return (IRR).

**QUESTION 5****Question 5.1**

Fill in the missing parts (?) of the concept card in order to explain the present value (PV) and future value (FV) calculations.

**Question 5.2**

Calculate the future value of the following stream of cash flows, using (a) the ordinary annuity principles and, (b) using the annuity due principles. (c) Explain why your answers in (a) and (b) differ.

<b>Cash flow</b>	<b>R5 000</b>
<b>Time period</b>	<b>5 years</b>
<b>Interest rate</b>	<b>8% per year</b>

## **SUGGESTED SOLUTIONS TO SELF-ASSESSMENT ASSIGNMENT**

*APPLICABLE TO FIRST AND SECOND SEMESTERS*

### **QUESTION 1**

- a) Gross profit = Sales × Gross profit margin  
= R40 000 000 × 0.80  
= R32 000 000
- b) Cost of goods sold = Sales – Gross profit  
= R40 000 000 – R32 000 000  
= R8 000 000
- c) Operating profit = Sales × Operating profit margin  
= R40 000 000 × 0.35  
= R14 000 000
- d) Operating expenses = Gross profit – Operating profit  
= R32 000 000 – R14 000 000  
= R18 000 000
- e) Net profit = Sales × Net profit margin  
= R40 000 000 × 0.80  
= R3 200 000

### **QUESTION 2**

- a. Financial calculator:

PMT	20 000
N	30
I/YR	11
PV	= R173 876

- b. Financial calculator:

FV	173 876
N	20
I/YR	9
PV	R31 024.85

- c. Both values would be lower. In other words, a smaller sum would be needed in 20 years for the annuity and a smaller amount would have to be put away today to accumulate the future sum needed.

### QUESTION 3

	June (R)	July (R)	August (R)	September (R)
<b>Cash receipts</b>				
Sales (cash 90%)	450	450	540	630
Sales collected (1-month lag, 10%)	40	50	50	60
Total cash receipts	490	500	590	690
Total cash disbursements	500	700	400	500
Net cash flow	(10)	(200)	190	190
Beginning cash balance	25	15	(185)	5
Ending cash balance	15	(185)	5	195
Minimum balance	50	50	50	50
Required financing	35	235	45	
Excess cash				145

### QUESTION 4

#### Question 4.1

- a. Financial calculator:

PV            5000  
 I              20  
 N              10  
 FV            = R30 959

- b. Financial calculator:

PV            0  
 PMT          2000  
 N              5  
 I              10  
 FV            = R12 210.02

PV	-4103.70
I	20
N	5
FV	=R10 211.32

c. PMT 5 000

I	17
N	10
PV	=R69 879.05

d. FV 100 000

I	11
N	6
PV	= R53 464.08

#### Question 4.2

a.

Financial calculator

CF0	-220 000	
CF1	28 000	
CF2	32 000	
CF3	36 000	
CF4	280 000	(40 000 + 240 000)
I/YR	15	
NPV	=R12 305.92	

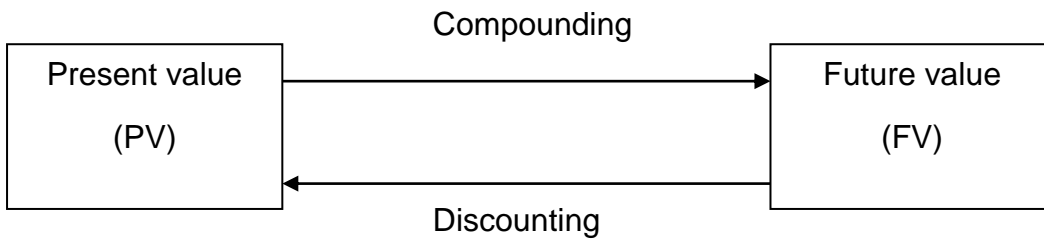
Mr. Fredericks should make the investment, since the NPV is positive and thus adds value.

b.

Financial calculator

CF0	(-220 000)	
CF1	28 000	
CF2	32 000	
CF3	36 000	
CF4	280 000	(40 000 + 240 000)
I/YR	15	
IRR	= 16.87%	



**QUESTION 5****Question 5.1****Question 5.2**

a) Ordinary annuity

PMT 5000

N 5

I/YR 8

FV = 29 333

b) Annuity due

Change calculator to BEGIN-MODE

PMT 5000

N 5

I/YR 8

FV = 31 679

c) The future value of an annuity due is larger than the future value of an ordinary annuity, because with an annuity due the cash flows are received at the beginning of the period and therefore there is an additional period to earn interest.

## ADDENDUM B – EXPLANATION OF ASSIGNMENT TABLES

The following is an explanation of the table in which you will find the information for your assignments:

- **Assignment** – This is the name of the assignment. There are two compulsory assignments. Both assignments should be completed online and on-time.
- **Contribution to final mark** – This is the percentage that the assignments will contribute to your final mark, the maximum is 20%.
- **Due date** – Each assignment will be available for **one week**. You can complete the assignment **any time** during this week. There will be no extensions on these dates. If you miss the assignment you forfeit the percentage towards your final mark.
- **Type of assessment** – The assignment will be in the form of multiple choice questions that you can find under the self-assessments tool on myUnisa.
- **Number of questions** – This is the number of questions you will receive during each assessment to answer.
- **Time to complete** – Once you begin the assessment on myUnisa there will be a time counter. You need to answer all of the questions within the allowed amount of time. This means that you need to make sure that you know your work as you will not have time to look for answers in the study material.
- **Attempts** – This is the number of times you will be allowed to do the assignment during the week in which it is available. When you make more than one attempt, we will record your highest score to count towards your final mark.
- **What you need to prepare for this assignment – study guide and prescribed book** – This refers to the learning units on which the questions will be based. Also remember to study the relevant pages in the prescribed book together with the study guide.

## ADDENDUM C – ASSIGNMENT INFORMATION

### SEMESTER 1

There are **TWO** assignments for this module. **Both** assignments are **COMPULSORY** and must be completed on myUnisa. Both compulsory assignments contribute to your final mark. The submission dates of these four assignments are non-negotiable.

Assignment	Contribution to final mark	Due date	Type of assessment	Number of questions	Time to complete	Attempts	Study guide and prescribed book
01	10%	12 March 2018	Multiple choice questions	20 random questions	Unlimited	Two	Prescribed book chapters: 1 to 4
02	10%	03 April 2018	Multiple choice questions	20 random questions	120 minutes	One	Prescribed book chapters: 5 to 8

### SEMESTER 2

There are **TWO** assignments for this module. **Both** assignments are **COMPULSORY** and must be completed on myUnisa. Both compulsory assignments contribute to your final mark. The submission dates of these two assignments are non-negotiable.

Assignment	Contribution to final mark	Due date	Type of assessment	Number of questions	Time to complete	Attempts	Study guide and prescribed book
01	10%	31 July 2018	Multiple choice questions	20 random questions	Unlimited	Two	Prescribed book chapters: 1 to 4
02	10%	20 August 2018	Multiple choice questions	20 random questions	120 minutes	One	Prescribed book chapters: 5 to 8