



BFA181/281 Financial Management

Semester Two 2007

School of Accounting and Corporate Governance

Faculty of Business

Unit Outline

Bing Li

CRICOS Provider Code: 00586B

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Unit description

As a financial manager, you will need to be able to evaluate the challenges and opportunities business decisions hold. To provide the basis of your approach to effectively manage your stakeholders' expectations, this unit will engage you with the following ideas and theories:

- the scope and nature of the finance function and its role within management;
- the theory of finance and how it underpins the evaluation of investment, financing and dividend policies; and,
- the major sources of finance.

Finally, we will provide you the opportunities to apply the skills and understandings you gain in this unit to identifying and analysing the costs of financial problems you will experience in your professional and personal career.

Learning outcomes

On successful completion of this unit you will have the capabilities to:

- i) Analyse financial decisions using basic principles such as the time value of money;
- ii) Assess the application of risk to financial decision making;
- iii) Assess short- and long-term financing;
- iv) Evaluate, discuss and apply financial theories, including:
 - Portfolio theory,
 - Financial structure,
 - Dividend policy;
- v) Apply information to a “real-world” context;
- vi) Synthesise information, integrate new knowledge into your existing knowledge and then communicate your understanding effectively.

Generic graduate attributes

The University has defined a set of generic graduate attributes that can be expected of all graduates (see <http://www.utas.edu.au/tl/policies/index.htm>). By undertaking this unit you should make progress in attaining the following attributes:

Knowledge: analyse financial decisions through the use of calculations and applications of basic principles and theories;

Communication Skills: use written and numerical communication to present information clearly and coherently;

Problem-solving: conceptualise a problem given a variety of data and have the ability to solve the problem using the knowledge gained in the unit;

Social responsibility: identify and discuss broader issues, other than pure financial data, that impact on financial decisions.

Learning resources required

- **Requisite text**

Beal, D. and Goyen, M. (2005), *Introducing Corporate Finance*, John Wiley: Milton

- **Additional sources to inform your understandings**

Gitman, L, Juchau, R & Flanagan, J, (2005) *Principles of Managerial Finance*, 4th Australian ed., Addison-Wesley: Sydney

Peirson, Brown, Easton, Howard, Pinder, (2006) *Business Finance*, 9th ed., McGraw-Hill: Sydney

Petty, JW, Keown, AJ, Scott Jr, DF, Martin, JD, Burrow, M, Martin, P, Nguyen H, (2006) *Financial Management*, 4th ed, Pearson Education: Frenchs Forest

Ross, Thompson, Christensen, Westerfield, Jordan, (2005) *Fundamentals of Corporate Finance*, 3rd ed., McGraw-Hill: Sydney

- **Electronic resources**

- **Textbook website**

Your textbook has a very useful website that contains additional questions, eflashcards, crosswords and additional information:

<http://www.johnwiley.com.au/highered/corpfm>

- **WebCT Vista**

WebCT Vista is an internet service that has been adopted by the University and will be used in this unit. WebCT Vista may be accessed on computers in computing laboratories at the University or on your personal computer. Information about accessing and using this service, about required computer specifications and frequently asked questions, and about how to get help if you experience difficulties, is available at the following University website:

<http://www.utas.edu.au/coursesonline/>

- **PDF files**

Many of the files made available through WebCT Vista (eg: in the 'Unit Resources' area) will be in Portable Document Format (PDF). These files can be viewed from within your web browser or separately by using a program called Adobe Acrobat Reader. This software is already installed on the machines in the Faculty Computing Laboratory, but can be downloaded free of charge from the Adobe site should you want a copy for another machine. At time of writing the required URL was:

<http://www.adobe.com/prodindex/acrobat/readstep2.html>. To print PDF files make sure you use the print option in the PDF window NOT the print function on the top toolbar of your screen.

➤ **Getting assistance with WebCT Vista:**

If you have difficulty in gaining access to or using WebCT Vista you can contact the Help Desk Tel: (03) 6226 1818 (1300 304 903 Freecall – Tasmanian land lines only) or send an e-mail message detailing your problem to: servicedesk@utas.edu.au.

Details of teaching arrangements

This unit comprises both lectures and tutorials

▪ **Lectures**

You will participate in a 2 hour lecture in each teaching week. You can refer to the University timetable and Study Schedule at the end of this outline for times and venues for our classes. Lectures will consist of topic summaries, explanations, practical questions and interactive demonstrations that will provide you with an overview of the theoretical and applied aspects of the course content. Lectures constitute an introduction only – in order to gain full mastery of the subject matter you need to complete all relevant reading, participate actively in the tutorials and undertake and complete exercises and problems.

▪ **Tutorials**

There is a 1 hour tutorial commencing in week 2. Details of the titles and tutorial exercises are set out in the Study Schedule included in this Unit Outline. You will use these exercises to practise your skills and to gain feedback on your progress.

Learning expectations and strategies

▪ **Expectations**

As a student, you are faced with the challenge of developing technical skills as well as developing independent learning skills that the business community and professional bodies expect of you. The process of “learning to learn” is nurtured by the University of Tasmania through learning activities that empower and enable you to undertake your own learning. The University’s aim is that you will actively participate in the unit and the learning opportunities we provide you.

We will help you to learn effectively through developing generic learning skills, such as team building, critical analysis, creative thinking and communication, and by fostering appropriate learning attitudes, such as a willingness to initiate

action, accept alternative points of view and to understand your own, and others', personal views.

You are expected to take responsibility for your own learning. To maximise the benefit that you can derive from this unit it is crucial that you thoroughly prepare for the classes by carefully studying all the appropriate readings and formulating questions on matters with which you are experiencing difficulty. If you miss any timetabled session, it is your responsibility to obtain any information that you have missed.

Further information about the Faculty of Business' philosophy on teaching and learning is set out in the **Faculty's Guide for Students** which is available on WebCT Vista and at the School of Accounting and Corporate Governance website: <http://www.utas.edu.au/accg/studentres.htm>

The University's Code of Conduct for Teaching and Learning is set out at: <http://www.admin.utas.edu.au/handbooks/utashandbooks/rules/ctea.htm> and states:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

▪ **Learning strategies**

Although you are expected to take responsibility for your own learning, you are not on your own. The lecturers are available to help facilitate your learning, and if you need additional information refer to the Learning Development website: <http://www.utas.edu.au/learndev/>

One strategy that should help you achieve excellent results is that of organising your time so that you spend a minimum of 12 hours a week studying this unit. Use the following suggested schedule as a guide:

<i>Activity</i>	<i>Hours per week</i>
<i>Class contact - lectures, tutorials</i>	<i>3 hours</i>
<i>Reading before class</i>	<i>2 hours</i>
<i>Consolidating material after class and practicing exercises</i>	<i>4 hours</i>
<i>Preparing for class, assessments and the exam</i>	<i>3 hours</i>

Assessment

- **Assessment schedule:**

Assessment task	Date due	Percent weighting
Assessment task 1: Mid-semester test	21 August	15
Assessment task 2: Logbook	Ongoing	10
Assessment task 3: Assignment	3pm, 12 October	15
End of semester exam		60

In order to pass this unit you must achieve an overall mark of at least 50 per cent and you must submit the assignment and logbook. If you miss the test for an acceptable reason (for example, if a medical certificate is presented to the lecturer), the weighting of the test will be added to the weighting of the final examination. Therefore the final examination would be worth 75%. Alternative test papers will not be set if you miss the test. Work commitments are not considered an acceptable reason for missing the test.

- **Assessment details**

Assessment task 1 -- Mid-semester test

Task description Held during your normal lecture time in week 6 on 21 August, 2007. The test will cover topics from Weeks 1 to 4 and will comprise short answer questions. More details about the test will be provided in lectures in the week prior to the test. Suggested answers will be made available on WebCT Vista after the test. If you miss the test for an acceptable reason (for example, if a medical certificate is provided to the lecturer), the weighting of the test will be added to the weighting of the final examination. In other words the final examination will be worth 75% of your final assessment. Alternative test papers will not be set if you miss a test. Work commitments **are not** considered an acceptable reason for missing a test.

Task length 50 minutes plus 5 minutes reading time

Links to unit's learning outcomes The test links to learning outcomes i), ii) iii) and vi). It is designed to assess how effective your independent study has been to date and reveal any basic misunderstandings in your technical or theoretical knowledge in the discipline.

Assessment criteria Accurate calculations
Clear demonstration of understanding of techniques

Date 21 August, 2007

Assessment task 2 – logbook

Task description You are required to maintain a logbook of all your tutorial work during semester. In your first tutorial you be required to notionally invest in a selection of **investments**. You need to document these investments and track them for the semester, recording this in your logbook. At the end of semester you will write up a reflection of your investment – why you chose the securities, the risk and return that you incurred and reasons behind it. You will need to follow the news carefully on any issues that relate to your investment (including global or domestic economic announcements) and document that in your log book as it occurs. Your logbook will also contain your attempted **answers to tutorial questions** (including homework and additional questions). Homework questions will be discussed in tutorials and the solutions for additional questions will be put on WebCT Vista each week.

Task length No limit

Links to unit's learning outcomes i), ii), iii), v), vi)

Assessment criteria Solid attempt at all tutorial questions. Time management. Critical analysis of your investments with application of theoretical concepts and calculations as appropriate to a “real world” situation.

Date The logbook is checked in your tutorial randomly during semester to ensure you are completing the logbook on a timely basis. You will need to hand in your completed logbook in your last tutorial.

Assessment task 3 – Assignment

<i>Task description</i>	Use all the information you have collected on your investment to write a formal report on your portfolio. The purpose of the assignment is to enable you to gain and demonstrate a depth of understanding in selected topics. The specific requirements for the report will be distributed and discussed at the end of the lecture for topic 6 (week 7).
<i>Task length</i>	1500 - 2000 words
<i>Links to unit's learning outcomes</i>	i), ii), iii), iv), vi)
<i>Assessment criteria</i>	Formal report structure (includes executive summary) Comprehensive research of company data Clear demonstration of understanding of techniques Clear explanation and critical reflection of theory Concise and clearly presented Referenced accurately
<i>Date due</i>	12 October, 2007, 3pm

Final exam

<i>Description</i>	3-hour closed book examination. You are permitted to take into the examination room a non-programmable calculator. You will be given some guidance about the format of the examination in the last lecture.
<i>Date</i>	The final exam is conducted by the University Registrar in the formal examination period. See the <i>Current Students</i> homepage on the University's website.

▪ **Assessment/Learning Outcomes/Generic Graduate Attributes Matrix**

Test					
Logbook					
Assignment					
Final Examination					
Learning Outcomes:					
	Learning outcome i	√	√	√	√
	Learning outcome ii	√	√	√	√
	Learning outcome	√	√	√	√
	Learning outcome	√	√		
	Learning outcome	√		√	
	Learning outcome	√	√	√	√
UTas Generic Graduate					
	Knowledge	√	√	√	√
	Communication	√	√	√	√
	Problem-solving	√	√	√	√
	Social			√	

Study Schedule

Week	Topic	Reading	Tutorial - homework
1 16 Jul	1. GOALS OF THE FIRM; BUSINESS & FINANCIAL MARKETS	B&G: Chapter 1 & 2	No tutorial this week
2 23 Jul	2. FINANCIAL MATHEMATICS	B&G: Chapter 3	B&G: Questions 1.2, 2.2, 2.5 and Problems 1.1, 1.3
3 30 Jul	3. RISK & RETURN; VALUATION	B&G: Chapters 4 & 5	B&G: Questions 3.3, 3.4, 3.8, 3.9 and Problems 3.1, 3.2, 3.5, 3.8, 3.10
4 06 Aug	4. COST OF CAPITAL	B&G: Chapter 6	B&G: Questions 4.5, 5.8 and Problems 4.1, 4.6, 4.7, 4.8, 5.1, 5.4, 5.7, 5.11
5 13 Aug	5. PLANNING INVESTMENTS	B&G: Chapters 7 & 8	B&G: Questions 6.1, 6.7 and Problems 6.5, 6.8, 6.9
6 20 Aug	Test <i>Independent study week (no lectures or tutorials)</i>		
7 27 Aug	6. SHORT-TERM FINANCE; CURRENT ASSETS	Petty: Chapters 9 & 10	B&G: Questions 7.1, 7.5, 8.2 and Problems 7.5, 7.6, 8.3
3 Sept	Mid-semester break		
8 10 Sep	7. LONG-TERM FINANCE	B&G: Chapters 11	B&G: Questions 9.3, 9.4, 10.6 and Problems 9.3, 9.4, 10.1, 10.2
9 17 Sep	8. DIVIDEND POLICY	B&G: Chapters 12	B&G: Questions 11.2 and Problems 11.3, 11.5, 11.8, 11.9
10 24 Sep	9. CAPITAL STRUCTURE	B&G: Chapter 13	B&G: Questions 12.2, 12.4, 12.11 and Problems 12.1, 12.3, 12.4, 12.5
11 01 Oct	Assignment week <i>(no lectures or tutorials)</i>		
12 08 Oct	10. FORECASTING & DERIVATIVES	B&G: Chapters 14 & 15	B&G: Questions 13.2, 13.7, 13.11 and Problems 13.3, 13.7
13 15 Oct	11. REVIEW	The purpose of the lecture is to review the topics that have been covered during the semester.	B&G: Questions 14.6, 14.8, 15.1, 15.2, 15.3 and Problems 15.1, 15.2, 15.3 Logbook due
22 Oct	Study period (swot vac)		

How your final result is determined

The mid-semester test, logbook, assignment and final exam score are added together to determine your final result. You must achieve an overall mark of at least 50 per cent to pass the unit. As completion of the mid-semester test, assignment and logbook is compulsory, you will not be permitted to pass the unit without submitting a satisfactory attempt at the test, assignment and logbook.

Submission of assignments

The assignment should be submitted in accordance with the **Guide for Students** issued by the Faculty of Business which can be accessed at the School's website:

<http://www.utas.edu.au/accg/studentres.htm>

Assignment coversheets must be used for all assignments and these are available at the BFA181/281 WebCT Vista site as well as on the School of Accounting and Corporate Governance website and office. Assignments without a *signed* coversheet *will not be marked*. Assignments are to be submitted via the assignment box, Level 5, Commerce Building, Hobart campus.

Requests for extensions

The *Guide for Students* contains details about the presentation of assignments and the procedures to follow if you wish to request permission to submit your assignment after the due date. Extensions of time will only be granted on medical or compassionate grounds and must be made in writing to the unit coordinator on the School's *Application for Late Submission* form which is available at: <http://www.utas.edu.au/accg/studentres.htm> as well as on WebCT Vista. Medical certificates or other evidence which supports the application must be attached.

Penalties

Penalties for late submission (without prior permission) are the deduction of 10% of the available mark for each day, or part thereof, that the assignment is late. Work commitments are not considered an acceptable reason for failing to submit an assignment on time.

Penalty for over word limit - students are required to resubmit within 48 hours, automatic 10% penalty of available marks and 10% for each day late.

Academic referencing

Student writers need to back up their ideas by referring to scholarly literature, works of art and inventions. Failure to do so constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence. Therefore it is important that **YOU** understand how to correctly refer to the work of others and maintain academic integrity.

The appropriate referencing style for this unit is explained in the Guide for Students. For further information on the presentation of assignments see the library website at: <http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

Please read the following statement on plagiarism and academic integrity. Should you require clarification please see your unit coordinator or lecturer.

Plagiarism is a form of cheating.

It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example,

- using an author's words without putting them in quotation marks and citing the source,
- using an author's ideas without proper acknowledgment and citation,
- copying another student's work.

If you have any doubts about how to refer to the work of others in your assignments, please consult your lecturer or tutor for relevant referencing guidelines, and the academic integrity resources on the web at:

<http://www.utas.edu.au/tl/supporting/academicintegrity/index.html>

The intentional copying of someone else's work as one's own is a serious offence punishable by penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, to exclusion from a unit, a course or the University. Details of penalties that can be imposed are available in the Ordinance of Student Discipline – Part 3 Academic Misconduct, see

<http://www.utas.edu.au/universitycouncil/legislation/>

The University reserves the right to submit assignments to plagiarism detection software, and might then retain a copy of the assignment on its database for the purpose of future plagiarism checking.

Useful resources on academic integrity, including what it is and how to maintain it, are also available at:

<http://www.utas.edu.au/tl/supporting/academicintegrity/index.html>

Getting Assistance

▪ **Student Services**

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you should discuss these with your lecturer and/or one of the following Student Services staff as soon as possible: Learning Skills Adviser, Student Counselor, Careers Adviser, and/or Disability Adviser.

Student Services is located on the top floor in the Student Union/Association Building Hobart, Ground Floor of Student Centre Kerslake in Launceston or visit their website at: <http://student.admin.utas.edu.au/services/>

Should you require assistance in accessing the Library visit their website for more information: <http://www.utas.edu.au/library/>

International Services website provides information on the assistance available to international students: <http://www.international.utas.edu.au/index.html>

The Learning Development website has a wide range of resources on study skills and learning strategies: <http://www.utas.edu.au/learndev/>

▪ **School Ombudspeople**

If you have any concerns about this unit then in the first instance you should discuss the matter with your unit coordinator. However, if you do not feel comfortable approaching your unit coordinator, or if you have a discussion with your unit coordinator and are not satisfied with the outcome, then you are encouraged to contact one of the Ombudspeople listed below, who also teach in the School of Accounting and Corporate Governance.

Mrs Simone Bingham
Room:421, Faculty of Business
Building, Hobart
Ph:(+61 3) 6226 2314

Belinda Williams
Room A257, Launceston
Ph: (+61 3) 6324 3155

Email:Simone.Bingham@utas.edu.au Email:Belinda.Williams@utas.edu.au

Discussions with your ombudsperson will be kept in the strictest confidence. If you wish to pursue the matter further, they will provide advice as to how this can be done. The University also has formal policies, which can be accessed at: http://www.admin.utas.edu.au/ac_serv/complaints_info.html

▪ **Unit Feedback**

The University of Tasmania, on a regular basis, evaluates its teaching and learning environment through the Student Evaluation of Teaching and Learning (SETL) system. The University values feedback from students and from time to time you will be asked to complete a SETL evaluation for a unit of study. For more information on SETL go to:

<http://student.admin.utas.edu.au/setl/index.html>

- ***Students with Disabilities - University and Faculty Equity Plans***

Goal 1 of the University of Tasmania Equity Plan provides for: “An inclusive teaching and learning environment that values diversity, supports the pursuit of academic excellence and produces high quality education and employment results for all students and staff”. The Faculty of Business Equity Plan facilitates the University Plan at an operational level and it has developed an ‘Action Plan’. The Action Plan for Goal 1 lays down procedures to ensure that students have equal access to lecture and course materials. The School of Accounting and Corporate Governance complies with these procedures.

- ***Occupational health and safety (OH&S)***

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University’s policy at:

http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf