



**BFA181/281**  
**Financial Management**

**Summer School 2008**

**School of Accounting and Corporate Governance**

**Faculty of Business**

**Unit Outline**

**Sonia Shimeld**

## Contact Details

**Unit Coordinator:** Mrs Sonia Shimeld Ass Dip (Accounting), BCom (Hons), MCom,  
Grad Cert ULT, ASA

Campus: Hobart

Room: 430, Commerce Building

Telephone: (03) 62267586

Facsimile: (03) 62267845

E-mail: [Sonia.Shimeld@utas.edu.au](mailto:Sonia.Shimeld@utas.edu.au)

Consultation hours: TBA

**Tutor:** Cherie Moore

Room: 427, Commerce Building

E-mail: [camoore@utas.edu.au](mailto:camoore@utas.edu.au)

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## 1. Unit Description

This unit focuses upon the goals and functions of financial management for business decisions. It is designed to provide you with an understanding of:

- 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.

This unit will also develop your practical skills in the identification and analysis of financial problems. Students studying BFA181/281 Financial Management need to have successfully completed the prerequisites BSA101 *Business Information Systems* and BFA103 *Accounting and Financial Decision Making* to enrol in this unit.

## 2. Learning Outcomes

At the completion of this unit you should be able to:

- i) Analyse financial decisions using time value of money principles
- ii) Assess the application of risk to financial decision making
- iii) Assess short- and long-term financing
- iv) Appraise financial theories including:
  - Portfolio theory
  - Capital structure
  - Dividend policy
- v) Apply information to a “real-world” context
- vi) Synthesize information and communicate it effectively

## 3. 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 would impact on financial decisions.

## 4. Learning Resources Required

### Requisite Text

Gitman, L., Juchau, R. and Flanagan J., (2008), *Principles of Managerial Finance*, 5<sup>th</sup> ed, Pearson Education: Frenchs Forest

### Additional References

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

Fleet W., Summers J. and Smith B., (2006), *Communication Skills Handbook for Accounting*, 2<sup>nd</sup> ed, John Wiley & Sons: Brisbane

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

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

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

### **E-(electronic) resources**

#### **Textbook website**

Your textbook has a very useful website that contains additional questions and follows this up with a study plan with tailored additional help:

<http://www.pearsoned.com.au/myfinancelab>

#### **Fin Analysis**

The University Library has an electronic database that is extremely useful when researching financial information on companies:

<http://www.aspecthuntley.com.au/af/finhome?xtm-licensee=finanalysis>

#### **Yahoo**

This website is also useful for financial information on companies, but is not so extensive or as reliable as Fin Analysis:

<http://au.finance.yahoo.com>

#### **MyLO**

MyLO (My Learning Online) is an internet service that has been adopted by the University and will be used in this unit. MyLO may be accessed on computers in computing laboratories at the University or on your computer at home or at work. 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 MyLO (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 MyLO:**

If you have difficulty in gaining access to or using MyLO 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: [service@utas.edu.au](mailto:service@utas.edu.au).

## 5. Details of Teaching Arrangements

### *Lectures*

Each session has a 3 hour lecture – refer to the Study Schedule at the end of this outline. Lectures will consist of topic summaries, explanations and demonstrations and will provide an overview of the theoretical and applied aspects of the course content. However, they will constitute an introduction only – in order to gain full command of the subject matter students must complete all relevant reading, participate actively in the workshops and undertake additional exercises and problems (learning through doing).

### *Workshops*

There is a 2 hour workshop per session. *It is very important that you complete all the relevant reading and attempt all the required exercises before attending each session's workshop.* Details of the workshop exercises are set out in the Study Schedule included in this Unit Outline. The workshops are designed to help ensure that you develop a fuller understanding of and an ability to use the material covered by the text and presented in the lectures. To this extent workshops will explore the issues raised by the workshop exercises and/or ensure adequate understanding of the techniques that may have been required in order to complete the exercises. Exam style questions will also be presented for you to work on in each workshop with the assistance of your tutor, to test your understanding.

### *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](http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf)

## 6. Learning Expectations and Strategies

### *Expectations*

Accounting and Corporate Governance students are faced with the challenge of developing technical skills as well as developing their independent learning skills as required by the business community and by the professional bodies. The process of “learning to learn” is nurtured by the University of Tasmania through learning activities that empower and enable students to undertake their own learning. The University's aim is to change students from being passive recipients to active participants.

The enabling process occurs as a result of 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 personal limitations.

You are therefore 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. Announcements made in lectures and various solutions will be available on MyLO.

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 MyLO and at the Accounting and Corporate Governance School's website: <http://www.utas.edu.au/accg/studentres.htm>. The University's Code of Conduct for Teaching and Learning is set out in the University Calendar at: <http://www.admin.utas.edu.au/handbooks/utashandbooks/rules/ctea.html> 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.

### ***Strategies***

Although you are expected to take responsibility for your own learning, you are not on your own. The lecturers and tutors are available to help facilitate this, 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 between 12-14 hours per session studying this unit, such as:

<i>Activity</i>	<i>Per session</i>
<i>Class contact - lectures, workshops etc</i>	<i>5 hours</i>
<i>Reading after 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>

It is strongly advised you work through the assigned problems and complete your logbook for the workshops sessions *prior to* the respective sessions in order to participate actively and confirm your understanding of the various topics.

## 7. Assessment details

### *Assessment schedule*

<b>Assessment task</b>	<b>Date due</b>	<b>Weighting</b>
Assessment task 1: Mid-semester test	Thursday 10 Jan	15%
Assessment task 2: Logbook	Thursday 17 Jan	10%
Assessment task 3: Report	3pm Thursday 24 Jan	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.

### **Assessment task 1 – 15%**

#### **Mid semester test**

**Task Description** Held at the beginning of the lecture on 10<sup>th</sup> January. The test will cover all topics previously covered and will comprise of short answer questions. More details about the test will be provided closer to the date. Suggested answers will be made available on MyLO 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** i), ii), iii) and vi)

**Assessment criteria** Accurate calculations  
Clear demonstration of understanding of techniques

**Date Due** 1pm Thursday 10<sup>th</sup> January 2008

## Assessment task 2 – 10%

### Logbook

**Task Description:** You are required to maintain a logbook of all your workshop and homework during the unit. In your first workshop you be required to theoretically invest in shares from two companies (but not banks). You need to document these investments (hand a copy to your tutor) and track them for the 2 weeks, recording this in your logbook. By the 3<sup>rd</sup> workshop you need to have looked up and recorded in your logbook the beta of your companies. By the 5<sup>th</sup> workshop you need to have looked up and recorded the last 2 years' dividends for your companies. At the end of the time 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 workshop questions (both homework and those completed in the workshop) and a self-reflection component from every topic which critically assesses your own understanding – what you have learnt, what you have trouble with and how your new-found knowledge can be applied.

**Task length** No limit

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

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

**Date Due** Checked in your workshop several times over the semester to ensure you are completing the logbook on a timely basis. You will need to hand in your completed logbook in the last workshop on **Thursday 17<sup>th</sup> January 2008.**

## Assessment task 3 – 15%

### Report

**Task description:** This is a group assignment. You will need to form a group of three (with two other colleagues) and pool your investments into a single portfolio. You will need to share and discuss all the information you have collected on your companies so that as a group you are able to write a single formal report on your group's portfolio.

i) Briefly explain the companies chosen in your portfolio.

Determine the required return for each company's shares assuming that the market return is 14% (you will need to find the current cash rate to use as the expected return for the risk free asset and find the beta of each of your shares from an electronic database). Compare this with the shareholder return (from the database) to determine whether each share investment appears to be a "good investment" (print off the 3-year total return chart for each company compared to the market's return and discuss). Calculate the required return for the portfolio (use an equal weighting of each investment). Critically reflect on CAPM and portfolio theory (briefly explaining it and any limitations that you foresee, especially in relation to your investment). Vary the weighting of the investments to better reflect your group's level of risk and to prove that the return and risk of the portfolio changes. Discuss the effects. **6 marks**

ii) Look up the dividends your companies have paid over the previous 2 years. Detail them. What sort of dividend policy does each company seem to have used? What factors would they have considered in determining their policies? **3 marks**

iii) Use ratio analysis to compare the capital structure of your companies. Does there appear to be an optimal industry capital structure? What factors would impact on determining an optimal capital structure? **3 marks**

Remaining **3 marks** will be awarded for presentation (formal report structure), references and ease of reading. You **MUST** follow the minimum presentation standard for assignments as detailed in the *Faculty Guide for Students* or your assignment **will not** be marked. Ensure you reference (using the Harvard system) any words/ideas that are not your own – if in doubt please ask.

**Task length** 1,500 - 2,000 words

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

**Assessment criteria** 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

**Date Due** 3pm Thursday, 24<sup>th</sup> January 2008

**Final exam – 60%**

**Description** 3-hour closed book written examination. You are permitted to take into the examination room a calculator. You will be given some guidance about the format of the examination in the last lecture, which will also be posted on MyLO.

**Date** The final exam is conducted by the University Registrar in the formal examination period. See the *Current Students* homepage on the University's website.

### Assessment/Learning Outcomes/Generic Graduate Attributes Matrix

		Assessment items			
		<i>Logbook</i>	<i>Test</i>	<i>Assignment</i>	<i>Exam</i>
Learning Outcomes	i	✓	✓	✓	✓
	ii	✓	✓	✓	✓
	iii	✓	✓	✓	✓
	iv			✓	✓
	v	✓			✓
	vi	✓	✓	✓	✓
Generic Graduate Attributes	Knowledge	✓	✓	✓	✓
	Communication	✓	✓	✓	✓
	Problem-solving	✓	✓	✓	✓
	Social responsibility	✓			

## 8. How your final result is determined

The weighted mid semester test, 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 the assignment and logbook is compulsory, you will not be permitted to pass the unit without submitting a satisfactory attempt at the assignment and logbook.

## 9. Submission of assignments

Your assignments 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. Assignment coversheets must be used for all assignments and these are available at the BFA181/281 MyLO site as well as on the Accounting and Corporate Governance School's 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.

## 10. Requests for extensions

*The Guide for Students* contains details, not only about the presentation of assignments, but also about 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 MyLO. Medical certificates or other evidence, which supports the application, must be attached.

## 11. Penalties

### Over-length Work

If you submit over-length work you will be asked to resubmit the work within 48 hours. There will be an automatic 10% penalty of available marks and 10% for each day that you are late in resubmitting.

### Late Submission of Continuous Coursework

Consistent with the Faculty's policy on late submission, extensions of time will only be granted on medical or compassionate grounds. They will not be granted because of work or other commitments. Requests for extension must be made to your lecturer in writing on the School's Application for Extension Form available at <http://www.utas.edu.au/accg/studentres.htm> Medical certificates or other evidence, which supports the application, must be attached. Coursework that is not handed in by the agreed completion date will incur a penalty of 10% of the available marks for each day, or part day, the assignment is late.

### Review of results and appeals

You may request a formal remark of your original submission (in accordance with Rule of Academic Assessment 2, Clause 22.1). Under the Rule of Academic Assessment 2, clause 23, you may also request a review of your final result in a unit. For further information see: <http://acserv.admin.utas.edu.au/rules/Rule2.doc>

## 12. Academic referencing

In your written work you will need to support your ideas by referring to scholarly literature, and other sources of information such as the accounting regulatory bodies. It is important that you understand how to correctly refer to the work of others and maintain academic integrity. Failure to appropriately acknowledge the ideas of others constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence.

The appropriate referencing style for this unit is the Harvard referencing method. In addition to the *Faculty Guide for Students*, you are encouraged to read Fleet, W, Summers & Smith, B. (2006), *Communication Skills Handbook for Accounting*, 2<sup>nd</sup> ed which provides detailed information about using the Harvard referencing system. Further information on presentation of assignments, including referencing styles is available at: <http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

You can also access information about the referencing style used in this unit in the *Faculty of Business Guide for Students* available via MyLO or from the School's website - <http://www.utas.edu.au/accg/studentres.htm>.

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

For information on presentation of assignments, including referencing styles: <http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

### **Plagiarism**

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; or
- 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/ord9.pdf>

**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.**

For further information on this statement and general referencing guidelines, see <http://www.utas.edu.au/plagiarism/> or follow the link under 'Policy, Procedures and Feedback' on the **Current Students'** homepage.

## **13. 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 an Ombudsperson listed below, who also teaches in the School of Accounting and Corporate Governance.

Mrs Simone Bingham  
Room: 421, Commerce  
Building, Hobart

Ph: (+61 3) 6226 2314  
email:Simone.Bingham@utas.edu.au

Belinda Williams  
Room: A257, Launceston

Ph: (+61 3) 6324 3661  
email:Belinda.Williams@utas.edu.au

Discussions with an 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](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 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.

## 14. Study Schedule

Lecture Date	Topic	Reading (Gitman)	Workshop Date	Workshop – homework (Gitman)
1 2 Jan	ROLE & ENV; FIN STAT ANALYSIS; CASH FLOW & FIN PLANNING	Ch 1-3	1 3 Jan	Problems: 1-1, 1-8, 2-12, 2-13, 3-4, 3-10
2 4 Jan	TIME VALUE OF MONEY; RISK & RETURN	Ch 4, 5	2 7 Jan	Problems: 4-8, 4-24, 4-34, 5-4, 5-15, 5-27, 5-31
3 8 Jan	VALUATION OF BONDS & SHARES; CAPITAL BUDGETING	Ch 6-8	3 9 Jan	Problems: 6-8, 6-14, 6-30, 7-5, 7-14, 7-20, 8-8, 8-18, 8-27
4 10 Jan	<b>TEST;</b> CAPITAL BUDGETING TECHNIQUES; RISK	Ch 9, 10	4 11 Jan	Problems: 9-3, 9-7, 9-25, 10-2, 10-9, 10-16
5 14 Jan	COST OF CAPITAL; DIVIDEND POLICY; CAPITAL STRUCTURE	Ch 11-13	5 15 Jan	Problems: 11-3, 11-7, 11-9, 11- 17, 12-4, 12-6, 12-9, 13-6, 13-8, 13-26
6 16 Jan	WORKING CAPITAL & CURRENT ASSETS; CURRENT LIABILITIES; HYBRIDS & DERIVATIVES	Ch 14-16 Revision	6 17 Jan	Problems: 14-9, 14-11, 14-14, 15-3, 15-6, 15-10, 16-5, 16-16, 16-19 <b>Logbook due</b>
24 Jan				<b>Assignment due</b>
<b>Exam period Feb 4<sup>th</sup> – 8<sup>th</sup></b>				