

**MACQUARIE UNIVERSITY**



**POSTGRADUATE DIPLOMA  
IN ACCOUNTING  
and  
MASTER OF ACCOUNTING**

**UNIT OUTLINE**

**ACCG858 Financial Management and Policy**

**Trimester 1, 2008**

Students in this unit should read this Unit Outline carefully at the beginning of the trimester. It contains important information about the unit. If anything in the Outline is unclear, please consult one of the staff in the unit.

**UNIT OBJECTIVE:**

The unit aims to introduce students to financial decision making in a business environment. This involves:

- understanding the role of accounting and financial information in the financial decisions which are critical to business survival, such as "should we purchase this asset?" and "how can we finance it?"
- analysing and interpreting data necessary for informed financial management decisions
- evaluating the pitfalls, both theoretical and practical, of some of the analytical techniques and theoretical decision models considered.

In addition, the unit aims to develop a range of generic skills throughout the course. Specifically, the unit aims to develop interpersonal, problem-solving and communication skills through a co-operative research assignment presented in the form of a business report as well as class presentations.

**PREREQUISITES:**

This unit has the following prerequisites:

ACCG862, ACCG849, ACCG860 and at least 27 credit points.

**TEACHING STAFF:**

GARRY MORRIS  
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*Please Note: Because of virus problems, only emails sent from a Macquarie University account will be opened.*

Any student experiencing difficulties with the course should seek help at the earliest possible opportunity.

**LECTURER-IN-CHARGE:**

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**TEXTBOOK:**

Ross, Thompson, Christensen, Westerfield, Jordan, "Fundamentals of Corporate Finance", 4<sup>th</sup> Ed, McGraw-Hill, 2007

**UNIT TIMETABLE:**

This unit offers the following classes:

|                |         |    |
|----------------|---------|----|
| Monday 12-3    | E7B 200 | KD |
| Tuesday 3-6    | C4A 318 | KD |
| Tuesday 6-9    | C5A 304 | CT |
| Wednesday 9-12 | C4A 318 | KD |
| Wednesday 3-6  | C4A 318 | GM |
| Wednesday 6-9  | C4A 318 | GM |

You **MUST** attend only the class in which you are registered. In the event that you have to attend an alternative class for a particular week, you are required to notify the lecturer.

**TEACHING FORMAT:**

The course is structured around a 3 hour session each week. Most weeks this will consist of a lecture combined with some practical work. ALL homework will not be specifically covered in these sessions. Only the Discussion Questions set for homework will be discussed in class every week. These discussions will be student led so you are expected to come prepared to actively engage in discussion about these questions. Students will be chosen at random to lead the discussion. The remaining homework questions will have answers available for students to go through themselves, at their own pace. Lectures will provide students with the main concepts and techniques and homework provides the opportunity to apply the concepts to problems and exercises. The textbook provides many questions and extra detail which lectures may not cover and it is expected that students will cover this material in their own time. ***It is recommended students have a thorough understanding of the homework, as this is the most basic level of understanding which is expected.*** To this end, some time will be set aside each week to handle any queries, problems etc arising from the homework material related to the previous week's lecture. Obviously, most benefit will be gained from these sessions if you have attempted the homework and identified any problems.

Apart from the Discussion Questions, answers to homework questions will be available from the unit webpage (see below).

Discussion questions with NO answers available are for discussion within the class. Each student should come to class prepared to DISCUSS these questions (see Participation).

Lecture slides **MUST** be downloaded and brought to each class. These are available through the textbook website.

Class attendance is highly recommended. **You must attend the class you are registered in**, and only under special circumstances will changes be allowed. This does not apply to the Monday 12-3 class in the two weeks where Monday is a public holiday. In the two public holiday weeks, students are expected to attend any other class that week.

Students are encouraged to read the prescribed chapter in the textbook **prior** to attending each class in order to gain maximum benefit from the course.

### **ADDITIONAL REFERENCES:**

Current editions of:

Petty, Scott, Martin, Burrow, Martin & Nguyen, "Financial Management", Pearson  
Peirson, Brown, Easton, Howard, "Peirson and Bird's Business Finance", McGraw-Hill  
Brealey, Myers, Marcus, "Fundamentals of Corporate Finance", McGraw-Hill

### **CALCULATOR:**

A calculator will be **required** for the course. More detail will be provided in Week 1.

### **ASSESSMENT:**

|  |             |
|--|-------------|
| Participation, Discussion<br>of Homework Questions,<br>Presentation of Lecture segment | 15%         |
| Group Assignment   | 15%         |
| Mid Trimester Examination  | 30%         |
| Final Examination  | <u>40%</u>  |
|  | <u>100%</u> |

To pass this Course it is necessary to:

- (i) perform satisfactorily in the Participation and Discussion of homework questions and satisfactorily present a segment of a lecture
- (ii) perform satisfactorily in the Group Assignment
- (iii) perform satisfactorily in the Mid Trimester Examination
- (iv) perform satisfactorily in the Final Examination
- (v) obtain a pass in the combined Examination component (ie you must pass the mid trimester and final exams added together)**
- (vi) obtain a pass overall

### **PARTICIPATION:**

**Attendance** is highly recommended.

**Participation** in class room activities and discussions is expected of all students. Attendance alone is not sufficient.

**Discussion of homework Questions:** As per the Lecture Outline on pages 8-9, there are Discussion Questions set for homework each week. The answers to these Questions will NOT be provided. Each student should come to class prepared to discuss their answer to these Questions. **A student will be chosen at random to lead the discussion and this will contribute toward the mark given for participation.** *Please note that reading your answer is not considered as satisfactory. You should be prepared to express your views with reference to your notes. The ability to involve other students in the discussion will be well regarded.*

**Presentation of a Lecture segment:** Each class, beginning in Week 3, a group of students will present a small and given part of the lecture. The group will know in advance which week they are presenting. The presentation should take a maximum of 20 minutes and could

include an explanation of the concept, how the concept applies to the real world, an example, an item in the press, a role play, a critical evaluation. Presentations which feature interaction with the class are encouraged. You are expected to research beyond the textbook. Each member of the group must take part in the oral presentation.

### **GROUP ASSIGNMENT:**

*Details of the Assignment will be posted on the unit website by the end of Week 2.*

**TWO COPIES of your assignment Report MUST BE SUBMITTED to the Assignment Box outside ERIC.**

Two copies of your assignment MUST be submitted, one for NCELTR to assess language, grammar, spelling, etc (5 marks) and the other copy assessed for technical content (10 marks).

**Note: There is sufficient scope in the assignment that EACH TEAM should produce a UNIQUE/DIFFERENT report, otherwise SIGNIFICANT penalties will apply if there is a suggestion of copying ideas from other teams.**

A typical structure for a Business Report follows:

- Title Page
- Table of Contents
- Executive Summary
- Introduction
- Body
- Conclusion, usually Recommendation
- Appendix
- Bibliography

This Trimester all ACCG858 students will be required to submit assignments electronically to the *Turnitin* website.

*Turnitin* is an internet database that identifies papers containing unoriginal material. All students will be given detailed instructions on how to register for and use the *Turnitin* website before the first assignment is released to students.

### **Assignment Submission Requirements**

When submitting assignments for ACCG858 students must complete all the steps below:

1. **Submit your assignment to *Turnitin*:** when you submit your assignment the *Turnitin* website will produce an **Originality Report**. You must print the **Originality Report** and hand it in with your assignment by the due date as instructed by your lecturer.
2. **A Cover Sheet** must be attached to the front of your assignment when submitted in hard copy. The cover sheet must be signed and dated. Coversheets can be downloaded from [http://www.efs.mq.edu.au/student\\_support/eric](http://www.efs.mq.edu.au/student_support/eric)

Detailed instructions explaining *Turnitin* and how students will be required to use this website for ACCG858 will be distributed to all students in class.

### **Important Information**

**Class ID: 2131337**

**Enrolment Password:       ACCG858**

You will need the above *Class ID* and *Enrolment Password* when you register and create your user profile in *Turnitin*.

*Some students may have used Turnitin in Trimester 3 2007. If you already have a user profile you do not need to create a new one. For instructions on how to enrol in a new class by adding it to your current user profile please refer to section 3 “Enrolling in a new Class” of your Turnitin Student User Guide.*

**PENALTIES WILL APPLY TO STUDENTS WHO FAIL TO FOLLOW THESE INSTRUCTIONS. IT IS THE STUDENT’S RESPONSIBILITY TO COMPLETE THESE REQUIREMENTS.**

***MID TRIMESTER EXAMINATION:***

The mid trimester examination will be held on Saturday, 1 March. The exam will be 2 hours in duration, worth 30% and will cover Topics 1-5.

***FINAL EXAMINATION:***

The final examination will be held within the final examination period, 14-19 April. It will cover Topics 6-12, will be worth 40% and will be 2.5 hours long. More details later.

***ONLINE RESOURCES: ACCG858 WORLD WIDE WEB SITE:***

The unit will have a World Wide Web site accessed through Macquarie University Online Learning @MQ, using the following URL:

<http://learn.mq.edu.au> (**this must be entered exactly**). Further technical information on the use of BlackBoard can be found at <http://online.mq.edu.au/docs/tecinf.html>.

The unit Web site is only available to students enrolled in ACCG858. It will be available from **Monday January 21<sup>st</sup>**.

The Website will contain important unit materials, including:

- Course details—An outline of the unit
- Announcements—notices updating students on important matters regarding the unit
- Group assignment
- Solutions to homework questions
- Results—for assignments and any other assessable material, when available

***UNIVERSITY POLICY ON GRADING:***

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion, your raw mark for a unit (ie., the total of your marks for each assessment item) may not be the same as the SNG which you receive. The process of scaling does not change the order of marks among students. A student who receives a higher mark than another will also receive a higher final scaled mark.

The policy does not require that a minimum number of students are to be failed in any unit.

For an explanation of the policy see

<http://www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc> or

<http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc>

### **MACQUARIE UNIVERSITY RULES AND REGULATIONS:**

All assessment is subject to the University's rules and information to students set out in the Handbook of Postgraduate Studies. You are particularly referred to rules of the various postgraduate awards; and with the Student Information regarding Plagiarism and Assessment.

#### ***Plagiarism***

To cheat in the context of university assignments, tests and examinations is to attempt to gain an unfair advantage by violating the principles of intellectual and scholarly integrity. Cheating also encompasses plagiarism, which the University defines in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the Handbook of Postgraduate Studies noted above, or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

### **STUDENT SUPPORT SERVICES:**

Macquarie University provides a range of Academic Student Support Services. Details can be accessed at: <http://www.student.mq.edu.au>

Further, NCELTR provides 3 streams of workshops specifically for MAcc students. See [www.accg.mq.edu.au/ss/macc/timetables](http://www.accg.mq.edu.au/ss/macc/timetables) for timetables of the three streams.

## LECTURE OUTLINE

| <b>WEEK and DATE</b>    | <b>TOPIC</b>   | <b>CHAPTER REFERENCE</b>   | <b>HOMEWORK<br/>Due following week</b>  |  |
|-------------------------|--|--|---|--|
| 1 21 January            | Introduction<br>Financial Statements,<br>Cash Flows and Taxes<br><br><i>NCELTR: Group assignment and teamwork skills</i> | Ch 1, omit 1.7<br>Ch 2<br><br><i>This is an important component of the unit,</i> | <b>Discussion Questions#</b><br>CQ 1.3<br>CQ 1.4<br>2.15<br><i>attendance is compulsory</i> | 2.5<br>2.13<br>2.21<br>2.22  |
| 2 28 January*           | Financial Analysis and Planning  | Ch 3 & 4   | CQ 3.4a&b<br>CQ 3.4c&d<br>CQ 4.2<br>4.19  | 3.5 3.8 3.10<br>3.28 4.3 4.4<br>4.9 4.10<br>4.27   |
| 3 4 February            | Time Value of Money  | Ch 5   | CQ 5.2<br>CQ 5.6a&b<br>CQ 5.6c&d  | 5.1 5.2 5.3<br>5.4 5.7 5.10<br>5.24 5.36<br>5.46 5.51<br>5.53 5.54                                   |
| 4 11 February           | Bond and Share Valuation<br>Capital market Efficiency  | Ch 6<br><br>Ch 10 only 10.6  | CQ 6.1c&d<br>CQ 6.2<br>6.6<br>10.18   | 6.5 6.10<br>6.12 6.13<br>6.17 6.26<br>6.27 10.19   |
| 5 18 February           | Risk and Return  | Ch 10 & 11   | CQ 10.5a&b<br>CQ 11.5a&b<br>CQ 11.5c&d<br>CQ 11.7a&b<br>CQ 11.10a&b                         | 10.3 10.8<br>10.23 11.2<br>11.5 11.8<br>(parts d & e amendment on Web)<br>11.17 11.18<br>11.24 11.26 |
| 6 25 February           | Financial Markets and Instruments  | Ch 14, omit 14.4<br>Ch 15, omit 15.4<br>Ch 16, only 16.1, 16.5, 16.7             | CQ14.2<br>CQ 14.5<br>14.3<br>CQ 15.5<br>CQ 15.7<br>15.7                                     | 16.12<br>16.14   |
| <b>Saturday 1 March</b> | <b>MID TRIMESTER</b>   | <b>EXAM</b>  |   |  |
| 7 3 March               | Investment Criteria  | Ch 7   | CQ 7.3<br>CQ 7.5<br>CQ 7.6  | 7.4 7.5 7.11<br>7.18 7.22<br>7.28  |
| 8 10 March              | Investment Decisions   | Ch 8   | CQ 8.2<br>CQ 8.3<br>CQ 8.4  | 8.4 8.7 8.9<br>8.14 8.17   |
| 9 17 March              | Investment Evaluation  | Ch 9   | CQ 9.3<br>CQ 9.4<br>9.8   | 9.2 9.4 9.11<br>9.19 9.20  |
| <b>Tues 18 Mar, 7pm</b> | <b>Group Assignment</b>  | <b>ERIC Box</b>  |   |  |
| 10 24 March*            | Cost of Capital  | Ch 17  | CQ 17.1<br>CQ 17.2<br>CQ 17.5   | 17.5 17.8<br>17.10 17.11<br>17.16 17.23  |
| 11 31 March             | Capital Structure Policy   | Ch 19  | CQ 19.5<br>CQ 19.6  | 19.2 19.3<br>19.10 19.17   |

|                    |                          |       |   |                                  |
|--------------------|--------------------------|-------|---|----------------------------------|
|                    |                          |       | CQ 19.9   | WebQ 1, 2, 3                     |
| 12 7 April         | Dividend Policy          | Ch 18 | CQ 18.1c<br>CQ 18.2b<br>CQ 18.3<br>CQ 18.5<br>CQ 18.6 | 18.1 18.4<br>WebQ 1, 2, 3<br>& 4 |
| <b>14-19 April</b> | <b>FINAL EXAM PERIOD</b> |       |   |                                  |

# Discussion Questions can include Concept Questions (CQ) from within the body of the chapter. For example, CQ 1.3 refers to the 3 Concept Questions on page 13 of the text.

\* Monday 28 January and 24 March are public holidays and no classes will be held. Students registered in Monday 12-3 class are expected to attend another class for these two weeks only (see page 3 for alternative times).