ACCG253
Financial Management

2005
Semester 2

MACQUARIE UNIVERSITY
Division of Economic and Financial Studies
ACCG253 Financial Management
Unit Outline

Year and Semester: 2005, Semester 2
Unit convenor: Sue Wright
Prerequisites: ACCG100 or 105, ECON 111 or BBA103, STAT170 or 171, ACST101, 27cps or gpa of 2.0
Credit points: 3

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

- This unit provides a general introduction to corporate finance. There are two aspects to the content:
  - The fundamental principles: the importance of cash flows, the positive relation between risk and return, and valuation by discounting future cash flows.
  - The applications: how the principles are used by companies in making key financial decisions about investments, capital structure, dividends, and risk management.

- This unit is a required unit for accounting, actuarial and business majors, and is a pre-requisite for finance majors for further units in ACCG, ECON and ACST. We hope to enthuse all of you to take more finance units in the future!

- The Macquarie University Accounting and Finance Prize for ACCG253, worth $100, will be awarded to the student with the best performance in this unit.

UNIT WEB PAGE

- The web page for this unit is found at: http://online.mq.edu.au. It contains all information provided in this unit outline, as well as copies of lecture transparencies, tutorial solutions and announcements and changes made during the semester. Please consult it regularly.

FULL TIME TEACHING STAFF

Name	Role in unit	Room	Phone	Email
Charlene **Chen**	Unit Administrator, Tutor	C5C447	9850 9285	cchen@efs.mq.edu.au
Nidal **Danoun**	Adjunct Lecturer, Tutor			ndanoun@efs.mq.edu.au
Egon **Kalotay**	Tutor	C5C437	9850 8490	ekalotay@efs.mq.edu.au
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Philip **Sinnadurai**	Tutor	C5C427	9850 7101	psinnad@efs.mq.edu.au
Brett **Wheldon**	Adjunct Lecturer			B.Wheldon@uws.edu.au
Sue **Wright**	Unit Convenor, Lecturer, Tutor	C5C429	9850 8521	swright@efs.mq.edu.au

Enquiries about lecture material should be directed to the relevant lecturer.

All other enquiries about the unit should be directed to accg253@efs.mq.edu.au. Your enquiry will be redirected to the appropriate staff member.

A consultation timetable will be provided at the beginning of the semester.

REQUIRED AND SUGGESTED TEXTS AND RESOURCES

- Ross, Thompson, Christensen, Westerfield and Jordan, Fundamentals of Corporate Finance, 3rd edition, McGraw-Hill Irwin Australia, 2004.
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    - This **required** text is available in the Co-op Bookshop.

- E-workbook for ACCG253 Financial Management (www.perdisco.com.au/login)

    - This is a **suggested** online study resource, which uses interactive questions with personalised feedback, to provide you with unlimited practice of key concepts. To start using the ACCG253 Financial Management e-workbook, visit www.perdisco.com.au/login and click on 'Create new account'. The e-workbook costs $29.70 for unlimited access throughout the semester.

CLASSES

- There are two streams for lectures, **Stream A** on Mondays at 8am and 6pm in Macquarie Theatre, and **Stream B** at 4pm on Wednesdays and Mondays in Price Theatre and 10am on Wednesdays in C5CT1. You **must** attend your allocated lecture stream and lecture time.

- Lectures have been streamed to prevent students swapping their lecture time from that which they enrolled in, because this frequently results in overcrowding of theatres at the more popular times. The two streams will cover the same topics, with the same lecturers for each topic, but will start the sequence of topics at different points. This means that the lecture topics for Streams A and B will be different in each week from Week 2 to Week 12.

- It is very important that you attend a tutorial that matches your lecture stream. The information about the streaming of tutorials is provided on the unit webpage, to ensure that it is up to date with student enrolments. You **must** attend your allocated tutorial class.

- All changes to tutorials and lecture streams must be done using e-student. If your allocated lecture stream is not convenient, and you are unable to swap to a more convenient time, you should carefully consider your priorities, and/or take the unit next semester.

LEARNING OUTCOMES

- By reading the textbook each week, you will improve your knowledge of the world of business.

- By preparing answers to the tutorial/workshop questions before each class, you will experience problem solving and theoretical questions.
    - Through problem solving, you will strengthen your analytical and quantitative skills.
    - Through theoretical questions, you will improve your ability to express your ideas verbally and in writing.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

- The learning outcomes of this unit are assessed in two mid-semester tests and the final examination: as follows:
    - Tutorial Attendance and Participation   10%
    - Mid-semester tests (2 x 15%)   30%
    - Final Examination   60%

In order to pass this unit, you must sit the both mid-semesters tests for your lecture stream, and pass the final examination and the unit overall.

- The mid-semester tests are as follows:

Stream and Test	Textbook Chapters	Date	Time
A - Test 1	1, 2, 6, 10, 11	27th August	10am
A - Test 2	7, 8, 19	29th October	2pm
B - Test 1	1, 2, 6, 19	20th August	10am
B - Test 2	10, 11, 7, 8	22nd October	2pm

- Attendance at the mid-semester tests is compulsory. An unavoidable non-attendance due to a prior commitment must be explained in writing to the lecturer-in-charge at least two weeks prior to the test. An unavoidable non-attendance due to illness must be supported by appropriate documentation immediately after the test. In both cases, the weighting of the final examination will be increased. Other non-attendance will result in zero marks.

- The tests and the final exam will contain a mixture of question types, including multiple choice, short-answer questions, and longer quantitative and analytical problems. The final exam will cover all topics. Tutorial questions and problems covered in lectures provide good guidance to the type of questions that will be asked. No questions will be taken from, or based on questions from the e-workbook online resource, except by coincidence.

- Programmable calculators and translation dictionaries are **not** permitted in the mid-semester tests or the final exam.

- Tutorial attendance is compulsory, and attendance will be recorded weekly. The assessment component will be based on the student's assignment submissions, attendance record and contributions in class.

TEACHING AND LEARNING STRATEGY

The material in this unit is presented in the weekly lectures, and discussed in tutorials using tutorial questions as the basis for discussion. In order to succeed in this unit, you need to keep up to date with the material each week, by:

- Keeping up to date with any unit **announcements** by consulting the web page each week.

- Buying the **textbook** and obtaining a copy of all of the **lecture notes** each week; and **reading** the textbook each week.

- **Attending** all lectures and tutorials/workshops.

- **Preparing answers** to the tutorial/workshop questions before each class.
    - It is particularly important to come to the tutorial having made an attempt at each question, and then annotating your assignment from the tutorial discussion and solutions in class.
    - Your annotated assignment will provide a basis for revision and study, indicating what you understood and what you need to revise. A perfect set of solutions from the webpage is of no help in distinguishing why wrong answers are wrong.

- **Revising** the material each week, and **consulting a tutor** in the week in which you have unresolved problems with the material – <u>not</u> leaving it to the end of the unit.

EXAMINATIONS

The University Examination Period in second semester 2005 is from 16th November to 2nd December inclusive.
Students are expected to present themselves for examination at the time and place designated in the University Examination Timetable. The timetable will be available in draft form approximately eight weeks before the commencement of the examinations and in final form approximately four weeks before the commencement of the examinations, at http://www.timetables.mq.edu.au/exam

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances a student may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at http://www.reg.mq.edu.au/Forms/APSCon.pdf

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled as soon as possible after the conclusion of the official examination period.

Students are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is, the final day of the official examination period.

STUDENT SUPPORT SERVICES

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

The Division of Economic and Financial Studies operates the Economic Resources and Information Centre (ERIC), which provides useful resources for students, as well as an assignment collection facility.

PLAGIARISM

The University defines plagiarism 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. Students must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* 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 a student is found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

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

It is unlikely that the raw mark for a unit (i.e., the total of the marks for each assessment item) will be the same as the SNG. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

The policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

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.

LECTURE, TUTORIAL AND ASSESSMENT SCHEDULE

Week	Date	STREAM A (Monday 8, 6; Macquarie Theatre)				STREAM B (Wednesday 4, Monday 4; Price Theatre and Wednesday 10; C5CT1)			
		Topic	Textbook Chapter	Lecturer	Assignments and Tests	Topic	Textbook Chapter	Lecturer	Assignments and Tests
1	1 Aug	Introduction	1, 2, 6	SW	No tutorials this week	Introduction	1, 2, 6	SW	No tutorials this week
2	8 Aug	Portfolio Theory	11	AP	Hand-in assignment*, 1.3, 2.4, 2.6, 2.15, 2.17, 2.18, 6.13, 6.17	Dividends	19	ND	Hand-in assignment*, 1.3, 2.4, 2.6, 2.15, 2.17, 2.18, 6.13, 6.17
3	15 Aug	Efficient Markets Hypothesis	10 (pp 339 – 344)	AP	Additional Questions 1 - 3	Capital Structure	20	RP	*Test chs 1, 2, 6, 19* 19.2, 19.9, 19.21, 19.22, 19.23, 19.25
4	22 Aug	Capital Investments	7	BW	*Test chs 1, 2, 6, 10, 11* Additional Questions 4 - 13	Options	21	RP	20.5, 20.6, 20.9, 20.14, 20.18, 20.23
5	29 Aug	Capital Investments	8	BW	7.1, 7.2, 7.10, 7.15, 7.17, 7.19, 7.28	Portfolio Theory	11	AP	21.2, 21.4, 21.11, 21.14, 21.15, 21.17, 21.19
6	5 Sept	Current Investments	12, 13, 14	BW	8.8, 8.6, 8.7, 8.9, 8.14, 8.17	Efficient Markets Hypothesis	10 (pp 339 – 344)	AP	Additional Questions 1 - 3
7	12 Sept	Long-tem Financing	16, 17	ND	12.6, 12.12, 12.15, 13.6, 13.23, 14.9, 14.11, 14.15	Capital Investments	7	BW(Mon) /SW (Wed)	Additional Questions 4 - 13
		Mid Semester Break							

8	3 Oct: Public Holiday (no classes this week)									
9	10 Oct	Cost of Capital	18	ND	16.6, 16.19, 16.21, 17.2, 17.3, 17.11, 17.13, 17.18	Capital Investments	8	BW(Mon) /SW (Wed)	7.1, 7.2, 7.10, 7.15, 7.17, 7.19, 7.28
10	17 Oct	Dividends	19	ND	18.3, 18.4, 18.5, 18.8, 18.20, 18.24, 18.25	Current Investments	12, 13, 14	BW(Mon) /SW (Wed)	*Test chs 10, 11, 7, 8* 8.8, 8.6, 8.7, 8.9, 8.14, 8.17
11	24 Oct	Capital Structure	20	RP	*Test chs 7, 8, 19* 19.2, 19.9, 19.21, 19.22, 19.23, 19.25	Long-tem Financing	16, 17	ND	12.6, 12.12, 12.15, 13.6, 13.23, 14.9, 14.11, 14.15
12	31 Oct	Options	21	RP	20.5, 20.6, 20.9, 20.14, 20.18, 20.23	Cost of Capital	18	ND	16.6, 16.19, 16.21, 17.2, 17.3, 17.11, 17.13, 17.18
13	7 Nov	Summary and Review		SW	21.2, 21.4, 21.11, 21.14, 21.15, 21.17, 21.19	Summary and Review		SW	18.3, 18.4, 18.5, 18.8, 18.20, 18.24, 18.25

<u>Hand-in Assignment:</u> Questions 1.5, 2.7, 6.1, 6.2, 6.25.
<u>Additional Questions:</u> See page 10 of this outline.