



**Division of Economic and Financial Studies (EFS)  
Department of Accounting and Finance (DA&F)**

**Unit Outline\* (Short Form)  
1<sup>st</sup> Half Year 2008**

**ACCG253 FINANCIAL MANAGEMENT**

*"...Finance is not...a set of formulas. Rather, it is the consistent application of a few sensible rules and themes."  
Grinblatt & Titman (2002)*

- Unit-convenor:** Toomas Truuvert. Room E4A228. Phone (02) 9850-8524.
- Pre-requisites:** (ACCG100 or ACCG105) and (ECON111 or BBA103) and (STAT170 or STAT171) and ACST101 and (27cp or GPA of 2.00).
- Required text:** Financial Management 2008 (ACCG253) Prepared by Toomas Truuvert. Note: use only this text for Quiz and End-of-semester (Final) Examination study.
- Unit Outline:** Should be read in the 1<sup>st</sup> lecture week (L01). It contains important information on continuous assessment, including on-line quiz taking procedures. Note: if content seems unclear, contact the Unit-convenor.

\*Available through the ACCG253 On-line Teaching Facility (OLTF).

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## 0. Unit Description

This introductory unit in corporate finance focuses on the financing and investment decisions made by finance managers. While the emphasis is on the theory of the firm, exposure is also given to current issues affecting corporate finance in Australia.

A satisfactory completion of the unit achieves a basic understanding of fundamental principals and applications in the following topics: capital budgeting, security valuation, asset pricing, capital structure, and options pricing. It provides a standalone introduction to finance for students not planning to continue with study in the area. For students intending to further their study of finance, the unit provides a conceptual basis for more advanced units.

In addition to the discipline-based learning objectives, this unit seeks to enhance several fundamental generic skills, namely: analytical skills, problem solving skills, numeracy skills and discussion skills.

## 1. Learning Outcomes

On successful completion of this unit, students should be able to:

- a) Explain the financing and investment decisions as they apply to corporate finance.
- b) Possess a basic working knowledge of the fundamental principals of topics taught in this unit.
- c) Apply this knowledge to everyday financing and investment decisions in corporate finance.

## 2. Staff/Lecturers

The ID identifies lecturers in the lecture schedule [see: heading “Schedule”].

Staff	ID	Location (E4A)	Phone (Ext.)
PERERA, Ryle (Dr.)	RP	229	8578
SADEGHI, Mehdi (Dr.)	MS	514	8527
TRUUVERT, Toomas (Mr.)	TT	228	8524
WALTER, Terry (Prof.)	TW	232	9282

## 3. Work Load

Weekly attendance at lectures and tutorials, weekly lecture pre-reading, weekly attempts at tutorial exercise sets, study for assessments, quizzes and the End-of-semester (Final) Examination (and/or the Supplementary End-of-semester (Final) Examination) are part of the work load.

The University anticipates that one (1) credit point in a half-year unit involves, on average, three (3) hours of work each week in that half-year [see: <http://www.reg.mq.edu.au>]. Therefore, plan for a work load of about nine (9) hours, on average, per week.

## 4. Learning and Teaching Strategy

The unit is taught by both lecture and tutorial. Given the unit’s quantitative emphasis, solutions to tutorial exercises may seldom appear either as a timely flash of inspiration or as a product of persistent application of one preferred method.

Therefore, if unit content is found to be challenging, attendance and participation in Peer Assisted Learning (PAL) workshops is recommended [see: heading “Peer Assisted Learning (PAL)”]. The PAL workshops approach successfully provided student learning support in 2<sup>nd</sup> semester 2007. Hence, in 1<sup>st</sup> semester 2008 PAL continues to be a recommended component of learning strategy in this unit. Note: PAL workshops are not intended as a substitute for weekly attendance and participation at tutorial classes and weekly attempts at tutorial exercise sets.

As an additional component of a learning strategy the publisher provided and maintained on-line revision type tools are recommended. Especially, for on-line quiz taking practice and study [see: heading “Continuous Assessment/Tasks”].

## 5. University/Division/Department Policy

Further to policy in the Handbook of Undergraduate Studies 2008 [see: <http://www.handbook.mq.edu.au>], both EFS and DA&F policy apply [see: [http://www.efs.mq.edu.au/student\\_support/important\\_policies](http://www.efs.mq.edu.au/student_support/important_policies)]. The Cheating and Plagiarism Policy applies to each assessment task in this unit [see: [http://www.efs.mq.edu.au/student\\_support/important\\_policies/cheating\\_and\\_plagiarism](http://www.efs.mq.edu.au/student_support/important_policies/cheating_and_plagiarism)].

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## 6. Schedule: ACCG253 Financial Management 1<sup>st</sup> Half Year 2008

Lecture Week & [Lecturer] <sup>1</sup>	Monday	Lecture Topic <sup>2</sup>	Lecture Pre-reading <sup>3</sup>	Tutorial Week	Tutorial Exercise Set
L01 [TT]	25 Feb	Unit "Preview" & Financial Mathematics <i>"Compound interest" &amp; "Annuities" &amp; "General annuities" (Discrete time)</i>	KZB Ch 2, 3, 4 & 5 in TT (2008)	-	None
L02 [TT]	03 Mar	The Fisher Framework <i>"Consumption, investment and the capital market"</i>	PBEHP (9 <sup>th</sup> ed.) Ch 2 in TT (2008)	T01	Not specified in the short form Unit-outline.
L03 [TW]	10	Capital Budgeting I: <i>"Net Present Value and other investment criteria"</i>	RTBWJ (1 <sup>st</sup> ed.) Ch 8 in TT (2008)	T02	Not specified in the short form Unit-outline.
L04 [TW]	17 <sup>4</sup>	Capital Budgeting II: <i>"Making capital investment decisions"</i>	RTBWJ (1 <sup>st</sup> ed.) Ch 9 in TT (2008)	T03	Not specified in the short form Unit-outline.
L05 [TW]	24	Security Valuation I: <i>"Interest rates and bond valuation" and "Bonds"</i>	RTBWJ (1 <sup>st</sup> ed.) Ch 6 KZB Ch 7.1–7.4 & 7.6–7.7 in TT (2008)	T04	Not specified in the short form Unit-outline.
L06 [RP]	31	Security Valuation II: <i>"Equity markets and share valuation"</i>	RTBWJ (1 <sup>st</sup> ed.) Ch 7 in TT (2008)	T05	Not specified in the short form Unit-outline.
L07 [RP]	07 Apr	Asset Pricing I: <i>"Risk and return"</i>	RWJ (8 <sup>th</sup> ed.) Ch 10 in TT (2008)	T06	Not specified in the short form Unit-outline.
Mid-semester Break					
L08 [RP]	28	Asset Pricing II: <i>"Risk and return"</i>	RWJ (8 <sup>th</sup> ed.) Ch 10 in TT (2008)	T07	Not specified in the short form Unit-outline.
L09 [RP]	05 May	Capital Structure I: <i>"Basic concepts"</i>	RWJ (8 <sup>th</sup> ed.) Ch 15 in TT (2008)	T08	Not specified in the short form Unit-outline.
L10 [MS]	12	Capital Structure II: <i>"Cost of capital"</i>	RTBWJ (1 <sup>st</sup> ed.) Ch 12 in TT (2008)	T09	Not specified in the short form Unit-outline.
L11 [MS]	19	Option Valuation I: <i>"Options and corporate finance"</i>	RWJ (8 <sup>th</sup> ed.) Ch 22 in TT (2008)	T10	Not specified in the short form Unit-outline.
L12 [MS]	26	Option Valuation II: <i>"Extensions and applications"</i>	RWJ (8 <sup>th</sup> ed.) Ch 23 in TT (2008)	T11	Not specified in the short form Unit-outline.
L13 [TT]	02 Jun	Unit "Review" & End-of-semester (Final) Examination "Overview"	None	T12	Not specified in the short form Unit-outline.

<sup>1</sup> Lecturer names and contact details are listed under Heading "Staff/Lecturer".

<sup>2</sup> Lecture content is set out in detail in the Lecture Topic Notes ("Handouts"), see Heading "Lecture/Notes".

<sup>3</sup> **KZB** = Knox, Zima & Brown (2007) Mathematics of Finance. (2<sup>nd</sup> ed.) Irwin Mc-Graw Hill. **PBEHP** = Peirson, Brown, Easton, Howard & Pinder (2006) Business Finance (9<sup>th</sup> ed.) McGraw-Hill. **RTCWJ** = Ross, Thompson, Christensen, Westerfield & Jordan (2007) Fundamentals of Corporate Finance (4<sup>th</sup> ed.) McGraw-Hill Irwin. **RTBWJ** = Ross, Traylor, Bird, Westerfield & Jordan (2007) Essentials of Corporate Finance (1<sup>st</sup> ed.) McGraw-Hill. **RWJ** = Ross, Westerfield & Jaffe (2007) Corporate Finance (8<sup>th</sup> ed.) McGraw-Hill. **TT** = Financial Management 2008 (ACCG253) Prepared by Toomas Truuvert. Any change to "Lecture Pre-reading" is announced in lecture and on the On-Line Teaching Facility (OLTF).

<sup>4</sup> Friday 21<sup>st</sup> March is a Public Holiday. Therefore, lectures, tutorial classes and consultations scheduled for this day are cancelled. Yet, any other lecture and tutorial class where seating is available could be attended this week. Note: the Thursday lecture room (E7B MASON) capacity is 495 seats. Lecture rooms may be booked to near room capacity. A lecture should not begin unless students are seated appropriately and safely. A Thursday lecture is audio recorded weekly and is released through "iLecture", usually within 24 hours (a link is available at the ACCG253 OLTF).