Unit Outline*

FINA8530

Managerial Finance

D1-OFF (QT1) 2012
Singapore

Dr Ian Dunlop

Business School

www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Introduction

Welcome to Managerial Finance from Ian Dunlop who coordinates this unit. I hope this unit will be of use to you not only in your professional life but in your personal life as well.

This core unit presents a basic set of financial concepts and tools which managers need to make sound decisions when considering a wide range of financial problems facing the firm. Students who take this unit will gain a clear understanding of the principles underlying the effective use of financial capital - over time, in an uncertain environment, and when faced with many possible investment projects. Because this is a first principles course at the graduate level, students will gain experience in applying a range of analytical tools and techniques, and have the chance to exercise these tools in diverse problem settings.

A sampling of topics covered in this course (in addition to those listed in the unit description) includes subjects such as: why finance is useful for managers; the financial foundations of the firm; the institutional setting of finance, methods of investment appraisal, and an introduction to international finance, as well as a range of contemporary financial issues.

I have worked for CSR Ltd for 11 years after completing my BSc at Victoria University Wellington New Zealand. During this time I did a part-time BCom (Hons) at the University of NSW. I then taught for 12 years in Queensland and completed my PhD at the University of Queensland. I have taught at UWA for 23 years, mainly in MBA courses. My main areas of research and consulting are derivative securities and option pricing.

I am now retired from full-time teaching although I still teach a number of UWA finance units in Singapore, Manila and Perth. I am also the Treasurer of a charity in Perth.
Unit content
This unit introduces the basic concepts in financial management. Topics include capital markets and sources of finance; financial mathematics; capital budgeting; diversification and portfolio theory; risk and return relationships; and working capital management.

The goal of the unit
Managerial Finance aims to develop in student’s an ability to

- understand how managers approach financial problems,
- recognise the fundamental financial component in problems and issues commonly faced by managers,
- identify and break down key financial problems which play a role as determinants of business and organisational outcomes,
- carry out financial analyses of management problems to facilitate management decision making,
- interpret and present the results of finance analysis in a useful format for those non-financial managers,
- understand the organisation’s interface with the external financial environment.

Learning outcomes
On completion of this unit, you should be able to:

<table>
<thead>
<tr>
<th>#</th>
<th>Outcome</th>
<th>Assessment Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify and describe the internal and external financial structures of which their organisation is a part</td>
<td>1, 2</td>
</tr>
<tr>
<td>2</td>
<td>Assess where and how to finance projects which the firm is considering</td>
<td>1, 2</td>
</tr>
<tr>
<td>3</td>
<td>Determine whether or not to undertake a particular investment project,</td>
<td>1, 3, 5, 6</td>
</tr>
<tr>
<td>4</td>
<td>Understand the relationship between risk and return when evaluating different investments</td>
<td>1, 4, 6</td>
</tr>
<tr>
<td>5</td>
<td>Discuss the pros and cons of various investment vehicles.</td>
<td>1, 3, 5, 6</td>
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</tbody>
</table>

Completion of this unit will also enable enrolment in other finance courses (contingent on prerequisites) both inside and outside of the UWA Business School.

Educational principles and graduate attributes
In this unit, you will be encouraged and facilitated to develop the ability and desire to:

- Demonstrate the ability to apply the concepts of value maximization to financial decisions of an entity;
- Demonstrate the ability to apply, synthesise and evaluate information from multiple sources to make decisions about the financial management and performance of entities;
- Demonstrate the ability to work effectively in both independent and team situations to resolve financial problems and make decisions about the entities financial management; and
- Demonstrate the ability to understand and use derivative securities to manage entities financial risks.
TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies
Learning in this unit is achieved by a combination of lectures, problems and a group assignment.

The lectures cover the relevant theory and discuss the practical application of the theory. The problems, which are discussed in the tutorials, are designed to enhance your understanding of the theory and problem solving in finance.

Finally, the assignment is designed to give you insight into a major problem in finance, the evaluation of a long term investment. This is done in a group environment so you can learn from the ideas of other students.

Teaching and learning evaluation
You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students' Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

I am always interested in student feedback in the form of SPOTS and through the student representatives and the comments that you make. These are taken into account when revising the unit. For example the use of computer tests resulted from the feedback I received from the 2010 Singapore students.

Attendance
Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’. Where a student, due to exceptional circumstances, is unable to attend a scheduled class, they are required to obtain prior approval of the unit coordinator to be absent from that class. Any student absent from class without having had such absence approved by the unit coordinator may be referred to the faculty for advice and may be required to withdraw from the unit.
**CONTACT DETAILS**

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>Ian Dunlop</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:Ian.dunlop@uwa.edu.au">Ian.dunlop@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>+61 8 9386 1826 (home) or +61466975430 (mobile)</td>
</tr>
<tr>
<td><strong>Fax:</strong></td>
<td>+61 8 6488 1072 (UWA)</td>
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<table>
<thead>
<tr>
<th>Lecture dates and times:</th>
<th></th>
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<tbody>
<tr>
<td><strong>Block 1</strong></td>
<td></td>
</tr>
<tr>
<td>12 January 7.00pm – 10.00pm</td>
<td></td>
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<tr>
<td>13 January 7.00pm – 10.00pm</td>
<td></td>
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<tr>
<td>14 January 9.00am – 6.00pm</td>
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<tr>
<td><strong>Block 2</strong></td>
<td></td>
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<tr>
<td>16 February 7.00pm – 10.00pm</td>
<td></td>
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<tr>
<td>17 February 7.00pm – 10.00pm</td>
<td></td>
</tr>
<tr>
<td>18 February 9.00am – 6.00pm</td>
<td></td>
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| Lecture venue:           | PSB Academy |

<table>
<thead>
<tr>
<th>Tutor</th>
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<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>June Neo</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:juneneo@ymail.com">juneneo@ymail.com</a></td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>TBA</td>
</tr>
<tr>
<td><strong>Consultation hours:</strong></td>
<td>TBA</td>
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</table>

<table>
<thead>
<tr>
<th>Tutorial dates and times:</th>
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</thead>
<tbody>
<tr>
<td>7.00pm – 10.00pm</td>
<td></td>
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<tr>
<td>31 January</td>
<td></td>
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<tr>
<td>7 February</td>
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<tr>
<td>28 February</td>
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<td>6 March</td>
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</table>

| Tutorial Venue: | PSB Academy |
TEXTBOOK(S) AND RESOURCES

Unit website
The unit uses LMS (Learning Management System) which can be found at

Text book web site McGraw-Hill Connect. Students must register at this web site. Details will be
provided at Block Teaching I.

Recommended/required text(s)
McGraw-Hill with Connect.

Software requirements
A word processor and spread sheet such as Microsoft word and excel.

Additional resources and reading material
Berk & DeMarzo, "Corporate Finance" Pearson Education 2007


Brealey, Myers & Marcus (BMM): 'Fundamentals of Corporate Finance: International Edition",

Frino et al; “Introduction to Corporate Finance” Pearson Prentice Hall, 2004


Van Horne, Wachowicz, Davis & Lawriwsky, (VANHORNE): "Financial Management and Policy in

Journals
Accounting and Finance
Financial Management/Executive
Journal of Accounting and Economics
Journal of Accounting Research
Journal of Finance
Journal of Financial Economics
Journal of Financial and Quantitative Analysis
## UNIT SCHEDULE

Full Details are given in the Session Guide

<table>
<thead>
<tr>
<th>Block Teaching 1</th>
<th>TOPICS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Session 1 and 2</strong></td>
<td>Thursday 12 January</td>
</tr>
<tr>
<td><strong>Session 3 and 4</strong></td>
<td>Friday 13 January</td>
</tr>
<tr>
<td><strong>Session 5</strong></td>
<td>Sunday 14 January</td>
</tr>
<tr>
<td><strong>Session 6 and 7</strong></td>
<td>Sunday 14 January</td>
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</tbody>
</table>

Tutorials based on directed study

| **Session 8** | Tuesday 31 January | 7.00pm – 10.00pm |
| **Session 9** | Tuesday 7 February | 7.00pm – 10.00pm |

<table>
<thead>
<tr>
<th>Block Teaching 2</th>
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</thead>
<tbody>
<tr>
<td><strong>Session 10 and 11</strong></td>
<td>Thursday 16 February</td>
</tr>
<tr>
<td><strong>Session 12 and 13</strong></td>
<td>Friday 17 February</td>
</tr>
<tr>
<td><strong>Session 14</strong></td>
<td>Saturday 18 February</td>
</tr>
<tr>
<td><strong>Session 15 and 16</strong></td>
<td>Saturday 18 February</td>
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</tbody>
</table>

Tutorials based on directed study

| **Session 17** | Tuesday 28 February | 7.00pm – 10.00pm |
| **Session 18** | Tuesday 6 March | 7.00pm – 10.00pm |
| **Final Examination** | Saturday 24 March | 9.00am – 11.10am |
ASSESSMENT MECHANISM

The purpose of assessment
There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due Date</th>
<th>Relates to Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Tutorial Participation</td>
<td>6%</td>
<td></td>
<td>1 to 5</td>
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<tr>
<td>(2) On line Test 1</td>
<td>13%</td>
<td>27 to 29 January</td>
<td>1, 2</td>
</tr>
<tr>
<td>(3) On line Test 2</td>
<td>13%</td>
<td>10 to 12 February</td>
<td>3, 5</td>
</tr>
<tr>
<td>(4) On line Test 3</td>
<td>13%</td>
<td>2 to 4 March</td>
<td>4</td>
</tr>
<tr>
<td>(5) Group assignment</td>
<td>25%</td>
<td>10 March</td>
<td>3, 5,</td>
</tr>
<tr>
<td>(6) Final Examination</td>
<td>30%</td>
<td>24 March</td>
<td>3, 4, 5</td>
</tr>
</tbody>
</table>

Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

Assessment components

**Tutorial Participation (6%)**

This mark is allocated by your tutor on the basis of tutorial attendance, preparedness and participation.

**On line tests (3 x 13% = 39% Total)**

There are three 45 minute on line tests. These tests are each open for three days and are done by logging on to this unit on McGraw-Hill Connect. The tests open at 0.01 on the first day and close at 23.59 on the last day. The test finishes at the end of 45 minutes but allows you to complete the question you are working on. You can only do each test once. The tests consist of multiple choice questions and can be done anywhere you have a computer connected to Connect. The tests are open book. If you are part way through a test at the closing time you will not able to complete the test.

There is a tryout test on Connect which you can do as often as you like to familiarised yourself with the test procedures.
**Group Assignment (25%)**

The assignment is a capital budgeting problem. It is to be done in groups of up to but not exceeding four students. The final report is not to exceed 10 typed pages although there is no limit on appendices. An example of a past assignment and the answer will be available to you on the Managerial Finance WebCT. A marking guide will be provided.

Details of this assignment are on Connect.

**Final exam (30%)**

The final examination is 2 hours 10 minutes. A formula sheet is supplied. Examples of past examination papers are included in the material provided for you on WebCT. Normally, the final examination covers mainly the material from the second half of the course. You will be advised via WebCT of the details of this examination prior to sitting. This is a closed book examination. Approved calculators may be used. You must obtain at least 45% in the final examination to pass this unit. You may bring to the examination one A4 page of notes. You can write on both sides of this A$ page.

**Submission of assignments**

Please remember to attach an Assignment Cover Sheet to the front of your assignment. Your assignments are to be emailed as attachments to ian.dunlop@uwa.edu.au

**Student Guild**

Phone: (+61 8) 6488 2295  
Facsimile: (+61 8) 6488 1041  
E-mail: enquiries@guild.uwa.edu.au  
Website: http://www.guild.uwa.edu.au

**Charter of Student Rights and Responsibilities**


**Appeals against academic assessment**

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer http://www.secretariat.uwa.edu.au/home/policies/appeals ).