



Unit Outline: BA925 Financial Policy

School/Division:	Business
Unit Title:	Financial Policy
Unit Code:	BA925
Level:	Advanced
Pre-requisites:	BA401 Accounting and Finance
Co-requisites:	None
Exclusions:	BA936 Financial Management
Credit Points:	15
ASCED Code:	080101

Objectives: Entities require financial policy settings which are consistent with the nature of the business and which support the broad commercial objectives of the organisation. This unit provides students with an understanding of the domain of financial policy, and equips them with the theory and analytical tools to help inform and evaluate management decisions from the perspective of the financial manager.

Issues covered include the management of working capital, the evaluation of investment opportunities, the pricing of financial securities, debt vs equity financing and the apportionment of profit between shareholder dividends and the needs of the entity to fund growth.

Knowledge

- To understand the financial characteristics of various financial policies including investment in assets and capital structure
- To understand the key factors affecting financial performance
- To understand the features of specific forms of domestic and international business finance and identify the circumstances when each is appropriate
- To understand the key factors affecting financial performance
- To understand the principles of risk minimisation strategies including exchange rate and interest rate risk management

Skills

- To evaluate the effects of alternative financial policies including investment in assets and capital structure
- To calculate a firm's cost of capital and identify the uses of this information



- To evaluate alternative growth scenarios and related financing needs and ensure that the firm has an appropriate mix of finance for various stages of development
- To select appropriate risk minimisation strategies those are consistent with management policies and preferences.

Values

- To appreciate the complexity of the domestic and international financial environment
- To appreciate the dynamic nature of financial management and the need to monitor financial performance
- To develop social responsibility and ethical values in financial management and administration
- To appreciate the need to keep abreast of developments in financial instruments, institutions and markets

Content

- Financial statement analysis: the financial characteristics of a firm, basic asset and financing structures and strategies
- Pricing of financial assets
- Financial forecasting: assessing the impact of corporate growth on financial needs, the notion of sustainable growth
- Analysis of capital investments
- Principles of diversification: risk/return trade-off and the Capital Asset Pricing Model (CAPM)
- Risk minimisation strategies: exchange rate and interest rate risk management
- Sources and types and cost of finance: short, medium and long term finance from the domestic and international markets
- Contemporary financial instruments, such as futures contracts and options, may be examined in addition to the traditional forms such as debentures, leasing, factoring and the various forms of equity finance
- Management of assets: current asset management and strategic investment in long term assets

Learning Tasks and Assessment:

Learning Task	Assessment	Weighting
Classes, at which unit topics are introduced and discussed, and then applied to practical exercises and case studies.		
Prescribed reading to re-inforce and extend students' understanding of the unit topics.		
Self-study, in which students apply financial policy principles by preparing answers to set questions.		
Completion of up to two assignments involving students working in groups and applying financial policy knowledge and skills within case study contexts.	Written reports with supporting calculations. A class presentation may be involved.	40-50%
Research and preparation	Examination*	50-60%



Note on Assessment

The School has adopted a policy that assessment tasks with a combined weighting of a minimum 50 per cent will be required to be verifiable assessment in each unit. Verifiable Assessment refers to assessment which is conducted under the supervision of an academic staff member, e.g. an exam, presentation etc.

The assessment tasks deemed as verifiable are denoted with an asterisk. In order to pass this unit students must:

1. Achieve a minimum 50 per cent overall for the unit; and
2. Achieve at least 50 per cent of the total marks available for the verifiable tasks.

Adopted Reference Style

APA

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