



Unit Outline: BA936 Financial Management

School/Division: Business

Unit Title: Financial Management

Unit Code: BA936

Level: Advanced

Prerequisites: BA930 Accounting Concepts and Practices and
MB921 Quantitative Methods for Business (or equivalent)

Recommended:
BA933 Cost and Management Accounting or
BA932 Corporate Accounting

Corequisites: Nil

Exclusion(s): Nil

Credit Points: 15

ASCED Code: 080301

Objectives:

This unit will enable students to:

- (a) identify and analyse the financial decisions made by financial managers;
- (b) gain an understanding of the theory of finance and the theoretical models applied in finance;
- (c) develop skills in the use of techniques which assist in the decision making process;
and
- (d) gain an understanding of the fiscal and institutional environment in which financial decisions are made.

More specifically, this unit is designed to develop:

Knowledge

Understanding of

- the financial characteristics of various financial policies



- the features of specific forms of domestic and international business finance and a capacity to identify the circumstances when each is appropriate
- the key factors affecting financial performance
- the principles of risk minimisation strategies

Skills

Ability to

- evaluate the effects of alternative financial policies
- calculate a firm's cost of capital
- evaluate alternative growth scenarios and related financing needs
- determine the appropriate mix of finance for various stages of development
- select appropriate risk minimisation strategies which are consistent with management policies and preferences
- work collegially in a team environment in resolving complex business problems
- communicate effectively through the preparation of business reports and the delivery of class presentations

Values/attitudes

Appreciation of

- the complexity of the domestic financial environment
- the dynamic nature of financial management and need to monitor financial performance
- the need to keep abreast of developments in financial instruments and markets

Content:

- Financial statement analysis and financial forecasting: using the relationships detailed in the financial statements to assess future financial needs.
- Working capital management: understanding the need for working capital and the issues involved in determining the appropriate investment in cash, receivables and inventory.
- Sources and types of finance: examining the mechanics of both the direct and indirect financing of business. Characteristics of alternative sources of capital.
- Security valuation: the valuation of marketable instruments and the effect that changes in market conditions and firm characteristics have on the valuation of securities. Understanding the difference between, and the calculation of, nominal and effective rates of return.
- Issues in project evaluation: methods of incorporating differing lives and business risk into the financial analysis. Examining the impact of the degree of operating leverage.
- Cost of capital: calculating the costs of various forms of corporate finance. Determining the weighted average cost of capital. The relationship between the cost of capital and the required rate of return in investment appraisal
- Risk analysis: an introduction to risk management in the context of portfolio construction. The benefits of diversification. Distinguishing between diversifiable and undiversifiable risk and calculating risk premiums. Modern financial instruments such as futures contracts and options will be examined in the context of risk management strategies.
- Capital structure decisions and dividend policy: The financial effects of various capital structures (financial leverage) and dividend policies. Factors determining the optimal capital structure and dividend policies.



Learning Tasks and Assessment:

| Learning Task | Assessment | Weighting |
|---|---|------------------|
| Classes, at which unit topics are introduced and then applied to practical exercises and case studies. Class presentations by students may be required. | | |
| Prescribed reading which is intended to reinforce and extend students' understanding of the unit topics. | | |
| Self study in which students engage in a process of application by preparing answers to set questions. | | |
| Completion of up to two assignments involving the application of financial management knowledge and skills within case study or essay contexts. | Written report(s) with supporting calculations and/or spreadsheet model | 50% |
| Comprehensive review of unit content. | Examination* | 50% |

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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