MGNT603

Managing Finance

Term 1 North Ryde 2019

Dept of Accounting & Corporate Governance

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General Information

Unit convenor and teaching staff Lecturer John-Paul Monck john-paul.monck@mgsm.edu.au
Credit points 4
Prerequisites Admission to MMgmt
Corequisites
Co-badged status
Unit description This unit equips students with the tools and techniques required to analyse and interpret financial and economic data and financial accounting statements, analyse and assess performance of business units, evaluate investment projects, and understand financial markets and the economic environment. Finance, accounting, and economic theory is applied with the aim of providing a coherent framework and insights to assist in making reasoned managerial decisions.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at https://www.mq.edu.au/study/calendar-of-dates

Learning Outcomes

On successful completion of this unit, you will be able to:

Apply finance theory, frameworks and methods to form reasoned, responsible, evidence-based and strategic investment, financing and capital budgeting decisions.

Critically consider the implications of a firm's finance and investment decisions/strategies for the full spectrum of stakeholders, in view of the firm's social, ethical and environmental responsibilities.

Evaluate appropriate models of business finance performance to measure and track the firm's value creation across the firm's operations.

Assessment Tasks

Name	Weighting	Hurdle	Due
Case Analysis	10%	No	8 February 2019
Mid-Semester Exam	20%	No	23 February 2019
Syndicate Assignment	30%	No	15 March 2019
Final Examination	40%	No	Exam week: 18 - 23 March 2019

Case Analysis

Due: **8 February 2019**
Weighting: **10%**

Students are to review case study materials relating to a selected organisation and provide BEFORE commencement of the first block class:

- Analysis of the critical events leading up to this;
- considerations of external environment, factors internal to the firm, and any other considerations; and
- an assessment of how outcomes could have been better managed, either internally or externally to the perspective of the firm (or a combination of both).

Responses are limited to 750 words and are to be submitted via TurnItIn on iLearn as indicated.

On successful completion you will be able to:

- Critically consider the implications of a firm's finance and investment decisions/strategies for the full spectrum of stakeholders, in view of the firm's social, ethical and environmental responsibilities.

Mid-Semester Exam

Due: **23 February 2019**
Weighting: **20%**

60-minute in class exam

format: closed book (one double-sided A4 sheet of study notes is permitted)

On successful completion you will be able to:

- Evaluate appropriate models of business finance performance to measure and track the

firm's value creation across the firm's operations.

Syndicate Assignment

Due: **15 March 2019**
Weighting: **30%**

submission: electronic copy into iLearn

In a syndicate of 4-5 people you are required to undertake a: (i) detailed analysis of the financial health of; and (ii) financial valuation of a company listed on the Australian Stock Exchange. You are required to critically assess the health of the organisation (as aligned to its stated goals and objectives) and leverage this analysis to value the equity of the company and provide a buy, sell or hold recommendation based on your analysis.

The objective of the assignment is not to agree with existing analysis and assessments of the firm's health, nor to achieve a valuation that somehow matches the current share price. Rather, it presents an opportunity for you to apply your (e)valuation skills and knowledge of accounting and financial management issues relevant to an actual company within the economic context in which it operates. This assignment brings together most aspects of the course, including analysis and assessment of the company in close connection with its internal and external environment, cash flow analysis, capital structure issues, estimating the cost of capital and valuation techniques.

Your report should include the following components:

1. A one-page executive summary that outlines your main findings and recommendations.

2. A summary of the company and its markets:

- Key economic drivers;
- Products;
- Markets, market share and growth;
- Competition; and
- Management and other resources.

3. A summary of key financial ratios and examination of factors that have driven the performance of the company over recent years.

4. A summary of future prospects for the company and an outline of the key assumptions that you will use for your financial valuation. Please ensure that you articulate the basis for your assumptions.

5. A description of the risk and financial valuation methodologies that you will use in your project.

6. A summary of your valuation results and your recommendations.

7. Appendices: valuation spreadsheets, ratios and calculations.

The main objective of the assignment is to demonstrate your understanding of the valuation of the equity of companies. Parts 2 to 4 are used to build your financial model. Part 5 demonstrates

your understanding of the theoretical and practical aspects of the various valuation methods. In Part 6 you will need to draw together the information from Parts 2 to 5 to obtain the valuation required which will support your recommendation.

HOW TO PRESENT YOUR REPORT AND THE NUMBER OF WORDS REQUIRED:

The report for the group assignment should include an executive summary. All appendices, etc should be clearly referenced in the main body of your reports. Do not include an appendix that you do not refer to in the main body of your report. Ensure that you footnote your work clearly and show the sources of material used. Also, you should include a bibliography. Be clear and succinct, ensuring that you state your arguments clearly and justify any assumptions made in your analysis.

Word limit: 3,500 (excluding appendices)

Marking criteria will be made available in class.

50% of the marks for the assignment (i.e. 15 marks) will be assessed based on individual contribution. Students will be required to complete a Self and Peer Assessment form so that the contribution of individual members in a group can be identified and assessed. Further instructions will be provided on iLearn.

No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

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- Evaluate appropriate models of business finance performance to measure and track the firm's value creation across the firm's operations.

Final Examination

Due: **Exam week: 18 - 23 March 2019**
Weighting: **40%**

The final examination is of two and a half (2.5) hours and ten (10) minutes reading time.

The exam format will be closed book. More details on the exam will be provided in class.

You are expected to present yourself for examination at the time and place designated in the MGSM Examination Timetable. The timetable will be available at https://students.mgsm.edu.au/sydney-students/units/exams/

On successful completion you will be able to:

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- Critically consider the implications of a firm's finance and investment decisions/strategies for the full spectrum of stakeholders, in view of the firm's social, ethical and environmental responsibilities.
- Evaluate appropriate models of business finance performance to measure and track the firm's value creation across the firm's operations.

Delivery and Resources

Required Text

Gowthorpe, C (2018), Business Accounting & Finance, 4th edition, Cengage,
ISBN: 9781473749351

For information on textbook prices and online ordering, please refer to the Co-Op Bookshop webpage at http://www.coop.com.au

MGSM iLearn

The web page for this unit can be found at: https://ilearn.mq.edu.au/login/MGSM

Unit Schedule

Block class:

Saturday	9 February 2019	9am - 5pm
Sunday	10 February 2019	9am - 5pm
Friday	22 February 2019	9am - 5pm
Saturday	23 February 2019	9am - 5pm
Sunday	24 February 2019	9am - 5pm

Students are required to attend all classes.

The unit will be presented as follows:

Session	Topic	Textbook Chapter

1	**Introduction** **Microeconomic Factors** • Demand Curve Determinants • Supply Curve Determinants • Market Equilibrium • Market Failures • Intervention and its Issues **Macroeconomic Context** • The Aggregate Economy • Economic Indicators • Unemployment and Inflation • Money Markets • International Economic Issues	Chapters 1 & 10 **Optional:** Principles of Economics ISBN 13: 9781938168239 Ch 1 - 3
2	**Principles of Financial Accounting** • The Balance Sheet • The Income Statement • The Statement of Cash Flows **Financial Analysis for the Firm** • Transmission of economic conditions to a firm • Effects on revenue and costs • Internal conditions of the organisation • Strategic responses to maximising profit and / or other objective(s) • Sensitivity Analysis	Chapters 2 - 9
3	**Money Markets and Investment Options** • Debt Markets • Equity Markets • Links to the Real and Financial Economies **Financial Mathematics** • Investment Valuation • Investment Choice Analysis • Considerations for Risk **Capital Budgeting and Investment Evaluation** • Scarcity in the context of the firm • Alignment of budgets to stated objectives • Optimisation of choices based on constraints	Chapters 15 - 18

4	**Strategic Management Accounting** • Use of internal and external accounting data • optimisation of organisational performance • consideration of strategic objectives against financial targets **Business Valuation** • Value of the firm (Assets versus Debt and Equity) • Terminal Value • Determinants of adjustments to valuation **Stocks and Bonds** **Risk and Return**	Chapters 10 - 14
5	**Cost of Capital** • WACC and its applications • Instruments used for funding organisations • matters affecting capital costs **Capital Structure** **Payout Policy**	Chapters 19 & 20
6	**Course Review**	Case Studies (to be provided at first weekend of classes)

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Grade Appeal Policy
- Complaint Management Procedure for Students and Members of the Public
- Special Consideration Policy *(**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)*

Undergraduate students seeking more policy resources can visit the Student Policy Gateway (https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit Policy Central (http

s://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/study/getting-started/student-conduct

Results

Results published on platform other than eStudent, (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Student Support

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

Student Services and Support

Students with a disability are encouraged to contact the Disability Service who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

If you are a Global MBA student contact globalmba.support@mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- Apply finance theory, frameworks and methods to form reasoned, responsible, evidence-based and strategic investment, financing and capital budgeting decisions.
- Critically consider the implications of a firm's finance and investment decisions/strategies for the full spectrum of stakeholders, in view of the firm's social, ethical and environmental responsibilities.
- Evaluate appropriate models of business finance performance to measure and track the firm's value creation across the firm's operations.

Assessment tasks

- Case Analysis
- Mid-Semester Exam
- Syndicate Assignment
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- Apply finance theory, frameworks and methods to form reasoned, responsible, evidence-based and strategic investment, financing and capital budgeting decisions.
- Critically consider the implications of a firm's finance and investment decisions/strategies

for the full spectrum of stakeholders, in view of the firm's social, ethical and environmental responsibilities.
- Evaluate appropriate models of business finance performance to measure and track the firm's value creation across the firm's operations.

Assessment tasks

- Case Analysis
- Mid-Semester Exam
- Syndicate Assignment
- Final Examination

Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes

- Apply finance theory, frameworks and methods to form reasoned, responsible, evidence-based and strategic investment, financing and capital budgeting decisions.
- Critically consider the implications of a firm's finance and investment decisions/strategies for the full spectrum of stakeholders, in view of the firm's social, ethical and environmental responsibilities.
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Assessment tasks

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- Final Examination

Changes from Previous Offering

No changes from previous offering.

Alignment with MGSM's mission-driven attributes

Leadership: The unit develops skills required of leaders with respect to the synthesis of a wide

array of financial information in order to make well-informed and financially robust strategic decision**.**

Global mindset: The unit enables learners to assess the implications of strategic decisions from a whole of entity perspective, across a wide spectrum of stakeholders

Citizenship: The unit supports learners to conduct decisions taking into account the implications for all stakeholders and without abusing power or privilege

Creating sustainable value: The unit encourages adoption of a forward-looking perspective on the impact of decisions on the financial position and performance of the entity

Attendance Policy (MGSM)

The interactive environment of the classroom is central to the MGSM experience. Students are required to attend the full duration of all classes for the units in which they are enrolled. We recognise that exceptional circumstances may occur, such as unavoidable travel on behalf of your organization or the serious illness or injury of you or a close family member. Special consideration may be given for a maximum of 20% non-attendance for such circumstances as long as lecturers are contacted in advance, and supporting documentation provided, to request exemption from attendance. Failure to abide by these conditions may result in automatic withdrawal, with academic and/or financial penalty. The full Student Attendance Policy is published in the MGSM Student Handbook at https://students.mgsm.edu.au/handbook

Content Disclaimer

The content of this unit is provided for educational purposes only and no decision should be made based on the material without obtaining independent professional advice relating to the particular circumstances involved.