



# FOBE202

## Finance and Regulation for New Ventures

S2 Day 2018

*Dept of Accounting & Corporate Governance*

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#### **Disclaimer**

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## General Information

### Unit convenor and teaching staff

Unit Convenor

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By appointment

Lecturer

Garry Morris

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By appointment

### Credit points

3

### Prerequisites

(21cp at 100 level or above) including BBA102

### Corequisites

### Co-badged status

### Unit description

This unit will introduce students to core financial and legal aspects of selecting, forming and structuring a business. By understanding the elements of financial planning, budgeting and capital raising students will be able to make commercially sound choices in relation to starting a business and comparing business structures. The unit also covers the relevant legal concepts and principles underpinning the regulation of business. Students will be introduced to the legal frameworks and issues relevant to different types of business structures and develop an awareness of corporate management responsibilities. The regulation of the operational aspects of a business will also be considered. At the conclusion of the unit students will have had an opportunity to gain a valuable perspective on commencing and running business operations.

## 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:

Examine the characteristics of the commercial legal environment and the Australian corporate legislative framework.

Distinguish between, and examine the characteristics of business organisations - particularly as to aspects of formation

Effectively recognise corporate management issues, in particular formulate an understanding of the role and obligations of directors, together with financial aspects and insolvency regulation.

Apply investment and financing concepts to business decisions and evaluate financial viability including an understanding of financial models, forecasting capital expenditures, working capital needs and financing events

Evaluate sources of funding and financing needs

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#"><u>Class Test - Law 1</u></a>	20%	No	17/8/2018
<a href="#"><u>Class Test - Law 2</u></a>	30%	No	7/9/2018
<a href="#"><u>Assignment - Finance</u></a>	20%	No	2/11/2018 by 10am
<a href="#"><u>Class Test - Finance</u></a>	30%	No	9/11/2018

### Class Test - Law 1

Due: **17/8/2018**

Weighting: **20%**

This test will be held in class on 17/8/2018 - see Assessment Guide on iLearn for more information

Other than where a relevant application pursuant to the **Special Consideration** policy is approved no extensions will be granted.

On successful completion you will be able to:

- Examine the characteristics of the commercial legal environment and the Australian corporate legislative framework.
- Distinguish between, and examine the characteristics of business organisations - particularly as to aspects of formation
- Effectively recognise corporate management issues, in particular formulate an

understanding of the role and obligations of directors, together with financial aspects and insolvency regulation.

## Class Test - Law 2

Due: **7/9/2018**

Weighting: **30%**

This test will be held in class on 7/9/2018.

See Assessment Guide on iLearn for more information.

Other than where a relevant application pursuant to the **Special Consideration** policy is approved no extensions will be granted.

On successful completion you will be able to:

- Examine the characteristics of the commercial legal environment and the Australian corporate legislative framework.
- Distinguish between, and examine the characteristics of business organisations - particularly as to aspects of formation
- Effectively recognise corporate management issues, in particular formulate an understanding of the role and obligations of directors, together with financial aspects and insolvency regulation.

## Assignment - Finance

Due: **2/11/2018 by 10am**

Weighting: **20%**

This assignment must be submitted via iLearn/Turnitin by 10am 2/11/2018. A hard-copy of the assignment must also be submitted (handed-in) in class on 2/11/2018. 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).

Other than where a relevant application pursuant to the **Special Consideration** policy is approved no extensions will be granted.

See Assessment Guide on iLearn for more information.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions and evaluate financial viability including an understanding of financial models, forecasting capital expenditures, working capital needs and financing events
- Evaluate sources of funding and financing needs

## Class Test - Finance

Due: **9/11/2018**

Weighting: **30%**

This test will be held in class on 9/11/2018.

See Assessment Guide on iLearn for more information.

Other than where a relevant application pursuant to the **Special Consideration** policy is approved no extensions will be granted.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions and evaluate financial viability including an understanding of financial models, forecasting capital expenditures, working capital needs and financing events
- Evaluate sources of funding and financing needs

## Delivery and Resources

### Classes

Classes will progress through the various Lecture Areas referred to in this Unit Guide. Students will attend one seminar each week. There may be some reorganisation, overlapping, and/or integration of areas to accommodate assessment and unit structure.

The timetable for classes can be found on the University web site at:  
<http://www.timetables.mq.edu.au/>

### Required Texts

**Law Text: Quilter, *Company Law Perspectives*, 3rd ed. 2017**, Thomson Reuters (Lawbook Co.)

**Finance Text: Berk, J., DeMarzo P., Harford J., Ford, G., and Mollica, V., *Fundamentals of Corporate Finance*, 3rd Australian Edition, 2017**, Pearson Australia,

Both of the above texts can be purchased from the Macquarie University Co-op Bookshop, and are available in the Macquarie University library.

Seminars may make use of PowerPoint; overhead projectors; visualisers.

Unit material will be available on the learning management system (iLearn)

There is a web page for this unit.

This unit is taught by way of seminars.

Students should take responsibility for their own learning and this will incorporate reading as required, attendance at seminars, developing effective study strategies, reflection on their abilities, and a task oriented approach to assessment – that is, do not think solely

about gathering information - think about what will be required - what makes for successful performance in tests and assignments - how you will use the material you have studied.

Students should be ready to allocate at least 150 hours during session time for FOBE202. This includes all classes, assessment, personal study and other learning activities. Here is a sample breakdown of a student workload:

	Activities	Hours
1	Weekly Seminars including required assessment (3×12)	36
2	Assessment Task 1 and 2 (self-study plus preparation)	57
3	Assessment Task 3 and 4 (Self-study plus preparation)	57
	<b>Total</b>	<b>150</b>

## Unit Schedule

**UNIT SCHEDULE - This Unit has a Law component and a Finance component**

### LAW

**Law Text:** Quilter, **Company Law Perspectives**, 3rd ed. 2017, Thomson Reuters (Lawbook Co.) - [referred to herein as "Q"]

#### Week 1 – Law

##### Legal system

Litigation; Tort; Contract; Consumer Law (**Q Ch. 1, 2, 3 and 34**); Intellectual Property; Agency (**Q Ch. 4**)

#### Week 2 – Law

##### Comparison of business organisations

##### Corporate legislative framework, registration and types of companies

**Partnership Act:** [www.austlii.edu.au/au/legis/nsw/consol\\_act/pa1892154/](http://www.austlii.edu.au/au/legis/nsw/consol_act/pa1892154/)

Associations; Sole Proprietors; Partnerships: **Q Ch. 5**

Applying for registration and the consequences of incorporation: **Q Ch. 8**

Types of Companies: **Q Ch. 7**

**Corporations Act:** [www.austlii.edu.au/au/legis/cth/consol\\_act/ca2001172/](http://www.austlii.edu.au/au/legis/cth/consol_act/ca2001172/)

### **Week 3 – Law**

#### ***Class Test 1 (Law)***

**The company constitution and the replaceable rules: Q Ch. 9**

#### **Fundraising**

Disclosure to Investors – fundraising: **Q Ch. 14**

Share capital: **Q Ch. 15**

Debentures and Loan Capital: **Q Ch. 17**

Promoters and pre-registration contracts: **Q Ch. 12**

### **Week 4 – Law**

#### **Directors and Management**

Duties of directors and other officers: **Q Ch. 18, 19, 20, 21**

Financial and Reporting Obligations of Directors: **Q Ch. 22**

### **Week 5 – Law**

#### **Insolvency – Corporate and Personal**

Arrangements and Reconstructions; Receivership; Voluntary Administration:

**Q Ch. 29, 30, 31 and 32**

Bankruptcy

Liquidation - Insolvent trading: **Q Ch. 33**

### **Week 6 – Law**

#### ***Class Test 2 (Law)***

#### **FINANCE**

**Finance Text:** Berk, J., DeMarzo P., Harford J., Ford, G., and Mollica, V., **Fundamentals of Corporate Finance, 3rd Australian Edition, 2017** Pearson Australia, (referred to herein as 'Berk')

### **Week 7 - Finance**

#### **Introduction to Corporate Finance**

**Berk Ch. 1 and 2**

#### **MID-SESSION BREAK**

### **Week 8 – Finance**

#### **Time Value of Money**

**Berk Ch. 3, 4 and 5**

## Week 9 – Finance

### Bond and Share Valuations

Berk Ch. 6, 7 and 10

## Week 10 – Finance

### Investment Decisions

Berk Ch. 8 and 9

## Week 11 – Finance

### Risk and Return

Berk Ch. 11 and 12

## Week 12 – Finance - Submit Finance Assignment

### Raising Funds

Berk Ch. 14, 15 and 16

## Week 13 – Finance

### *Class Test (Finance)*

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](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 \(https://students.mq.edu.au/support/study/student-policy-gateway\)](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 \(http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](http://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 shown in *iLearn*, 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](http://ask.mq.edu.au).

•There is a prize for the most successful student in this unit.

[http://www.businessandconomics.mq.edu.au/undergraduate\\_degrees/prizes\\_scholarships](http://www.businessandconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships)

## 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](http://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](http://ask.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/](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

- Examine the characteristics of the commercial legal environment and the Australian corporate legislative framework.
- Distinguish between, and examine the characteristics of business organisations - particularly as to aspects of formation
- Effectively recognise corporate management issues, in particular formulate an understanding of the role and obligations of directors, together with financial aspects and insolvency regulation.
- Apply investment and financing concepts to business decisions and evaluate financial viability including an understanding of financial models, forecasting capital expenditures, working capital needs and financing events
- Evaluate sources of funding and financing needs

### Assessment tasks

- Class Test - Law 1
- Class Test - Law 2
- Assignment - Finance
- Class Test - Finance

### 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

- Effectively recognise corporate management issues, in particular formulate an understanding of the role and obligations of directors, together with financial aspects and insolvency regulation.
- Evaluate sources of funding and financing needs

## Assessment tasks

- Class Test - Law 1
- Class Test - Law 2
- Assignment - Finance
- Class Test - Finance

## 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

- Examine the characteristics of the commercial legal environment and the Australian corporate legislative framework.
- Distinguish between, and examine the characteristics of business organisations - particularly as to aspects of formation
- Effectively recognise corporate management issues, in particular formulate an understanding of the role and obligations of directors, together with financial aspects and insolvency regulation.
- Apply investment and financing concepts to business decisions and evaluate financial viability including an understanding of financial models, forecasting capital expenditures, working capital needs and financing events
- Evaluate sources of funding and financing needs

## Assessment tasks

- Class Test - Law 1
- Class Test - Law 2
- Assignment - Finance
- Class Test - Finance

## Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

### Learning outcomes

- Examine the characteristics of the commercial legal environment and the Australian corporate legislative framework.
- Distinguish between, and examine the characteristics of business organisations - particularly as to aspects of formation
- Effectively recognise corporate management issues, in particular formulate an understanding of the role and obligations of directors, together with financial aspects and insolvency regulation.
- Apply investment and financing concepts to business decisions and evaluate financial viability including an understanding of financial models, forecasting capital expenditures, working capital needs and financing events
- Evaluate sources of funding and financing needs

### Assessment tasks

- Class Test - Law 2
- Assignment - Finance
- Class Test - Finance

## Research and Practice, Global and Sustainability

This unit addresses global and sustainability issues as direct areas of study and as necessary implications arising from the materials, assessment and academic discussion and debate in classes/seminars. We promote sustainability by developing ability in students to research and locate information within accounting discipline. We aim to provide students with an opportunity to obtain skills which will benefit them throughout their career.

The unit materials provide some guidance to references that could be used to research particular issues.

Both texts for this unit ([Company Law Perspectives](#) and [Fundamentals of Corporate Finance](#)) are the result of research in relation to the areas of corporate law and finance. The material in these texts provides you with a thorough coverage of the relevant issues. Interested students can pursue further research into any of the areas of this unit via the various scholarly journals

available. Examples of journals that can be consulted to follow up matters of interest in company law are: Australian Journal of Corporate Law; Company and Securities Law Journal.