This unit presents a core set of financial concepts and tools that managers need in order to make sound decisions when considering a wide range of financial problems facing the firm. Students will gain an understanding of the principles underlying the effective use of financial capital over time and in an uncertain environment.
Contact Details

<table>
<thead>
<tr>
<th>Lecturer</th>
<th>Dr Victor Soucik</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email:</td>
<td><a href="mailto:victor.soucik@erideon.com">victor.soucik@erideon.com</a></td>
</tr>
<tr>
<td>Phone:</td>
<td>+61 (8) 6488 3980</td>
</tr>
<tr>
<td>Fax:</td>
<td>+61 (8) 6488 1072</td>
</tr>
<tr>
<td>Consultation Hours:</td>
<td>By Appointment</td>
</tr>
<tr>
<td>Lecture Times:</td>
<td>Saturday, 1:00PM – 4:00PM</td>
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<tr>
<td>Lecture Venue:</td>
<td>Case Study 2</td>
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</table>

Your Lecturer

Dr Victor Soucik    BCom (Dist), Hons (1st Class), Phd, AAIBF (Snr)

Before assuming his responsibilities as the director of Erideon management consulting group in 2002, Victor has spent 6 years in managerial roles held with private and public firms as well as government institutions. Whilst finance and banking remained a focus, he has operated in a range of fields including information technologies, telecommunications and human resource management.

Victor has also taught undergraduate and postgraduate courses at various universities for more than 5 years, most recently with the School of Accounting and Finance at the University of Western Australia.

Introduction

Welcome to Managerial Finance! I hope that you will enjoy this unit and it 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 include areas such as the uses of finance by managers, the financial foundations of the firm, the institutional setting of finance, methods of investment appraisal and an introduction to international finance alongside many contemporary financial issues.

The goal of the unit

Managerial Finance aims to develop in student's 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.

Broad learning outcomes

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

- Identify and describe the financial structures of which an organisation is a part
- Assess where and how to finance projects which the firm is considering
- Determine whether or not to undertake a particular investment project
- Understand the relationship between risk and return when evaluating different investments
- Discuss the pros and cons of various investment vehicles
- Appreciate and apply the broader financial concepts of risk management and current asset management
Prerequisites

There are no academic prerequisites for this unit. However, this unit assumes that students have an operational competency in Excel (or other spreadsheet software) and Word (or other word processor). It is also assumed students have a basic knowledge of mathematics, which will be expanded and applied in financial context throughout this course. If you have any doubts, please talk to Victor for guidance.

If you are not well prepared in any of the above areas you should make every effort to remedy the situation through undertaking additional refresher courses and/or practice. Do not hesitate to ask for advice from your lecturer.

Software requirements

Students are expected to have a working knowledge of Excel and Word, as well as the ability to access Internet and Library resources for further research.

Textbook(s)

Recommended/required text(s)

Additional/Suggested/Alternate text(s)
- Bishop, Crapp, Oliver and Twite, Corporate Finance, Fifth edition, Pearson Prentice Hall, 2004
- Frino et al, Introduction to Corporate Finance, Pearson Prentice Hall, 2004

Unit web site
- To Be Advised

Key dates
(Please note the starting date for this unit. We shall discuss the structure of the course and the lectures further in the first class)
- 15 July 2006 Start of Teaching
- 9 September 2006 Mid-Term Test
- 21 October 2006 End of Teaching
- 4-18 November 2006 Exam Week (TBC)
Seminar Topics

<table>
<thead>
<tr>
<th>Seminar</th>
<th>Teaching Date</th>
<th>Topic and Readings</th>
<th>Readings</th>
<th>Problems and Questions</th>
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<tbody>
<tr>
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<tr>
<td>1</td>
<td>15 July</td>
<td>Introduction to Finance</td>
<td>Ch 1 &amp; 2</td>
<td>Ch1: Q2,3,9,10,12 Ch2: Q3 / P1,2,4</td>
</tr>
<tr>
<td>2</td>
<td>29 July</td>
<td>Capital Markets</td>
<td>Ch 8, 9, 10 &amp; 11</td>
<td>Ch8: Q1,2,5 Ch9: Q3,8,11,12 / P1,2,3 Ch10: Q5,6,8,9,14 / P1,4 Ch11: Q1,5,8 / P1,3</td>
</tr>
<tr>
<td>3</td>
<td>12 August</td>
<td>Financial Maths &amp; Valuation</td>
<td>Ch 3 &amp; 4</td>
<td>Ch3: Q2 / P7,9,10,14,19,20, 23,25,26,27,32,37 Ch4: Q3,6 / P2,3,4,5</td>
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<tr>
<td>4</td>
<td>26 August</td>
<td>Project Evaluation</td>
<td>Ch 5 &amp; 6</td>
<td>Ch5: Q4 / P1,2,3,7 Ch6: Q1,2,3,4 / P1,2,3,4</td>
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<td>5</td>
<td>9 September</td>
<td>Mid-Term Test</td>
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<td>6</td>
<td>23 September</td>
<td>Cost of Capital</td>
<td>Ch 15</td>
<td>Ch15: Q1,3,6,7 / P1,4,17</td>
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<tr>
<td>8</td>
<td>7 October</td>
<td>Current Asset Management</td>
<td>Ch 22, 23, 24 &amp; 25</td>
<td>Ch22: Q4,5 Ch23: P1,2,3 Ch24: Q2,4,5 / P1 Ch25: Q2,3,4 / P2</td>
</tr>
<tr>
<td>9</td>
<td>21 October</td>
<td>Derivative Instruments</td>
<td>Ch 18 &amp; 19</td>
<td>Ch18: Q1,2,4 / P1,2,3 Ch19: Q1,3,7,8,12 / P2,5</td>
</tr>
<tr>
<td>4-18 November</td>
<td>Exam Week</td>
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Please note: There will not be a seminar on July 8. As a result each seminar will start at 1pm and finish at 4.30pm.

**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. For this reason the GSM has decided not to move to on-line teaching. It is, therefore, important that you attend classes (and be on time).

More formally, the University regulations state that ‘to complete a course or unit a student shall attend prescribed classes, lectures, seminar and tutorials’. Students whose attendance at MBA units has been unsatisfactory will not be granted a pass grade. More than two missed classes without prior permission from the lecturer is classified as unsatisfactory. Students should not expect to obtain approval to miss more than two classes per unit, unless there are exceptional circumstances.

**Assessment**

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Due date</th>
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<tbody>
<tr>
<td>Class Work / Quiz</td>
<td>20%</td>
<td>Continuous</td>
</tr>
<tr>
<td>Mid-Term Test</td>
<td>30%</td>
<td>9 September 2006</td>
</tr>
<tr>
<td>Final Exam</td>
<td>50%</td>
<td>4-18 November 2006 (TBC)</td>
</tr>
</tbody>
</table>

**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 then gives you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.
The Standard of Assessment

The Graduate School must ensure that the processes of assessment are fair and are designed to maintain the standards of the School and its students. The School follows the University of Western Australia’s grading system:

- **HD (Higher Distinction)**: 80-100%
- **D (Distinction)**: 70-79%
- **CR (Credit Pass)**: 60-69%
- **P (Pass)**: 50-59%
- **N+ (Fail)**: 45-49%
- **N (Fail)**: 0-44%

The School awards marks leading to these grades by using the following general criteria which are presented here as an indication of the School’s expectations. These general criteria may be supplemented by specific standards provided with regard to a particular assignment.

**HD**
The student has a clear understanding of theory, concepts and issues relating to the subject and is able to adopt a critical perspective. The student is able to clearly identify the most critical aspects of the task and is able to offer a logically consistent and well articulated analysis within the analytic framework presented in the course. The student is able to draw widely from the academic literature and elsewhere but maintains relevance.

**D**
The student has a clear understanding of theory, concepts and issues relating to the subject. The student is able to develop an analysis of an issue using the analytic framework presented in the course and is able to identify and evaluate the critical issues. The student is able to draw upon relevant academic and other material.

**CR**
The student demonstrates an understanding of the analytic framework developed in the course and a partial understanding of concepts and issues. The student is able to identify some key issues and is able to present a logical discussion, but with some conceptual errors or gaps between analysis and conclusions. The student is able to draw upon an adequate range of references and other materials.

**P**
The student generally takes a descriptive rather than analytic approach to the subject. The student is able to demonstrate some understanding of the issues involved but does demonstrate the ability to apply the analytical framework which had been developed in the course. Draws primarily upon course materials for referencing.

**N+**
The student is unable to demonstrate that he or she understands the core elements of the subject matter. The student is able to provide some insight into issues but misapplies analytic framework developed in course, omitting key factors and, for example, drawing conclusions which are not related to the preceding discussion.

**N**
The student is unable to demonstrate any understanding of the subject matter. Material presented for assessment is unrelated to course framework and shows no effort to identify or address critical aspects of the topic.

The scaling of marks to ensure comparability between classes in an acceptable academic practice. The GSM and Board of Examiners have the right to scale marks where it is considered necessary to maintain consistency and fairness.

**Appeals against assessment marks**

In the first instance, students are strongly advised to talk informally to the lecturer about the grade awarded.

The University provides the opportunity for students to lodge an appeal against any mark which he or she feels is unfair. Any student making an appeal is under an obligation to establish a prima facie case by providing particular and substantial reasons for the appeal.

There is a 10 day time limit for making any such appeal. An appeal against academic assessment may result, as appropriate, in an increase or decrease in the mark originally awarded. The University regulations relating to appeals and the form on which the appeal should be lodged can be found in the GSM website.
Acknowledgements and plagiarism

In the course of your individual and group work assignments, you will encounter ideas from many sources. These will include journal and newspaper articles, commentaries, books, websites and other electronic sources, original case sources, lecture materials. All MBA assignments that you submit must acknowledge all the different sources you have used.

Not to acknowledge your sources is plagiarism, a form of dishonesty. Plagiarism is the misappropriation of the work or ideas of others and presenting them as your own. This is reprehensible from both an ethical and legal viewpoint. Neither the School nor the University accepts ignorance or the fact that a student’s previous acts of plagiarism had been undetected as a defence.

In order to avoid engaging in plagiarism it is your responsibility to acknowledge all of your sources in any work submitted for assessment and it is essential that you reference the work of others correctly. Where you quote directly from a source, you must ensure that any direct quotations are placed in quotation marks and are fully referenced. Even when you do not quote directly and are just referring to or expanding on the work of others, you must still acknowledge the sources of your information and ideas. Close paraphrasing in which you change a few phrases around, leave a clause out of a long sentence or put the original sentences in a different order is still plagiarism.

Advice on proper referencing is given below. If you have any doubts concerning appropriate referencing formats or how to acknowledge the work of others correctly, you should seek the advice of your lecturer.

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It is GSM policy that no student will profit from plagiarism. Generally, a mark of ‘Fail’ will be recorded for the assignment in which this has occurred, regardless of its other merits or qualities. Serious cases shall be referred to the University’s Board of Discipline. All students should note that cases of copying are automatically reported to the Sub-Dean and documentary evidence along with associated correspondence is placed on the student’s permanent record.

Referencing

It is important that the referencing of any sources used in your written work is done properly, if only to substantiate the points you are making in your assignment or project. The Harvard style is the preferred and there are some notes for guidance which have been prepared by the library staff: ‘Citing your sources Harvard Style’ [http://www.library.uwa.edu.au/guides/citingsources/harvard.html](http://www.library.uwa.edu.au/guides/citingsources/harvard.html)

Endnote is a really good system for building up a database of references. Not everyone will want to invest the time in using this system but you should consider it if you intend to build up resource materials or plan to undertake extensive research in a particular area. The library staff has also developed a tutoring package: ‘A quick Guide to Using EndNote’ which provides the basics for using EndNote with an essay [http://www.library.uwa.edu.au/guides/endnote/quick_endnote.pdf](http://www.library.uwa.edu.au/guides/endnote/quick_endnote.pdf)

This is linked to from the how to Use EndNote page [www.library.uwa.edu.au/guides/endnote/](http://www.library.uwa.edu.au/guides/endnote/) which provides more comprehensive information.