SBM2103: FINANCIAL MANAGEMENT

<table>
<thead>
<tr>
<th>UOS CODE</th>
<th>UOS NAME</th>
<th>CREDIT POINTS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBM2103</td>
<td>FINANCIAL MANAGEMENT</td>
<td>6</td>
<td>CORE</td>
</tr>
</tbody>
</table>

**SUMMARY**
Financial management forms a vital part of any organisation, as money is the life blood of organisations and nearly all decisions are based on financial considerations in one form or another. Performance of all organisations in the private sector are assessed through a number of financial parameters, such as cash-flow, balance sheet, orders in hand, fixed and variable costs, profitability, capital investment, assets, liabilities, return on investment, earning per share, historical stock price movements, financial ratios and so on. All managers need to acquire a sound understanding of financial management principles, techniques and standards, even though they may not be directly associated with the accounting and financial management department in an organisation's unit. Every decision and every action has financial ramifications for the whole organisation. All managers need to pay attention to this area. In summary, This unit targets accounting and financial management. It develops a sound understanding of the relevant principles, techniques and standards.

**COURSE CONVENOR**
Dr Tek Lama

**ASSUMED KNOWLEDGE**
Not applicable

**APPROXIMATE WORKLOAD**

<table>
<thead>
<tr>
<th>Weekly Lectures &amp; Tutorials</th>
<th>Team Work</th>
<th>Self Study</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 hours</td>
<td>&gt;60 hours</td>
<td>&gt;60 hours</td>
<td>&gt;30 hours</td>
</tr>
</tbody>
</table>

**PRE-REQUISITE (course name)**
None

**Learning Outcomes**
Students are required to assess themselves against the following target competencies via the College’s online comprehensive and unique Competency Assessment Tool (CAT): Upon successful obtaining of the following target competencies, students will be deemed to achieve learning outcomes of the unit.

**TARGET COMPETENCIES (unit specific)**
- Understand financial management
- Financial markets and the roles of financial managers
- Calculating various financial ratios
- Interpreting financial ratios to assess a firm's financial condition (health)
- Applying various capital budgeting models to assess the projects
- Understanding the concept of cost of capital and calculating a firm's WACC
- Understanding the roles of interest rates in the financial management
- Calculating bond prices and yield to maturity (YTM)
- Understanding the concept of Risk and return
- Measuring risk and its association with return
- Calculating various leverages and interpreting them
- Explaining short term VS long term financing and demonstrating how loan term affects effective interest rates

**TARGET COMPETENCIES (Personal and Socio-cultural)**
- Generic: All competencies that are common to all professionals (including cognitive and communication abilities, problem solving and analytical mindset)
- Leadership: Ability to direct, motivate & manage individuals & teams.
- Commitment: Ability to dedicate to tasks & to project outcomes.

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| • Attitude: Ability to create the right frame of mind that promotes integrity & support for achievement of project goals within a social context.  
| • Self Direction: Ability to manage within and without guidelines & processes, and to work without supervision.  
| • Learning: Ability to commit to continuous improvement in knowledge, skills & attitude, & to creating new knowledge developing skills & approaches.  
| • Cultural Empathy: Ability to respect for & accommodation of individual lifestyle, beliefs & norms.  
| • Creativity & Innovation: Capacity to generate new ideas/approaches & make them happen.  

**MODES OF DELIVERY**

- Lectures two (2) hours per week  
- Tutorial & Team-based learning and project work two (2) hours per week  
- Reflective learning, in tandem with team and project learning.

**ASSESSMENT**

**Theoretical and Practical Knowledge and skills**

- Formal written mid semester test – 2 hours  
- Formal written end-of -semester test - 2 hours  
- 40% of Total Grade (Individual must achieve 10/20 in each test)

**Team Project Presentation & Assessment**

- Team project submissions (formatted as per specification for the same) 45% of Total Grade (Team Score – must achieve 22.5/100),  
- Project submissions comprise 3 assignments; each carrying 15 marks (must submit each assignment in specified deadline)

**Viva (Individual Oral Assessment)**

- Individuals must submit their Final Report on or before Week 14  
- 15% of Total Grade (Individuals must achieve 10 out of 15 marks to pass the unit of study)  
- Assessment requirements: Final Individual Report (self reflection and validation of learning outcomes)  
- Individual student must demonstrate level 2 minimum with respect to target learning outcomes  
- Individual student must also demonstrate improvements in socio-cultural and personal capabilities progressively over each successive semester.

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**Textbook and other reference resources**

<table>
<thead>
<tr>
<th>PRINTED MATERIALS</th>
<th>PRESCRIBED FOR THE COURSE</th>
<th>SELECTED REFERENCES</th>
</tr>
</thead>
</table>

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### Delivery Programme Schedule

<table>
<thead>
<tr>
<th>Delivery Week</th>
<th>Lecture/Seminar (9.00 am - 10.45 am)</th>
<th>Readings*</th>
<th>Tutorial: discussion and activities (11.15 am -12.15 pm)</th>
<th>Team-based workshop (12.20 pm - 1.20 pm)</th>
</tr>
</thead>
</table>
| 1             | Introduction to Financial Management  
• Semester overview  
• The role of financial manager  
• Firm's financial goal  
• Forms of business organization | Chapter 1 | RQ: 1, 3, 4 & 9  
PQ: 1-3 & 1-4 | Team formation and brain storming on topic selection for literature review |
| 2             | Financial markets and interest rates  
• Last week recap  
• The financial system  
• Financial markets  
• Market efficient concept  
• Interest and yield curve | Chapters 2 | RQ: 1, 3, 7 & 8  
PQ: 2-5, 2-6 & 2-7 | Group work on finalising their start up plan (outline) and APA referencing  
*The start-up plan is due this week* |
| 3             | The time value of money  
• Last week recap  
• Measuring the time value of money  
• Calculating present value and future value  
• Single sum amount VS annuity VS uneven cash flows  
• Perpetuities | Chapter 8 | RQ: 2, 6, 7 & 8  
PQ: 8-18, 8-21, 8-26, 8-27 & 8-28 | Facilitated group work on searching for relevant sources and writing literature review |
| 4             | Risk and return  
• Last week recap  
• Risk definition  
• The risk-return relationship  
• Measuring risk  
• Risk types  
• Dealing with risk  
• CAPM model | Chapters 7 | RQ: 1, 3, 5, 8 & 12  
PQ: 7-1, 7-2, 7-6 & 7-11 | Facilitated group work on reading and reviewing the research article. |
| 5             | Financial statement analysis  
• Last week recap  
• Assessing a firm's financial health  
• The financial ratios  
• Economic value added VS market value added  
• The Du Pont System | Chapter 5 | RQ: 2, 3 6 & 7  
PQ: 5-1, 5-2, 5-5 & 5-12 | Reviewing and finalising literature review assignment.  
*This is (assignment 1) is due this week* |
<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Subtopics</th>
<th>Chapters</th>
<th>Reading</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Test week</td>
<td>Revision session</td>
<td>All chapter covered so far</td>
<td>Mid-semester test</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Cost of capital</td>
<td>What is the cost of capital, Types and source of capital, The Weighted Average Cost of Capital (WACC), The Marginal Cost of Capital (MCC), MCC schedule and capital budgeting decisions</td>
<td>Chapter 9</td>
<td>RQ: 1, 3, 4, 6 &amp; 8, PQ: 9-1, 9-5, 9-7 &amp; 9-19</td>
<td>Facilitated group session on data, method and model</td>
</tr>
<tr>
<td>8</td>
<td>Capital budgeting decision methods</td>
<td>Last week recap, The capital budgeting process, Capital budgeting decision methods, NPV VS IRR, Capital rationing, Risk and capital budgeting</td>
<td>Chapter 10</td>
<td>RQ: 1, 5, 6, 10 &amp; 12, PQ: 10-1, 10-2, 10-4 &amp; 10-9</td>
<td>Facilitated group session on data collection technique</td>
</tr>
<tr>
<td>9</td>
<td>Capital structure basics</td>
<td>Last week recap, Capital structure defined, Operating leverage, Financial leverage, Breakeven analysis and leverage, Leverage buyout (LBO), Theory of capital structure</td>
<td>Chapter 13</td>
<td>RQ: 1, 3, 6 &amp; 7, PQ: 13-1, 13-2 &amp; 13-10</td>
<td>Facilitated group work on data analysis using Excel</td>
</tr>
<tr>
<td>10</td>
<td>Corporate bonds, preferred stocks and leasing</td>
<td>Last week recap, Bond basics, Restrictive covenants, Types of bonds, Bond valuation, Preferred stocks, Leasing (operating VS financial)</td>
<td>Chapter 14</td>
<td>RQ: 1, 3, 4, 5 &amp; 6, PQ: 14.1, 14-4, 14-12 &amp; 14-15</td>
<td>Facilitated team work on reporting results and interpretation</td>
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<tr>
<td>11</td>
<td>Common stock</td>
<td>Last week recap, Features of common stock, Voting rights, Pros and Cons of Equity Financing, Issuing common stock, Rights and warrants</td>
<td>Chapter 15</td>
<td>RQ: 1, 4, 5, 6 &amp; 7, PQ: 15-1, 15-2, 15-10 &amp; 15-14</td>
<td>Group to finalize their final report (Assignment 3)</td>
</tr>
<tr>
<td>12</td>
<td>Short term financing</td>
<td>Short term financing needs, Short term VS long term financing, Loan terms and effective interest rates</td>
<td>Chapter 20</td>
<td>RQ: 2, 4, 5, 6 &amp; 7, PQ: 20-1, 20-2, 20-3 &amp; 20.17</td>
<td>Group work reflection session: sharing students' group learning</td>
</tr>
<tr>
<td>Week</td>
<td>Activities</td>
<td></td>
<td></td>
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<tr>
<td>13</td>
<td>Test week</td>
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<tr>
<td></td>
<td>- Revision session</td>
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<tr>
<td></td>
<td>All chapters covered from Week 7</td>
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<td></td>
<td>The end of semester test</td>
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<tr>
<td>14</td>
<td>Self and peer assessment</td>
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<tr>
<td>15</td>
<td>Individual Viva schedule</td>
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* From the prescribed textbook as stated below.

### Teamwork

A structured learning program will be applied; in summary form it will comprise:

- An overall process for studying strategic project/program/portfolio management and applying the same to a real life case as advised in the unit’s web site;
- A program of the learning activities which are part of student’s Team Workplan and individual competency acquisition which each student need to conduct flexibly within the unit of study timeline as advised in the unit’s web site (detailed schedules are to be developed and submitted as part of the Team Work/QA Plan)
- The assignment Brief which is available as a downloadable file.

The Learning activities are designed for each team to develop and evaluate a complete manual for project/program/portfolio management for their case organisation via the following activities:

<table>
<thead>
<tr>
<th>Start Up</th>
<th>Activity 1</th>
<th>Activity 2</th>
<th>Activity 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team QA/Workplan &amp; Case Project Selection</td>
<td>Complete literature review on chosen topic</td>
<td>Collect data and provide data analysis method</td>
<td>Completed final report including finding and discussion</td>
</tr>
<tr>
<td>Submit Case Study, QA/Workplan</td>
<td>Submit Assignment 1</td>
<td>Submit Assignment 2</td>
<td>Submit Assignment 3</td>
</tr>
</tbody>
</table>

### COMPETENCY VALIDATION (via evidence and professional interview)

Each student must plan to progressively acquire, develop and document the relevant unit of study target competencies. The protocols on the web site for this purpose need to be followed carefully to prepare the required evidence of competency acquisition. The evidence for this unit to comprise a final report in two parts to validate individually the following: specific target unit of study competencies regarding governance and administrative design as well as Leadership and Socio-cultural competencies. These will be assessed separately and both need to show the student’s development history using the student’s L&D plan as the basis.

### Assignment submission schedule and due dates

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Topic</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 1</td>
<td>Literature review on chosen topic</td>
<td>Week 5</td>
</tr>
<tr>
<td>Assignment 2</td>
<td>Model specification and data analysis</td>
<td>Week 8</td>
</tr>
<tr>
<td>Assignment 3</td>
<td>Final written report with results and discussion</td>
<td>Week 11</td>
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</tbody>
</table>

**Notes:** 1. Student must achieve 50% in aggregate to pass this unit. In addition, they must also obtain 50% in all individual...
assessment component (i.e. tests and Viva)
2. Late submission will attract penalty of 1.5 marks (out of weighted mark) per day.
3. Students to prepare a single Team/QA Plan to cover all units of study enrolled in this semester

**Academic Integrity and Honesty**

Following are details and a link to the APIC academic integrity and honesty policy. All students are encouraged to familiarize themselves with the policy, together with other relevant policies, prior to commencing their studies.

APIC believes that academic integrity is based on honesty in all scholarly endeavours. Students must conduct themselves in their academic studies honestly and ethically and are expected to diligently acknowledge the work of others in all academic activities.

A failure to uphold the College’s policies and standards of academic honesty and integrity may result in a finding of academic misconduct which can incur serious penalties including a loss of marks, failure of an assessment, failure of the unit, or expulsion from the College.

Academic misconduct includes cheating, collusion, plagiarism, and other conduct that deliberately or inadvertently claims ownership of an idea or concept without acknowledging the source of the information. This includes any form of activity that negates the academic integrity of the student or another student and his or her work.

Detailed information about relevant terms, penalties, and the processes for investigating allegations of academic misconduct, and for appealing a finding is provided in the college’s policy.

The full policy can be found at: [http://apicollege.edu.au/academic-honesty/](http://apicollege.edu.au/academic-honesty/)