

FNCE90055 Financial Decision Making

Credit Points:	12.50
Level:	9 (Graduate/Postgraduate)
Dates & Locations:	2010, Parkville This subject commences in the following study period/s: Semester 1, Parkville - Taught on campus. Semester 2, Parkville - Taught on campus.
Time Commitment:	Contact Hours: One 1.5-hour lecture and one 1.5-hour workshop per week Total Time Commitment: Estimated total time commitment of 120 hours per semester
Prerequisites:	None
Corequisites:	None
Recommended Background Knowledge:	None
Non Allowed Subjects:	None
Core Participation Requirements:	For the purposes of considering requests for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Students Experiencing Academic Disadvantage Policy, academic requirements for this subject are articulated in the Subject Description, Subject Objectives, Generic Skills and Assessment Requirements for this entry. The University is dedicated to provide support to those with special requirements. Further details on the disability support scheme can be found at the Disability Liaison Unit website: http://www.services.unimelb.edu.au/disability/
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Subject Overview:	This subject is designed to equip students with the tools necessary to enable them to make the core investment decisions that managers face on a daily basis as well as the knowledge as to where they can find the information necessary to apply those tools. The first part of the subject deals with establishing the environment in which firms operate as well as detailing the reporting requirements that they face. Having established these fundamentals, the subject then considers the range of tools commonly employed by managers including discounted cash flow techniques and financial ratio analysis. The definition and measurement of alternative forms of risk are discussed with a view to establishing an explicit link between risk and expected return. Finally, the subject considers two of the most common, and important decisions a firm faces, in deciding the appropriate level of debt it should take on as well as the proportion of earnings it should return to shareholders.
Objectives:	On successful completion of this subject, students should be able to: <ul style="list-style-type: none"> # Analyse the environment in which different forms of corporate entities operate and the regulatory constraints imposed; # Explain the fundamental elements of the balance sheet and the profit and loss and cash flow statements; # Apply basic financial mathematical techniques; # Recognise the fundamentals of capital budgeting; the use of discounted cash flow techniques and the contribution of alternative methods of project evaluation; # Apply Du Pont analysis to generate financial ratios that aid in explaining cross-sectional variations in firm performance; # Explain the benefits of diversification and the main drivers of those benefits; # Differentiate between alternative forms of risk and understand the link between risk and return in a competitive market;

	<ul style="list-style-type: none"> # Describe the nature of leverage, the constraints firms face in its use and evaluate the impact of its presence firm sustainability; # Evaluate the alternatives available to a firm when deciding how to distribute its profits (if at all).
Assessment:	One 2-hour end-of-semester examination (50%)A mid-semester (30%)Two group assignments not exceeding 1500 words each (20%)
Prescribed Texts:	You will be advised of prescribed texts by your lecturer.
Breadth Options:	This subject is not available as a breadth subject.
Fees Information:	Subject EFTSL, Level, Discipline & Census Date, http://enrolment.unimelb.edu.au/fees
Generic Skills:	<p>On successful completion of this subject, students should have improved the following generic skills:</p> <ul style="list-style-type: none"> # An in-depth knowledge of financial markets through an interpretation and analysis of the environments in which these markets operate and through; critical , creative and evaluative thinking in relation to alternative forms of risk # Communication skills which will be developed through an engagement with the public discourse # Problem solving skills through discussion of decisions in relation to appropriate debt levels for firms and returns to shareholders # Synthesis of data and other information through discussion of alternatives in decision making in firms # Evaluation of data and other information through differentiation of forms of risk # Interpersonal and decision-making skills and receptiveness to alternative ideas through tutorial and team work/collaborative exercises # Ethical thinking and work practice skills in financial decision making through exercises and case studies
Notes:	This subject is only available to students enrolled in the Master of Management
Related Course(s):	Master Of Applied Commerce (Management) Master of Applied Commerce Master of Applied Commerce Master of Applied Commerce (Business Analysis and Systems) Master of Applied Commerce (Business Analysis and Systems) Master of Applied Commerce (Human Resource Management) Master of Applied Commerce (Human Resource Management) Master of Applied Commerce (International) Master of Applied Commerce (International) Master of Applied Commerce (Management) Master of Applied Commerce (Marketing) Master of Applied Commerce (Marketing) Master of Applied Commerce (Organisational Change) Master of Applied Commerce (Organisational Change) Master of Construction Management Master of International Business Master of International Business Master of International Business Master of Management Master of Management (Accounting) Master of Management (Business Analysis and Systems) Master of Management (Economics) Master of Management (Finance) Master of Management (Marketing) Master of Property