BUSN 9119
Financial Management
Group Project Assignment (15 marks)

Due date: Friday, 27 April 2018 (Week 7), 11.00am

Instructions

Group work has become an integral part of learning. From the positive view, students are making new friends, networking and collaborating and sharing workloads. The challenges would be students would have to learn to manage each other, dealing with free riders or domineering members and eventually resolving conflicts within the group. Every member of the group is equally and jointly responsible for the outcome of their assignment. If there is any conflicts arise among the group members, the group members are responsible to resolve them as amicably as possible.

Each group is to choose one of the options given below. Each of these options has different objectives or learning outcomes and the process involves data gathering, calculating the relevant variables and summarising it in an appropriate form (graphs, charts, tables).

A written assignment also constitutes part of the assessment. You will write a literature based to your choice option and supported with suitable journal articles. The number of journal articles to support your literature would be a maximum of 5.

Your work will be assessed based on the ability to provide critical analysis on the findings, well-presented and interesting, provides clarity, and ease of understanding. It will also include peer assessment on the yourself and also your members.

The following things to note in your group project:

a.   This assignment forms 15% marks of your overall assessment. You are to form a group of four (4) members and kindly inform me of your members by Week 2.

b.   In your written assignment, you may want to organise this way:
   1. **Introduction**
   2. **Literature** about your topic choice
   3. **Graphs** and **tables** to summarise the results of your findings
   4. **Discussion** section about the findings
   5. **Conclusion** for your project and discuss the **limitations of your study**.
   6. **References**
   7. Include the **group assessment/feedback page** at the very end of your assignment to enable me to provide a report on your overall performance and feedback.

c.   Kindly note of the following before you submit to FLO:
   1) The written assignment is to be submitted in *pdf format*.
   2) The written assignment should not be *not more than 2,500 words*.
   3) The *wordcount will be stated at the top of the first page* of your assignment. A penalty of 2% will be imposed if such information is not disclosed.
   4) An *assignment cover sheet (attached to FLO)* is to be attached to the written assignment when submit. The assignment will not be marked without an assignment cover sheet attached. Kindly keep a back-up copy to both of your assignments. *Do not email your assignments to me.*
   5) *References will have to be provided.*

6) The ***group assessment/feedback form (provided on page 5)*** will have to be attached to the last page of the assignment to enable me to provide feedback and record the marks.

d. The deadline for submission is **Friday, 27 April 2018 (Week 7), 11.00am.** Penalty of 5% per day will be imposed for late submission. Assignment submitted more than 72 hours after the deadline will not be marked.

e. You are reminded of the obligation to respect the rules and practice of academic integrity as outlined in the Flinders University website. All students and staff have an obligation to understand and respect the rules and practice of academic integrity. It is therefore expected that students and staff will adhere to high standards of academic integrity. The full policy can be found in:
http://www.flinders.edu.au/ppmanual/student/academic-integrity.cfm

Best wishes
Dr Wee Ching Pok

Option 1 – The Debt of Companies

Objective

This project is to examine the debt ratios of Australia public listed firms and also to see if there is any **correlation between debt of firms with (1) firm characteristic variables and/or (2) firm policy decision variables**.

Steps
1. You are to select **three (3)** industries for your study where each should have a sample of at least **10** companies. Go to the Australia Stock Exchange (ASX) website to help you to identify the companies and also the industry. Database for the last 3 years are provided.

2. From the database, you are to extract information related to the debt of the company. The two relevant debt ratios for your study are
   (1) **total debt over total assets** and
   (2) **long-term debt over totals assets** from each of the companies for the last 3 years.
   This will be your dependent variable.

3. For your independent variables, there are 2 distinct groups of variables;
   (1) the *firm characteristics variables* (*choose only 3*) and
   (2) the *policy and decision variables (choose only 2)*.

   For *firm characteristics variables*, you are to extract the following information for the last **3 years** for each of the company:
   – **firm size** – natural log of firm's total assets (TA), predicted relationship +ve
   – **capital intensity** – ratio of PPE/TA, predicted relationship +ve
   – **non-debt tax shield** - depreciation/TA, predicted relationship –ve
   – **profitability** - net income/TA, predicted relationship –ve
   – **growth opportunities** - market to book value (MBV), predicted relationship, mixed results.

   For *policy and decision variables,* you are to extract the following information for the last **3 years** for each of the company:
   – Dividends over the period/TA, predicted relationship +ve
   – Sales of common stock/TA, predicted relationship –ve

– Net change in firm's non-debt CL/TA, predicted relationship –ve

In the process of gathering information, you may find not all data are available; you may have to make decision as what variables can be used for your purpose.

Instructions:
You are required to report the following:
- the **average debt ratios** of the industry that you have chosen, preferable support your presentation with graphs or tables.
- provide other descriptive statistics for all the variables examined (**mean, standard deviation, maximum values and minimum values**) for each of the industry that you examined. Summarise them in a table.
- provide the **correlation** between **debt and firm characteristic variables and/or firm policy decision variables analysed over the 3 years.** Summarise them in a table.
- Draw conclusions from your findings

Option 2 – The Risks of Companies

Objective

This project is to measure the following type of risks of Australia public listed companies, namely, (1) business risk, (2) financial risk and (3) equity/shareholders.

Steps
1. You are to select **three (3)** industries for your study where each should have a sample of at least **10** companies. Go to the Australia Stock Exchange (ASX) website to help you to identify the companies and also the industry. Database for the last 3 years are provided.

2. From the database you are to extract the following information over the last 3 years. Note that you should have same fiscal year end for all companies that you examined.
    - **business risk** measured by taking the average of the standard deviation of firms' ROA (EBIT/TA) for the last **3 years**
    - capital intensity i.e. PPE/TA
    - **financial risk** measured by DEBT/TA
    - **equity/shareholders risk** measured by taking the average of the standard deviation of the firm's ROE for the last **3 years**
    - **market capitalisation** (or size) measured by the number of shares outstanding multiply by the price of the share at the date you download the data

4. You are required to examine if the 3 industries that you have chosen are different in terms of business risk, financial risk and equity/shareholders risk. Would the size of firm have an influence on the risks other than industry influence?

5. You are also required to examine the **correlation of the (1) business risk and capital intensity, (2) business risk and financial risk, (3) financial risk and capital intensity (4) financial risk and equity risk.**

6. Discuss your findings on a comparative basis.

Option 3 – The CEOs Compensation Plan

Objective

This project is to study the compensation plan of the CEOs of Australia public listed companies.

Steps
1. You are to select **three (3)** industries for your study where each should have a sample of at least **10** companies. Go to the Australia Stock Exchange (ASX) website to help you to identify the companies and also the industry. Download the annual reports of each of the company for the last 3 years.

2. For each of the company you are to extract the following information over the last 3 years. The type of rewards (salary, bonus, shares, share options, perks, etc) the companies awarded their CEOs and their respective amounts.

3. For each of the company, you are to extract information related to the performance for the last 3 years. The variables used for performance measure would include:
   - ROA
   - ROE
   - Sales growth

4. Study the CEO's compensation plan for each of the industry for the last 3 years and also observe also the performance of these firms. From your findings, (1) has any of the industries that you examine have awarded their CEOs a lot more higher than other industries (2) are the compensation plans closely associated with the firm performance?

Option 4 – Corporate Scandals

Objective

To examine the financial scandals committed by the trusted executives of an Australian public listed company (the representatives of the companies). Please avoid discussion of scandals related to accounting and audit topics. It has to be finance related topics.

Key questions and framework of analysis – in no particular order
- Identify the company for your study
- The extent of the wrong doings committed by the company
- The trusted executives involved in the scandal
- Track the flow of events that took place
- How did the market or the regulatory bodies react to this scandal?
- Were the shareholders able to recover their financial losses due to the scandal?
- Would the scandal have had happened if there have been more regulations?

For this option, I would say your source of references would mainly come from the newspapers.

BUSN9119/9227/9227B Financial Management Group Project Assignment Assessment/Feedback Form (15%)

This feedback consists of 2 main parts, (1) written assignment, 60% (2) peer assessed of group members' contribution, 15%. Your group will be given a number and you will be identified based on this number. Please check with FLO.

The criteria for marking for each of the parts are set out as below. Except for exceptional circumstances, the grades will be the same for all the group members.

Group Number ……………………………………
BUSN…………………………………………………..
Student name (all members in the group)   **Student number**
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1.   Assessment of written assignment (60 marks)

Content

a.   The assignment has **answered most of the questions**.

Demonstrate an adequate level of knowledge	Demonstrate a sound level of knowledge	Demonstrate advanced level of knowledge	Demonstrate advanced level of knowledge and competencies skills
<=10	11-13	14-16	17-20

Additional comments

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b.   The assignment **provided critical analysis** of the findings.

Demonstrate an adequate level of knowledge	Demonstrate a sound level of knowledge	Demonstrate advanced level of knowledge	Demonstrate advanced level of knowledge and competencies skills
<=5	5-6	7-8	9-10

Additional comments

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c.   The issues raised have been **discussed well**.

Demonstrate an adequate level of knowledge	Demonstrate a sound level of knowledge	Demonstrate advanced level of knowledge	Demonstrate advanced level of knowledge and competencies skills
<=1	2-3	4	5

Additional comments

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d.   The facts and findings are presented in **cohesive manner.**

Demonstrate an adequate level of knowledge	Demonstrate a sound level of knowledge	Demonstrate advanced level of knowledge	Demonstrate advanced level of knowledge and competencies skills
<=1	2-3	4	5

Additional comments

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Presentation

a.   The **presentation of the findings is appropriate** (use of graphs, charts, etc)

Demonstrate an adequate level of knowledge	Demonstrate a sound level of knowledge	Demonstrate advanced level of knowledge	Demonstrate the acquisition of an advanced level of knowledge and competencies skills
<=5	5-6	7-8	9-10

Additional comments

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b.   The explanations are done **with clarity.**

Demonstrate an adequate level of knowledge	Demonstrate a sound level of knowledge	Demonstrate advanced level of knowledge	Demonstrate advanced level of knowledge and competencies skills
<=1	2-3	4	5

Additional comments

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c.   The references are correct and **the references are of high quality.**

Demonstrate an adequate level of knowledge	Demonstrate a sound level of knowledge	Demonstrate advanced level of knowledge	Demonstrate advanced level of knowledge and competencies skills
<=1	2-3	4	5

Additional comments

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2.   Peer assessment of group members' contributions to group project (15 marks)

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Overall marks of group project (15%)

Written assignment (60 marks)		Scores
A. Content		
The assignment has **answered most of the questions**.	20	
The assignment **provided critical analysis** of the findings.	10	
The issues raised have been **discussed well**.	5	
The facts and findings are presented in **cohesive manner.**	5	
B. Presentation		
The **presentation of the findings is appropriate** (use of graphs, charts, etc)	10	
The explanations are done **with clarity.**	5	
The references are correct and **the references are of high quality.**	5	
C. Peer assessed of group members' contribution	15	
Total (75 marks)		
Total (factored into overall of 15 marks)	**15**	