Unit of Study Guide

Unit Code and Title	**BUS6011 Economics and Finance for New Projects**
Course(s)	Master of Business Administration
Core or Elective	**Elective:** Master of Business Administration
Credit Points	8 credit points
Duration	12 weeks
AQF Level	9
Student Workload	Students should expect to spend 156 hours on learning activities across the study period. This includes time spent attending scheduled classes, undertaking private study, preparing assessments, and completing examinations.
Essential Requirements	N/A
Modes of Delivery	On campus / Online
Pre-Requisite/Co-Requisite	Pre-Requisites BUS5001 Ethical, Legal and Industrial Frameworks BUS5002 Applied Accounting and Financial Management
Unit Coordinator	
Contact Information	✉: ☎: +61 02 9318 8111 Consultation: By appointment

Unit Description

BUS6012 Economics and Finance for New Projects equips students with integrated and specialist knowledge to support financial appraisal and decision optimisation. The unit prepares students with skills required to undertake project appraisal and financial management for diverse enterprises including health services, research and development, capital projects and projects in local, state and national government departments and agencies (delete these “extras” limits the options and not needed). On completion of this unit students will be prepared to use present worth, equivalent annual cash flows, net present value, payback method, benefit to cost ratio and return on investment to direct planning and decision-making.

Unit Learning Outcomes (ULOs)

On successful completion of this unit, students will be able to:

ULO1	Analyse financial modelling for project appraisal and decision making.
ULO2	Synthesis financial strategies to enhance project performance.
ULO3	Evaluate financial statements and different financial strategies.
ULO4	Develop financial and non-financial criteria for project appraisal and decision optimisation.

Course Learning Outcomes (CLOs)

Successful completion of this unit will contribute to the following Course Learning Outcomes (CLOs):

CLO1	Using appropriate technologies and methodologies, review, critically analyse and apply theoretical and practical knowledge, complex information and concepts, and research findings to support and justify enterprise decisions.
CLO2	Generate innovative, sustainable solutions to complex real world, contemporary enterprise problems.
CLO4	Effectively communicate complex concepts, relating to the analysis, planning, design and evaluation of responses to enterprise problems to both specialist and non-specialist team members, clients and collaborators using a range of communication modalities as appropriate.

Graduate Attributes (GAs)

Successful completion of this unit will contribute to the following APIC Graduate Attributes (GAs):

GA1. Analytical and Scholarly: APIC graduates will be able to locate, select and evaluate information from a range of sources to ensure currency of their knowledge base.

GA 3. Innovative Problem Solvers and Decision Makers: APIC graduates will be curious, enquiring and adaptable, embracing and creating change. They will be able to find novel and effective solutions for anticipated and unexpected challenges and make appropriate, timely and justified decisions.

GA 5. Critical and Reflective Thinkers: APIC graduates will actively reflect on and critique information, decisions, and strategies for continuous improvement.

Learning and Teaching Process

Learning and teaching in this unit applies the APIC model of providing transformational learning experiences that are student-centered, collaborative, active, reflective and applied. Key themes embedded into the resources, challenges and assessments are ethical practice, sustainability, evidence-based decision making and real-world applications. Completion of the learning activities for each week will give students the discipline knowledge and skills required to complete the assessments. Successful completion of all assessments demonstrates that the unit learning outcomes have been achieved. Additional support to further enhance students' academic skills is available from the Academic Enhancement team.

Expectations

Students are expected to:

- Prepare for scheduled classes by completing assigned activities
- Attend at least 80% of scheduled classes
- Actively participate in class activities

- Seek clarification and advice from teaching staff as needed
- Attempt all assessments
- Submit assessments on time
- Review and reflect on feedback on assessments and seek clarification about feedback where needed
- Notify the unit coordinator if unable to attend classes and/or submit assessments

Completion of the learning activities for each week will give students the discipline knowledge and skills required to complete the assessments. Successful completion of all assessments demonstrates that the unit learning outcomes have been achieved.

Schedule of Learning and Teaching Activities

	Topic	Learning Activities	Readings
Week 1	Introduction to New Project Finance and Economic Concepts	Introduction to unit, review of the fundamentals of new project economics and appropriate financial techniques for new project development **Concepts** • Review of the Fundamentals of Project • Economics and Financial Techniques **Activities** • Forming groups	Readings provided in LMS
Week 2	Time Value of Money within New Project Evaluation	Understanding the critical nature of time value of money within a new project scenario – concept, role, present value and future value calculations, the future value and the present value of both an ordinary annuity and an annuity due, the present value of a perpetuity, the future value and the present value of a mixed stream of cash flows, the effect of compounding interest has on future value within the context of a new project environment **Concepts** • Cash Flows and Time Value of Money • Interest • Cash Flow Diagrams **Activities** • Exercises in cash flow, creating diagrams and time value of money • Group consultation and discussion	Readings provided in LMS

Week 3	Financial Analysis of a Project and Cash Flow Recognition	Within the context of a new project scenario, understand the key elements of the capital budgeting (New Project Analysis) process, evaluate a new projects payback period, net present value (NPV), economic value added (EVA), internal rate of return (IRR) of a new project, compare NPV and IRR techniques, the theoretical and practical strengths of NPV and IRR, cash flow, expansion versus replacement decisions, tax implication, sunk costs, opportunity costs, and international capital budgeting **Concepts** • Net Present Value **Activities** • Exercises in NPV	Readings provided in LMS
Week 4	Project Financing and the Cost of Capital	Understanding and analysing different sources of new project finance, determining optimal capital structure for a new project, understand the venture capital market and its role in financing new projects / opportunities, the cost of long term debt and owners' fund for the project, methods to derive the cost of a project **Concepts** • Internal Rate of Return (IRR) **Activities** • Exercises in IRR • Case study	Readings provided in LMS
Week 5	Leverage Analysis	Understand operating, financial, and total leverage, the relationships among them and implication on a new project, the EBIT-EPS approach to capital structure **Concepts** • Benefit/Cost Ratio **Activities** • Exercises in Cost ratio analysis • Group consultation and discussion	Readings provided in LMS
Week 6	Depreciation on Assets	The concept of depreciation, the factors involved in the depreciation process, straight-line, and decreasing-charge methods of depreciation, appropriate depreciation methods for the assets and resources used in new projects **Concepts** • Multiple Project Analysis • Replacement Analysis • Depreciation and Valuation **Activities** • Analysis of multi-project case studies • Planning for Assessment 2	Readings provided in LMS

Week 7	Presentations and Discussion		
Week 8	Presentations and Discussion		
Week 9	Project Performance Analysis and Appraisal Report I	The different means of new project performance analysis, analysing profitability, liquidity, operational efficiency and leverage ratios from the financial statements of an organization/new project, interpreting, concluding and decision making based on the ratio analysis. **Concepts** • Project Appraisal Report – Structure and Components **Activities** • Case studies Group consultation and discussion	Readings provided in LMS
Week 10	Project Performance Analysis and Appraisal Report II	In the context of a new project, analysing and interpreting different ratios, cost benefit ratios, ROA, ROE, the effect of debt on firm value through bankruptcy costs, the application of horizontal and vertical analysis. **Concepts** • Funding and Selection **Activities** • Case studies • Group consultation and discussion	Readings provided in LMS
Week 11	Sensitivity Analysis	**Concepts** • Sensitivity analysis for new projects • The impact and decision making process • Funding and Selection (continued) **Activities** • Case studies • Group consultation and discussion	Readings provided in LMS
Week 12	Project Risk Management - And Brining It All Together	**Concepts** • New project risk analysis and risk management • Conclusion and wrap up **Activities** • Case studies • Planning for final assessment	Readings provided in LMS

Assessment Information

Assessment	Weight	Due Week	Length/ Duration	ULO
Assessment 1: (Individual) Students will research financial and non-financial criteria for evaluating potential projects. Following collaborative discussion in small groups, students will present a coherence set of evaluation criteria.	25%	4	1500 Words	ULO4
Assessment 2: Case Study (Individual) Students will be presented with a set of project parameters which they will evaluate. Their report will be in pecha kucha format.	35%	7 or 8	20 slides 400 seconds 1500 words eq	ULO2 ULO3
Assessment 3: **Individual Case Study** (Individual) Students will analyse a set of financial data and prepare a full project viability report.	40%	12	3500 words	ULO1 ULO3

Resources

Prescribed Text(s):

No prescribed textbook. Students are expected to read materials available through the online learning site.

Recommended Readings:

Akbiyikli, R, Dikmen, SU & Eaton, D 2011, 'Financing road projects by private finance initiative: Current practice in the UK with a case study', *Transport*, vol. 26, no. 1, pp. 208-215, doi:10.3846/16484142.2011.589426.

Brusov, P, Filatova, T, Eskindarov, M, Brusov, P, Orehova, N & Brusova, A 2012, 'Influence of debt financing on the effectiveness of the finite duration investment project', *Applied Financial Economics*, vol. 22, no. 13, pp. 1043-1052.

Esty, BC & Sesia, A 2011, 'An overview of project finance and infrastructure finance - 2009 update', *Harvard Business School* Case No. 210-061, <https://ssrn.com/abstract=1628792>

Frank, LAC & Ghosh, C 2012, 'Does firm governance affect institutional investment? Evidence from real estate investment trusts', *Applied Financial Economics,* vol. 22, no.13, pp. 1063-1078.

Gatti, S 2013, *Project Finance in Theory and Practice*, 2nd edn, Academic Press, San Diego.

Girardone C & Snaith S 2011, 'Project finance loan spreads and disaggregated political risk', *Applied Financial Economics,* vol.21, no.23, pp. 1725-1734.

Kayser, D 2013, 'Recent research in project finance a commented bibliography', *Procedia Computer Science*, vol. 17, pp. 729–736.

Kerzner, H 2017, *Project management: A systems approach to planning, scheduling, and controlling*, 12th edn, John Wiley & Sons, Hoboken, New Jersey.

Lutchman, C 2010, *Project execution: A practical approach to industrial and commercial project management*, 5th edn, Thomson Learning, Boston.

Maurer, M 2009, 'Specific net present value: An improved method for assessing modularization costs in water services with growing demand', *Water Research*, vol. 43, no. 8, pp. 2121-2130.

Project Management Institute 2017, *A guide to the project management body of knowledge (PMBOK guide)*, 6th edn, Project Management Institute, Newtown Square, Pennsylvania.

Scannella, E 2012, 'Project finance in the energy industry: New debt-based financing models', *International Business Research*, vol. 5, no. 2, pp. 83-93.

Sullivan, WG, Wicks, EM & Koelling, CP 2015, *Engineering economy*, 16th edn, Pearson, Essex, UK.

White, JA, Case, KE & Pratt, DB 2012, *Principles of Engineering Economic Analysis*, 6th edn, Wiley, Queensland, Australia.

Other Required Resources:

Project Management Institute: www.pmi.org
Project Syndicate, The World's Opinion Page https://www.project-syndicate.org/section/economics

Participation

Students are required to participate in all collaborative work, group work and work integrated activities, such as study tours, industry lead activities and open forums, (a) actively, fully and positively; and (b) in a timely manner. Student contributions to collaborative, group, and work integrated activities must be meaningful, of value to peers, and follow the specifications of the Unit Study Guide.

Academic Misconduct

Ethical conduct and academic integrity and honesty are fundamental to the mission of APIC and academic misconduct will not be tolerated by the College. It is the responsibility of every student to make sure that they understand what constitutes academic misconduct and to refrain from engaging in it. Please refer to APIC's Academic Integrity Policy for further details.

Attendance

APIC has a responsibility to ensure that all students enrolled at the College are able to make satisfactory progress through their course, and attending scheduled classes is essential for course progression. For onshore international students maintaining satisfactory attendance in the course and making satisfactory progress with the course are also conditions of the student Visa. APIC therefore monitors the attendance of all students at all scheduled classes and students are required to attend at least 80% of scheduled for units in which they are enrolled, where attendance means that the student is present for the whole duration of the scheduled lecture, tutorial or seminar class. Students are advised that decisions about the award of supplementary assessments will take into account student attendance.

Disclaimer

This unit study guide may be updated and amended from time to time. Any changes to the unit will be notified to students through the Online Learning System (OLS) for the unit.