



# AFIN252

## Applied Financial Analysis and Management

S1 Day 2014

*Applied Finance and Actuarial Studies*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Unit Convenor

Lindsay Stubbs

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N/A

9:00am - 11:00am, Thursdays in E4B 104 commencing Week 1. (Weeks 1 -13 only)

Credit points

3

Prerequisites

(ACCG100 or ACCG105 or ACCG106) and (ECON111 or BBA103) and (STAT170 or STAT171 or PSY122) and ACST101 and (24cp or GPA of 2.25)

Corequisites

Co-badged status

Unit description

This unit provides an introduction to the fundamental principles of finance and forms a gateway to more advanced studies in asset pricing, derivative securities, portfolio management and corporate finance. After completing this unit, students have foundation knowledge in investment valuation, risk and return, capital budgeting, corporate financial policy such as financing decisions and dividend policy, derivatives securities, and no-arbitrage valuation. The unit promotes graduate capabilities in critical, analytical and integrative thinking; and problem solving and research within the context of finance. While this unit has similar topic coverage to AFIN253, it provides a more rigorous approach and requires a higher level of quantitative ability.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

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

A broad introduction to applied financial analysis and management.

An understanding of some of the key concepts of modern finance.

An ability to apply finance theory to simple real-life problems.

An ability to use the accounts of listed Australian companies and calculate key market-related figures.

## Assessment Tasks

Name	Weighting	Due
<a href="#">Quiz</a>	5%	Week 4
<a href="#">Case Study/Report</a>	20%	4:00pm , 29th April 2014
<a href="#">Class Test</a>	15%	9th and 11th April 2014
<a href="#">Final Examination</a>	60%	University Examination Period

### Quiz

Due: **Week 4**

Weighting: **5%**

An quiz will be held in Week 4. It will be an online quiz and serves the purpose of a Diagnostic Test and is designed to give students early feedback.

The quiz will count for 5%.

No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.

### Case Study/Report

Due: **4:00pm , 29th April 2014**

Weighting: **20%**

A case study of a listed Australian company. This is a group project.

No extensions will be granted. Late tasks will be accepted up to 72 hours after the submission deadline. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

## Class Test

Due: **9th and 11th April 2014**

Weighting: **15%**

The class test will be based on the first five topics. There is no Supplementary Class Test. If you fail to attend the test you will receive a mark of **zero (0)** unless a Request for Special Consideration is lodged in accordance with University policy and that request is granted.

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

## Final Examination

Due: **University Examination Period**

Weighting: **60%**

The Final Examination will cover the whole syllabus for the unit.

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

## Delivery and Resources

### Classes

- Each week there will be a two hour lecture and a one hour tutorial. You should attend all

lectures and tutorials. **Please note that tutorials start in Week 1, namely on Wednesday 5th March 2014, Thursday 6th March 2014 and Friday 7th March 2014.**

**Questions for Tutorial 1 will be posted on iLearn and sent to you by email.** Weekly tutorials cover material based on the lecture of the previous week.

- Solutions to tutorial questions (both from the text book and the Extra Tutorial Problems) will be posted on iLearn at the end of each week.
- The timetable for classes can be found on the University web-site at:  
<http://www.timetables.mq.edu.au/> .
- Your attendance at tutorials is very important.

## Prizes

There is a Macquarie University Applied Finance and Actuarial Studies Prize for the best student in this subject. Please see the following web-site

[http://www.businessandeconomics.mq.edu.au/undergraduate\\_degrees/prizes\\_scholarships](http://www.businessandeconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships)

## Required and Recommended Texts and/or Materials

The prescribed text is:

**Fundamentals of Corporate Finance, 6h edition**, by S. Ross, R. Bianchi, M. Christensen, M. Drew, R. Westerfield and B. Jordan.

Publisher: McGraw-Hill Irwin, 2014.

ISBN: 9781743079485 (pbk.)

The text can be purchased from the Macquarie University Co-op Bookshop, and is available in the Macquarie University Library.

## Technology Used and Required

During the semester, you may be asked to access web-sites of certain Australian companies and also the web-site for the Australian Securities Exchange at [www.asx.com.au](http://www.asx.com.au) .

**Calculators:** Financial calculators may be used in any examination for this unit. A financial calculator is not essential, as a scientific one should meet all your needs. You will not be asked to calculate Internal Rate of Return (IRR) in an examination. Financial calculators are able to do this. Only non-programmable calculators are allowed in an examination

If you choose to buy a financial calculator and are planning to enrol in the Chartered Financial Analysts (CFA) course after you graduate from Macquarie University, you may wish to purchase a financial calculator that meets CFA examination requirements. For specific requirements, see the CFA Institute's web-site, [www.cfainstitute.org](http://www.cfainstitute.org) . The two CFA-approved calculators are:

- Texas Instruments BA II Plus (including BA II Plus Professional);
- Hewlett Packard 12C (including Hewlett Packard 12C Platinum).

Another recommended calculator is the Hewlett Packard HP17BII or HP17BII+. This is used in Macquarie University's Master of Applied Finance program.

### Unit Web Page

- Course material is available on iLearn.
- The web page for this unit can be found at: <https://ilearn.mq.edu.au/login/MQ/>

## Learning and Teaching Activities

### Lecture and Tutorials

Each week there will be a two hour lecture and a one hour tutorial. In the tutorial, the tutor will go through some of the questions set for that week. They will be based on the lecture material for the preceding week. It is important that you attempt the tutorial problems before you come to class.

### What is expected of students

To achieve the best possible results in this unit, students should:

- Attend all lectures.
- Attend all tutorials and do assigned problems before the class.
- Read the assigned chapters of the text book.
- Download a copy of each lecture's PowerPoint slides which will be made available before each lecture. Make sure these are brought to lectures.
- Most of the tutorial problems will be drawn from the text book. There will be extra tutorial problems placed on iLearn requiring you to find out certain information about Australian companies and answer questions relating to what you have found.

The key change from Session 2 2013 is that the assessment is different. There are one online quiz worth 5%; there is a Group Project which is a case study on a listed Australian company which has a 20% weight (replacing the Essay from last semester); there will be a Mid-Semester Test worth 15%; and the Final Examination's weight remains at 60%.

## Unit Schedule

### LECTURES

Week	Topic	Chapter	Title of Chapter	Week Beginning
1	1	1	Introduction to corporate finance	3 March 2014
2	2	6	Valuing shares and bonds	10 March 2014
3	3	7	Net present value and other investment criteria	17 March 2014

4	4	10	Lessons from capital market history	24 March 2014
5	5	11	Return, risk and the Security Market Line	31 March 2014
6	6	8	Making capital investment decisions	7 April 2014
7	7	12	Current investment decisions	28 April 2014
8	8	17	Shareholder value and the cost of capital.	5 May 2014
9	9	18	Rewarding shareholders: setting dividend policy	12 May 2014
10	10	19	Financial leverage and capital structure policy	19 May 2014
11	11	20	Derivative Securities - Options	26 May 2014
12	12	20	Derivative Securities - Futures	2 June 2014
13			Revision	9 June 2014

## TUTORIALS

Students should complete all of the questions listed below prior to the relevant tutorial. These are from the text book. In addition, extra tutorial questions will be issued during the semester based on market-related calculations. In the week before the relevant tutorial these will be posted on iLearn.

Tutorial	Chapter	Week Beginning	Questions and Problems from the End of the Chapters
1	Introduction	3 March 2014	Questions for Tutorial 1 will be posted on iLearn.
2	1	10 March 2014	7, 12, 14, 15
3	6	17 March 2014	7, 8, 11, 12, 15, 18, 23
4	7	24 March 2014	1, 3, 11, 13, 15, 16, 23, 24
5	10	31 March 2014	1, 2, 4, 8, 9, 17, 22
6	11	7 April 2014	1, 2, 5, 7, 10, 12, 13, 16, 21
7	8	28 April 2014	1, 5, 6, 7, 8, 10, 11, 12, 14
8	12	5 May 2014	1, 3, 4, 16, 18
9	17	12 May 2014	1, 3, 7, 9, 13, 16, 18
10	18	19 May 2014	2, 9, 10, 11, 12, 18
11	19	26 May 2014	1, 2, 3, 6, 8, 9, 13, 14, 17
12	20	2 June 2014	1, 3, 4, 7
13	20	9 June 2014	25, 29, 30

Additional tutorial questions on market-related matters may be posted on iLearn and emailed to your student email account.

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## Academic Honesty

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at [http://www.mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://www.mq.edu.au/policy/docs/academic_honesty/policy.html)

## Grades

Macquarie University uses the following grades in coursework units of study:



- HD - High Distinction
- D - Distinction
- CR - Credit
- P - Pass
- F - Fail

To be awarded a specific grade, students are required to pass the final examination.

- To be awarded a High Distinction a student must achieve at least **50%** in the final exam as well as **85%** in their overall assessment.
- To be awarded a Distinction a student must achieve at least **50%** in the final exam as well as **75%** in their overall assessment.
- To be awarded a Credit a student must achieve at least **50%** in the final exam as well as **65%** in their overall assessment.
- To be awarded a Pass a student must achieve at least **50%** in the final exam as well as **50%** in their overall assessment.

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:

<http://www.mq.edu.au/policy/docs/grading/policy.html>

## Grading Appeals and Final Examination Script Viewing

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

[http://www.businessandconomics.mq.edu.au/new\\_and\\_current\\_students/undergraduate\\_current\\_students/how\\_do\\_i/grade\\_appeals/](http://www.businessandconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals/)

## Special Consideration Policy

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

[http://www.mq.edu.au/policy/docs/special\\_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

*Supplementary Exams* Further information regarding supplementary exams, including dates, is available here [http://www.businessandconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/special\\_consideration](http://www.businessandconomics.mq.edu.au/current_students/undergraduate/how_do_i/special_consideration)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

### Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

### Learning outcomes

- A broad introduction to applied financial analysis and management.

- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

## **Assessment tasks**

- Quiz
- Case Study/Report
- Class Test
- Final Examination

## **Critical, Analytical and Integrative Thinking**

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

## **Learning outcomes**

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

## **Assessment tasks**

- Quiz
- Case Study/Report
- Class Test
- Final Examination

## **Problem Solving and Research Capability**

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

## Learning outcomes

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

## Assessment tasks

- Quiz
- Case Study/Report
- Class Test
- Final Examination

## Creative and Innovative

Our graduates will also be capable of creative thinking and of creating knowledge. They will be imaginative and open to experience and capable of innovation at work and in the community. We want them to be engaged in applying their critical, creative thinking.

This graduate capability is supported by:

## Learning outcomes

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.

## Assessment task

- Case Study/Report

## Research and Practice

This unit gives you opportunities to conduct your own research into some companies listed on the Australian Securities Exchange (ASX), showing you how to find key information from the companies' accounts and then to apply this in certain calculations.