



AFIN253

Financial Management

MQC2 Day 2014

Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff

Moderator

Geoff Loudon

geoff.loudon@mq.edu.au

Contact via geoff.loudon@mq.edu.au

Unit Convenor

Veronica Norman

veronica.norman@mqc.edu.au

Contact via veronica.norman@mqc.edu.au

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 2.0)

Corequisites

Co-badged status

Unit description

This introductory unit in corporate finance focuses on the financing and investing decisions made by the finance manager of an organisation. While the emphasis is on the theory of the firm, students are also given exposure to current issues affecting corporate finance in Australia. Satisfactory completion of the unit equips students with a grasp of the following principals of financial economics: the relation between risk and expected return; the time value of money; and valuation of securities via discounted cash flows. The unit also provides an introductory coverage of derivative securities and no arbitrage valuation. The unit provides a standalone introduction to finance for students not planning to continue with study in the area. Analytical, quantitative and generic skills are emphasised. The unit aims to develop graduate capabilities centred upon effective communication, higher order analysis and problem-solving skills.

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:

Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.

Explain financing and investing decisions made by finance managers.

Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows

Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Assessment Tasks

Name	Weighting	Due
<u>Quizzes</u>	15%	Various
<u>Class test</u>	15%	Week 7
<u>Assignment</u>	20%	Monday 29 September
<u>Final Examination</u>	50%	University Examination Period

Quizzes

Due: **Various**

Weighting: **15%**

Students will be assigned a set of multiple choice questions each week to be completed online through iLearn.

This includes 10 weekly quizzes (1% each) and the Week 4 Diagnostic Quiz (5%).

Please check iLearn for relevant due dates.

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 Disruption to Studies is made and approved.

On successful completion you will be able to:

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.
- Demonstrate understanding of the relation between risk and expected return, the time

value of money, and valuation of securities via discounted cash flows

- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Class test

Due: **Week 7**

Weighting: **15%**

Class mid-session test will be held in Week 7 (15%).

This test will cover topics from Weeks 1 to 5.

In cases where an application for Disruption to Studies has been made and approved, students will be required to sit a supplementary test.

On successful completion you will be able to:

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.
- Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows
- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Assignment

Due: **Monday 29 September**

Weighting: **20%**

Submission

Due Monday 29 September at 11.59pm using Turnitin within iLearn.

Extension

No extensions will be granted. Late tasks will be accepted up to 72 hours after the submission deadline. There will be a deduction of 20% 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 - 40% penalty). This penalty does not apply for cases in which an application for Disruption to Studies is made and approved.

On successful completion you will be able to:

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.

- Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows
- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Final Examination

Due: **University Examination Period**

Weighting: **50%**

There will be one paper, of 2 hours duration plus 10 minutes reading time, to be sat during the end of session examination period. The paper will contain both calculative and theory questions, based on the learning objectives of the unit.

Financial calculators may be used in the final exam. All materials covered in lectures and tutorials from Weeks 1 to 12 inclusive, and assessment tasks 1, 2 and 3, including materials included in the prescribed textbook are examinable.

Additional information will be provided in the final lecture and also on the unit website in week 13. These are the only sources of information about the final examination and no correspondence will be entered into about the examination.

The best preparation for the final exam is to complete the weekly tutorial homework questions and lecture examples. You are also encouraged to discuss these materials with your peers.

You are expected to present yourself for examination at the time and place designated in the Final Examination Timetable. The timetable will be available in Provisional form approximately in week ten of this Session. You will have 1 week to give feedback to the Student Administration Manager. Prior to the examination period, you should ensure that you are familiar with the Examination Regulations. You can find these under *Exam Information* on the [Student Portal Noticeboard](#).

The examination timetable is produced to provide the maximum number of students with the least number of consecutive examinations. It is not uncommon for students of Macquarie University at both the City and North Ryde Campuses to be required to sit two consecutive examinations. A maximum of three consecutive exams is also permitted (for example, two on one day, and one the following morning). However no student is required to sit four consecutive exams and if any student discovers their examination timetable contains four consecutive exams, they should immediately contact the [Student Administration Manager](#) to have an exam rescheduled.

Students who have not sat for the exam will be awarded a mark of 0 for the task, except for cases in which an application for Disruption to Studies is made and approved. The University's policy on the Disruption to Studies process [is available online](#).

You will need to lodge your request for Disruption to Studies by logging into <http://ask.mq.edu.au> with your OneID.

If a supplementary examination is granted as a result of the Disruption to Studies process, the examination will be scheduled after the conclusion of the official examination period.

You must pass the final examination to satisfy the requirements of this unit

On successful completion you will be able to:

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.
- Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows
- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Delivery and Resources

Classes

- Students should each week attend their allocated lecture of up to two hours duration, and their allocated one-hour tutorial. Tutorials begin in Week 2 and cover material based on the preceding week's lecture topic.
- Week 7 lecture time is reserved for the mid-semester test. You must attend your scheduled lecture group for this test. The Week 7 tutorial classes are on as timetabled.
- Students should attend PAL Sessions where necessary to improve their understanding of the material covered.
- Attendance at tutorials is very important for successful completion of assessment tasks in this unit. Weekly attendance records may be taken into consideration in determining the overall unit result. The tutorial attendance record may also be taken into account in considering applications for supplementary end-of-semester final examinations.
- The timetable for classes can be found on the MQC Student Portal at: <http://student.mqc.edu.au/>

Prizes

Information on prizes is available at MQ website: www.businessandconomics.edu.au/undergraduate_degrees/prizes_scholarships.

Required and Recommended Texts and/or Materials

Prescribed textbook (source for weekly tutorial questions)

The textbook will assist you in the weekly quizzes.

- Printed copy: Fundamentals of Corporate Finance, Australasian 2nd Edition + iStudy 2 Card
- ISBN: 978-0-7303-0571-2

- E-book: Fundamentals of Corporate Finance, Australasian 2nd Edition E-Text + iStudy 2
- ISBN: 978-0-7303-0542-2

All prescribed textbooks will be made available to students to purchase at the Phillip Street Coop Bookshop. Students will be able to view a full list of textbooks for all units on the Noticeboard link on the Student Portal at <http://student.mqc.edu.au/>

Also available at <http://www.wileydirect.com.au/buy/fundamentals-corporate-finance-2nd-edition/>

Technology Used and Required

- Financial non-programmable calculators can be used in the unit. A financial calculator is not essential as a scientific non-programmable calculator should meet all your needs (calculation of the Internal Rate of Return (IRR) is not required in any of the assessment tasks). Note: Only non-programmable calculators without text retrieval functionality are allowed for use in the unit's assessments tasks.
- Excel or similar spreadsheeting tool will be required to complete some homework tasks.
- Students should have access to the internet.

Unit Web Page

- Course material and announcements are available on the learning management system (iLearn).
- Students should check iLearn regularly before each lecture, tutorial and assessment.

Learning and Teaching Activities

The unit is delivered through weekly lectures and tutorial classes. Tutorial questions will mostly be sourced from the required textbook. The question numbers that will be discussed in tutorials will be posted on iLearn. Students should attempt these questions before tutorials. Brief answers to the tutorial questions will be posted on iLearn after each week.

To achieve the best possible results students should:

- 1) Attend all lectures and tutorial classes;
- 2) Attempt and complete all assigned questions and problems before attending tutorial classes;
- 3) Read the assigned chapters of the required text book before attending lectures;
- 4) Ensure lecture notes are brought to lectures.
- 5) Attend PAL sessions where difficulties are experienced.

Changes since the last unit offering

1. Weekly online quizzes.
2. Week 4 diagnostic online quiz.
3. Change of prescribed textbook.

Unit Schedule

Lecture Week	Calendar Week	Chapters	Lecture Topic
1	14 July	1 & 2	Introduction to Financial Management
2	21 July	5 & 6	Fundamentals of Time Value of Money
3	28 July	7	Risk and Return
4	4 August	8 & 9	Bond & Share Valuation
5	11 August	10	Capital Budgeting Fundamentals
6	18 August	11	Cash Flows & Capital Budgeting
7	25 August		Mid-session Test (15%)
8	1 September	13	The Cost of Capital
9	8 September	16	Capital Structure
10	15 September	15 & 17	Capital Management and Payout Policy
11	22 September	20	Options and Corporate Finance.
12	29 September	21	International financial management
13	6 October		Revision and overview of end-of-semester final examination

* Please see list of weekly end-of-chapter homework questions on iLearn.

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

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

Disruption to Studies Policy 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/

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

Grades

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

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

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.city.mq.edu.au/reviews-appeals.html>

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) 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](#)

Students who require assistance are encouraged to contact the Student Services Manager at Macquarie City Campus. Please see reception to book an appointment.

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://students.mq.edu.au/support/>

At any time students (or groups of students) can book our Student Advising rooms on Level 6 by emailing info@city.mq.edu.au with a day and time and nominated contact person. There are additional student study spaces available on Level 1.

Macquarie University Campus Wellbeing also has a presence on the City Campus each week. If you would like to make an appointment, please email info@city.mq.edu.au or visit their website at: <http://www.campuslife.mq.edu.au/campuswellbeing>

UNIWISE provides:

- Online learning resources and academic skills workshops http://www.mq.edu.au/learning_skills
- Personal assistance with your learning & study related questions

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

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.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.

Students are expected to act responsibly when utilising Macquarie City Campus IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted.
- Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

If you would like to borrow headphones for use in the Macquarie City Campus computer labs (210, 307, 311, 608) at any point, please ask at Level 2 Reception. You will be required to provide your MQC Student ID card. This will be held as a deposit while using the equipment.

For assistance in the computer labs, please see a Lab Demonstrator (usually they can be found in Lab 311, otherwise ask at Level 2 Reception).

Graduate Capabilities

Capable of Professional and Personal Judgement and Initiative

We want our graduates to have emotional intelligence and sound interpersonal skills and to demonstrate discernment and common sense in their professional and personal judgement. They will exercise initiative as needed. They will be capable of risk assessment, and be able to handle ambiguity and complexity, enabling them to be adaptable in diverse and changing environments.

This graduate capability is supported by:

Learning outcomes

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.
- Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows
- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Assessment tasks

- Quizzes
- Class test
- Assignment
- Final Examination

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

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.
- Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows
- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Assessment tasks

- Quizzes
- Class test
- Assignment

- 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

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.
- Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows
- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Assessment tasks

- Quizzes
- Class test
- Assignment
- 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

- Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia.
- Explain financing and investing decisions made by finance managers.
- Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows

- Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

Assessment tasks

- Quizzes
- Class test
- Assignment
- Final Examination

Research and Practice

This unit uses research from external sources including journal articles and other text books which will be made available on iLearn.