



AFIN252

Applied Financial Analysis and Management

S1 Day 2015

Dept of 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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Contact via Email

N/A

See iLearn for details

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.

General Assessment Information

To be eligible to pass this unit, a pass is required in the final examination.

A Standardised Numerical Grade (SNG) gives you an indication of how you have performed within the band for your descriptive grade. The SNG is not a mark, and you may not be able to work it out based on your raw examination and other assessment marks. Nor are you able to determine you are “one mark away” from a different grade.”

It is the responsibility of students to view their marks for each within session assessment on iLearn within 20 working days of posting. If there are any discrepancies, students must contact the unit convenor immediately. Failure to do so will mean that queries received after the release of final results regarding assessment marks (not including the final exam mark) will not be addressed.”

Assessment Tasks

Name	Weighting	Due
Quiz	5%	Sunday 22nd March 2015 at 11pm
Group Project	15%	Monday 4th May 2015 at 4pm
Class Test	20%	23rd & 24th April 2015
Final Examination	60%	University examination period.

Quiz

Due: **Sunday 22nd March 2015 at 11pm**

Weighting: **5%**

An Online Quiz will be held in Week 4. This Online Quiz serves the purpose of a Diagnostic Test and is designed to give students early feedback. It will cover Topics 1 and 2. It will be launched on Sunday 15th March 2015 and will close on Sunday 22nd March 2015 at 11pm

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.

Group Project

Due: **Monday 4th May 2015 at 4pm**

Weighting: **15%**

Each group can consist a minimum of 2 members and a maximum of 4 members.

Agricultural companies (15%)

A study of some listed Australian agricultural companies. This is a Group Project: Minimum of 2 members, maximum of 4 members.

A hard copy of the Group Project must be submitted to BESS by 4:00pm on the due date. An electronic copy must be submitted to *Turnitin* by 4:00pm on the due date. You must staple a copy of the *Turnitin* report to the hard copy that you submit.

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 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: **23rd & 24th April 2015**

Weighting: **20%**

The Class Test test will be based on the first five topics. It will be held in lectures. It is important that you attend the lecture for which you are enrolled.

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.
- 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 of the unit.

A formula sheet will be provided in the examination.

Students must pass the Final Examination in order to pass 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 Thursday 26th February 2015 and Friday 27th February 2015. 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.businessandconomics.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: 9780071013192 (pbk.)

The text can be purchased from the Macquarie University Co-op Bookshop, and is available in the Macquarie University Library. You are not expected to or required to purchase the e-Resources associated with the text book.

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 .

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 . 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.

You are not required or expected to buy the e-Resources associated with the text book

Unit Schedule

LECTURES

Week	Topic	Chapter	Title of Chapter	Week Beginning
1	1	1	Introduction to corporate finance	23 February 2015
2	2	6	Valuing shares and bonds	2 March 2015
3	3	7	Net present value and other investment criteria	9 March 2015
4	4	10	Lessons from capital market history	16 March 2015
5	5	11	Return, risk and the Security Market Line	23 March 2015
6	6	12	Current investment decisions	30 March 2015
7	7	8	Making capital investment decisions	20 April 2015
8	8	17	Shareholder value and the cost of capital.	27 April 2015
9	9	18	Rewarding shareholders: setting dividend policy	4 May 2015

10	10	19	Financial leverage and capital structure policy	11 May 2015
11	11	20	Derivative Securities - Options	18 May 2015
12	12	20	Derivative Securities - Futures	25 May 2015
13			Revision	1 June 2015

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	23 February 2015	Questions for Tutorial 1 will be posted on iLearn.
2	1	2 March 2015	7, 12,15
3	6	9 March 2015	7, 8, 11, 12, 15, 18, 21, 25
4	7	16 March 2015	1, 3, 11, 13, 15, 16, 23, 24
5	10	23 March 2015	1, 2, 4, 8, 9, 19, 22
6	11	30 March 2015	1, 2, 5, 7, 10, 12, 16, 21
7	12	20 April 2015	1, 3, 4, 5, 16, 18
8	8	27 April 2015	1, 5, 6, 7, 8, 10, 11, 14
9	17	4 May 2015	1, 2, 3, 5, 9, 13, 16, 18
10	18	11 May 2015	2, 10, 11, 12, 18,
11	19	18 May 2015	1, 2, 3, 6, 8, 9, 13, 14, 17
12	20	25 May 2015	1, 3, 4, 7
13	20	1 June 2015	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

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/

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit ask.mq.edu.au.

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.businessandconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals/

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) 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

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

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

- Group Project

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
- Group Project
- 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
- Group Project
- 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
- Group Project

- Class Test
- Final Examination

Changes from Previous Offering

Students are not required to nor are expected to buy the e-Resources associated with the text book.

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.

Changes since First Published

Date	Description
25/03/2015	Change of consultation details