



# ACST101

## Finance 1A

S1 Evening 2016

*Dept of Applied Finance and Actuarial Studies*

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### Disclaimer

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

## General Information

Unit convenor and teaching staff

Unit Convenor & Lecturer

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Credit points

3

Prerequisites

Corequisites

Co-badged status

Unit description

This is an introductory unit in finance and is a core part of the first year knowledge base in most programs. Students will examine the Australian financial system as well as an introduction to financial mathematics and the pricing of financial instruments. They will also learn about financial institutions, financial markets, and risk and regulation. Students will develop spreadsheet skills in finance which is a critical employment skill. A background of at least HSC General Mathematics or equivalent numerical competency is highly desirable. Students who do not have this background and who do not intend to continue with AFIN102 Finance 1B, are advised to enrol in ECON131 Quantitative Methods in Economics, Business and Finance. Students who plan to continue their studies in finance are strongly advised to have studied at least HSC Mathematics (2 Unit) or its equivalent or MATH123 before enrolling in AFIN102.

## 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:

Identify major functions, risks and regulation of financial markets.

Explain key fundamental concepts in finance including determinants of the time value of money.

Value cash flows including single and multiple amounts, annuities, company bonds and shares.

Explain the relationship between risk and return.

Evaluate financial information using a spreadsheet.

## General Assessment Information

In the Final Examination students will be permitted a "Reference Sheet": a ONE A4 sheet of paper containing reference material printed on both sides. The material may be handwritten or typed. The Reference Sheet will be collected at the end of the examination, and will not be returned to you. For the In Class Test 1 (ICT1) and In Class Test 2 (ICT2) students will be provided with a formula sheet.

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
<a href="#"><u>On-line Quizzes</u></a>	20%	Week 2 through Week 11
<a href="#"><u>Class Tests</u></a>	30%	Week 5 and Week 10
<a href="#"><u>Final Exam</u></a>	50%	University Examination Period

## On-line Quizzes

Due: **Week 2 through Week 11**

Weighting: **20%**

On-line quiz (*OLQ*) (open book) will be held each week on iLearn, from Week 2 through Week 11 (*OLQ1-OLQ10*). A non-assessable *Practice Quiz (OLPQ)* is available from Week 1. Students are given two attempts on each quiz and only the highest mark counts toward the overall result. No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of zero ("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:

- Identify major functions, risks and regulation of financial markets.
- Explain key fundamental concepts in finance including determinants of the time value of money.
- Value cash flows including single and multiple amounts, annuities, company bonds and shares.
- Explain the relationship between risk and return.
- Evaluate financial information using a spreadsheet.

## Class Tests

Due: **Week 5 and Week 10**

Weighting: **30%**

In Class Test 1 (*ICT1*) (closed book) will be held in lectures in Week 5. This test will be worth 15%. Students must attend the lecture venue in which they are enrolled. Class Test 1 will be based on Week 1, 2 and 3 content.

In Class Test 2 (*ICT2*) (closed book) will be held in lectures in Week 10. This test will be worth 15%. Students must attend lecture venue in which they are enrolled. Class Test 2 will be based on Week 6, 7 and 8 content.

On successful completion you will be able to:

- Identify major functions, risks and regulation of financial markets.
- Explain key fundamental concepts in finance including determinants of the time value of money.
- Value cash flows including single and multiple amounts, annuities, company bonds and shares.

- Explain the relationship between risk and return.
- Evaluate financial information using a spreadsheet.

## Final Exam

Due: **University Examination Period**

Weighting: **50%**

Final Examination (closed book) will cover all Week 1 through Week 13 topics. It will be a three hour exam, with 10 minutes added for reading time. Students will be permitted one '*Reference Sheet*' in the examination room comprising ONE A4 page of paper containing reference material printed on both sides. The material may be handwritten or typed. The page will not be returned to students at the end of the final examination. To be eligible to pass this unit, a pass is required in the Final Examination.

On successful completion you will be able to:

- Identify major functions, risks and regulation of financial markets.
- Explain key fundamental concepts in finance including determinants of the time value of money.
- Value cash flows including single and multiple amounts, annuities, company bonds and shares.
- Explain the relationship between risk and return.
- Evaluate financial information using a spreadsheet.

## Delivery and Resources

### Learning and Teaching Activities

There are 3 hours of face-to-face teaching per week consisting of 1 x 2 hour lecture and 1 x 1 hour tutorial.

The schedule of lecture and tutorial class times is available at: <http://www.timetables.mq.edu.au>

### Lectures

Lectures will be held weekly. Lecture notes will be available in the week of the lecture, at the *iLearn* weekly tabs.

### Tutorials

Tutorials will be held weekly, commencing in Week 2. No tutorials are scheduled for Week 5 and Week 10.

Tutorial enrolment or change of tutorial can be made through *eStudent* in the first two weeks of the semester. No tutorial changes are allowed after Week 2. Students should check on *eStudent* for their tutorial room, especially as tutorial room allocations may have been changed since time of enrolment. Students should attend only their allocated tutorial.

Students are expected to complete the '*Critical Thinking Questions (CTQ)*' and the '*Questions and Problems (Q&P)*' as a self-directed study activity before attending a tutorial. The CTQ's and Q&P's will be available at the *iLearn* weekly tabs together with their answer 'Keys'. The CTQ's and Q&P's will not be discussed in tutorial time. Additional learning support will be available in tutor consultation times, and in PAL sessions.

Students are expected to attempt the '*Team Task Problems (TTP's)*' before attending a tutorial. The TTP's will be available at the *iLearn* tabs. The TTP's answer 'Key' will be available in the following week at the *iLearn* tabs. The TTP's will be discussed in tutorials. Additional learning support will be available in tutor consultation times, and in PAL sessions.

### Required Text

Parino, R. et al. 2014. Fundamentals of Corporate Finance (Australian 2nd Ed.). Milton, QLD: John Wiley & Sons Ltd.

ISBN : [978-0-7303-0542-2](http://www.wileydirect.com.au/buy/fundamentals-of-corporate-finance-2nd-edition/) <http://www.wileydirect.com.au/buy/fundamentals-of-corporate-finance-2nd-edition/>

### Technology Used and Required

#### Calculator

A calculator will be permitted during the Week 5 *In Class Test 1 (ICT1)*, the Week 10 *In Class Test 2 (ICT2)*, and the *Final Examination*. Note: students are expected to clearly show all steps (workings) in their solutions to 'calculation' questions.

Non-programmable calculators with no text-retrieval functionality are permitted. Calculators that have a full alphabet on the keyboard are not permitted. Graphics calculators are not permitted. Calculators need the following minimum functionality:  $x^y$  or  $^$ ,  $1/x$  and  $\log$  or  $\ln$  functions, and a memory.

Students are expected to by Week 1 be familiar at least with the basic operation of their calculator.

#### Computing

Students are expected to by Week 1 be familiar at least with the basic operation of their computing device, ensuring the device is *Wi-Fi* enabled to access lecture activities in 'real-time'.

#### Software

Students should have access to *Excel* software, and are expected to in Week 1 have viewed the '*Excel* Tutorial' in *iLearn* '*Kick-Start*'. *Excel* will be used in lectures and tutorials from Week 1. A review of *Excel* fundamentals and time value of money functionality is scheduled for the Week 4 lecture. To maximise the benefit of the Week 4 lecture content, we strongly recommend students to engage with *Excel* from Week 1.

## Unit Schedule

Week	Commencing	Topic
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1	29-Feb-16	The Financial System (Text Ch. 2)
2	7-Mar-16	Time Value of Money I (TVM I) (Single Amounts) (Text Ch. 5)
3	14-Mar-16	TVM II (Multiple Amounts) (Text Ch. 6)
4*	21-Mar-16	Excel Fundamentals (Review) & Excel TVM Functionality (Material provided on iLearn)
5	28-Mar-16	In Class Test 1 & Case Study 1 (Excel based case study) (Material provided on iLearn)
6	4-Apr-16	TVM III (Mixed Higher Level Problems) (Material provided on iLearn)
	11-Apr-16	Recess (No lectures and tutorials)
	18-Apr-16	Recess (No lectures and tutorials)
7	25-Apr-16	Bond Valuation (Text Ch. 8)
8	2-May-16	Share Valuation (Text Ch. 9)
9	9-May-16	Fundamentals of Capital Budgeting (Text Ch. 10)
10	16-May-16	In Class Test 2 & Case Study 2 (Excel based case study) (Material provided on iLearn)
11	23-May-16	Risk and Return (Text Ch. 7)
12	30-May-16	Raising Capital (Text Ch. 15)
13	6-Jun-16	The Global Financial Crisis (GFC) (Material provided on iLearn) & Topics 'Revision' & Final Examination 'Information'

\* No lecture, tutorial, consultation or *PAL* session should be scheduled on the Friday 25 March public holiday. Students enrolled

in the Friday lecture may try attending either a Week 4 Wednesday or Thursday lecture, provided seats are available, or

alternatively listen to the Week 4 lecture recording on *Echo360*.

## Learning and Teaching Activities

### Lectures

In the lectures we will cover weekly topics, drawing on textbook and additional sources. From semester 1 2016, additional emphasis will be placed in lectures on a limited number of key fundamental concepts in finance. Therefore, to succeed in this unit, students are strongly recommended to complete all assigned pre-lecture work, to attend all lectures, and to complete

all in-lecture activities.

## Tutorials

In tutorials we will apply key fundamental concepts presented in lectures. Therefore, to succeed in this unit, students are strongly recommend to complete (or attempt as directed) all pre-tutorial work, attend all tutorials, actively contribute to team efforts in a substantive manner, and actively participate in the ensuing discussions and presentations.

## 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)

**New Assessment Policy in effect from Session 2 2016** [http://mq.edu.au/policy/docs/assessment/policy\\_2016.html](http://mq.edu.au/policy/docs/assessment/policy_2016.html). For more information visit [http://students.mq.edu.au/events/2016/07/19/new\\_assessment\\_policy\\_in\\_place\\_from\\_session\\_2/](http://students.mq.edu.au/events/2016/07/19/new_assessment_policy_in_place_from_session_2/)

Assessment Policy prior to Session 2 2016 <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy prior to Session 2 2016 <http://mq.edu.au/policy/docs/grading/policy.html>

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

Complaint Management Procedure for Students and Members of the Public [http://www.mq.edu.au/policy/docs/complaint\\_management/procedure.html](http://www.mq.edu.au/policy/docs/complaint_management/procedure.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/)

## 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](http://ask.mq.edu.au).

## Supplementary Exams

Further information regarding supplementary exams, including dates, is available here [http://www.businessandeconomics.mq.edu.au/new\\_and\\_current\\_students/undergraduate\\_current\\_students/how\\_do\\_i/disruption\\_to\\_studies/](http://www.businessandeconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/disruption_to_studies/)



## 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://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources 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

- Identify major functions, risks and regulation of financial markets.
- Explain key fundamental concepts in finance including determinants of the time value of

money.

- Value cash flows including single and multiple amounts, annuities, company bonds and shares.
- Explain the relationship between risk and return.
- Evaluate financial information using a spreadsheet.

## Assessment tasks

- On-line Quizzes
- Class Tests
- Final Exam

## Learning and teaching activities

- In the lectures we will cover weekly topics, drawing on textbook and additional sources. From semester 1 2016, additional emphasis will be placed in lectures on a limited number of key fundamental concepts in finance. Therefore, to succeed in this unit, students are strongly recommended to complete all assigned pre-lecture work, to attend all lectures, and to complete all in-lecture activities.
- In tutorials we will apply key fundamental concepts presented in lectures. Therefore, to succeed in this unit, students are strongly recommend to complete (or attempt as directed) all pre-tutorial work, attend all tutorials, actively contribute to team efforts in a substantive manner, and actively participate in the ensuing discussions and presentations.

## 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

- Identify major functions, risks and regulation of financial markets.
- Explain key fundamental concepts in finance including determinants of the time value of money.
- Value cash flows including single and multiple amounts, annuities, company bonds and shares.
- Explain the relationship between risk and return.

- Evaluate financial information using a spreadsheet.

## **Assessment tasks**

- On-line Quizzes
- Class Tests
- Final Exam

## **Learning and teaching activities**

- In the lectures we will cover weekly topics, drawing on textbook and additional sources. From semester 1 2016, additional emphasis will be placed in lectures on a limited number of key fundamental concepts in finance. Therefore, to succeed in this unit, students are strongly recommended to complete all assigned pre-lecture work, to attend all lectures, and to complete all in-lecture activities.
- In tutorials we will apply key fundamental concepts presented in lectures. Therefore, to succeed in this unit, students are strongly recommended to complete (or attempt as directed) all pre-tutorial work, attend all tutorials, actively contribute to team efforts in a substantive manner, and actively participate in the ensuing discussions and presentations.

## **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**

- Identify major functions, risks and regulation of financial markets.
- Explain key fundamental concepts in finance including determinants of the time value of money.
- Value cash flows including single and multiple amounts, annuities, company bonds and shares.
- Explain the relationship between risk and return.
- Evaluate financial information using a spreadsheet.

## **Assessment tasks**

- On-line Quizzes
- Class Tests

- Final Exam

## Learning and teaching activities

- In the lectures we will cover weekly topics, drawing on textbook and additional sources. From semester 1 2016, additional emphasis will be placed in lectures on a limited number of key fundamental concepts in finance. Therefore, to succeed in this unit, students are strongly recommended to complete all assigned pre-lecture work, to attend all lectures, and to complete all in-lecture activities.
- In tutorials we will apply key fundamental concepts presented in lectures. Therefore, to succeed in this unit, students are strongly recommend to complete (or attempt as directed) all pre-tutorial work, attend all tutorials, actively contribute to team efforts in a substantive manner, and actively participate in the ensuing discussions and presentations.

## Changes from Previous Offering

In the semester 1 2016 offering, additional emphasis will be placed in lectures and tutorials on a limited number of key fundamental concepts in finance.

## Changes since First Published

Date	Description
01/03/2016	Updating the evening unit guide to be in line with the day offering.