



# AFIN252

## Applied Financial Analysis and Management

S1 Day 2016

*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

[lindsay.stubbs@mq.edu.au](mailto:lindsay.stubbs@mq.edu.au)

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 (out of 4.0))

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
<a href="#">Quiz</a>	5%	Tuesday 29th March 2016
<a href="#">Group Project</a>	15%	To be advised.
<a href="#">Class Test</a>	20%	4th April 2016
<a href="#">Final Examination</a>	60%	University examination period.

### Quiz

Due: **Tuesday 29th March 2016**

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 Saturday 19th March 2016 at 6:00am and will close on Tuesday 29th March 2016 at 9:00pm

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: **To be advised.**

Weighting: **15%**

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

### Listed Australian company (15%)

A study of a listed Australian company. 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 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: **4th April 2016**

Weighting: **20%**

The Class Test test will be based on the first **four** topics. It will be held in the lecture.

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. If the Request for Special Consideration is granted the student is required to sit for a Supplementary Class Test.

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 Monday 29th February 2016. 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.
- No lectures or tutorials will be held on the public holidays (Easter Monday, 28th March and Anzac Day on Monday 25th April). We will endeavour to have make-up classes probably on two Saturdays to cover classes missed. Announcements will be made via iLearn.

## 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, 6th 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](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.

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	29 February 2016
2	2	6	Valuing shares and bonds	7 March 2016
3	3	7	Net present value and other investment criteria	14 March 2016
4	4	10	Lessons from capital market history	21 March 2016
5	5	11	Return, risk and the Security Market Line	28 March 2016*
6	6	12	Current investment decisions	4 April 2016
7	7	8	Making capital investment decisions	25 April 2016*

8	8	17	Shareholder value and the cost of capital.	2 May 2016
9	9	18	Rewarding shareholders: setting dividend policy	9 May 2016
10	10	19	Financial leverage and capital structure policy	16 May 2016
11	11	20	Derivative Securities - Options	23 May 2016
12	12	20	Derivative Securities - Futures	30 May 2016
13			Revision	6 June 2016

\*No lectures or tutorials will be held on the public holidays (Easter Monday, 28th March and ANZAC Day on Monday 25th April). We will endeavour to have make-up classes probably on two Saturdays to cover classes missed. Announcements will be made via iLearn.

## 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	29 February 2016	Questions for Tutorial 1 will be posted on iLearn.
2	1	7 March 2016	7,12,15
3	6	14 March 2016	7, 8, 11, 12, 15, 18, 21, 25
4	7	21 March 2016	1, 3, 11, 13, 15, 16, 23, 24
5	10	28 March 2016 <sup>^</sup>	1, 2, 4, 8, 9, 19, 22
6	11	4 April 2016	1, 2, 5, 7, 10, 12, 16, 21
7	12	25 April 2016 <sup>^</sup>	1, 3, 4, 5, 16, 18
8	8	2 May 2016	1, 5, 6, 7, 8, 10, 11, 14
9	17	9 May 2016	1, 2, 3, 5, 9, 13, 16, 18
10	18	16 May 2016	2, 9, 10, 11, 12, 18,
11	19	23 May 2016	1, 2, 3, 8, 9, 13, 14, 17
12	20	30 May 2016	1, 3, 4, 7
13	20	6 June 2016	25, 29, 30

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



**^Announcement will be made regarding make-up tutorial arrangements.**

## 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 Examination

Further information regarding supplementary exams, including dates, is available here

[http://www.businessandconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/disruption\\_to\\_studies](http://www.businessandconomics.mq.edu.au/current_students/undergraduate/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

### 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

There are no changes from the previous offering.

## 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.