AFIN253

Financial Management

S1 Evening 2017

Dept of Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff
Unit Convenor
Damian Bridge
Please check iLearn for consultation details

Administrator
Veronica Norman
Please check iLearn for consultation details

Credit points
3

Prerequisites
21cp at 100 level or above including ((ACCG100 or ACCG106) and (STAT150 or STAT170 or STAT171 or PSY122) and ACST101 and ECON111)

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.

General Assessment Information

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 tasks (not including the final exam mark) will not be addressed.

Assessment criteria for all assessment tasks will be provided on the unit iLearn site.

Assessment Tasks

Name	Weighting	Hurdle	Due
Quizzes	15%	No	Various
Class Test	15%	No	Week 7
Assignment	10%	No	Friday 5th May
Final Examination	60%	No	University Examination Period

Quizzes

Due: **Various**
Weighting: **15%**

This assessment is created in two parts.

1. Students will undertake a week 4 Diagnostic Quiz (5%). This is an online quiz. Please check iLearn for relevant due date.

2. There will be 5 random quizzes undertaken in tutorials (2 marks each - 10% total)). These will commence after week 4. Students must attend the tutorial in which they have registered. No changes to tutorial may be made. Quizzes will be undertaken in a random fashion however questions will be similar to those for that weeks tutorial.

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 disruptions to studies is made and approved. Where an application for special consideration is applied for

and approved the student will receive the average mark for other quizzes.

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 semester test will be held in the Week 7 lecture. This test will be 60 minutes in duration.

There will be no supplementary class tests available.

Where special consideration is applied for and approved students will be given a verbal examination by two members of staff.

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: **Friday 5th May**
Weighting: **10%**

Submission

Due Friday 5th May at 12 Noon (i.e. in the middle of the day) using iLearn.

Please see ilearn for further details regarding the assignment.

Extension

No extensions will be granted. 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 disruption of studies is made and approved. No submission will be accepted after solutions have been posted.

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: **60%**

A final examination of 2 hours will occur during the university examination period.

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 55 minute tutorial.

- Tutorials begin in Week 2 and cover material based on the preceding week's lecture topic.
- 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. Tutors keep weekly attendance records. These 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 University web site at:http://www.timetables.mq.edu.au/

Prizes

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

Required and Recommended Texts and/or Materials

Required Text (source for weekly tutorial questions)

The textbook will assist you in the weekly quizzes.

- Fundamentals of Corporate Finance, Australasian 2nd Edition ISBN : 978-0-7303-0571(Fundamentals)
- Fundamentals of Corporate Finance (6th ed.) ISBN 9781743079485 (Ross)
- Multinational Business Finance. Pearson Education Australia. 2nd edition ISBN-10:1442525894; ISBN-13:9781442525894 (Eitman)
- International Financial Management: Sixth Edition ISBN-978-0-07-803465-7 (EUN)

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 the assignment.
- 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 to iLearn each week. 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, though attendance is not compulsory;

2) As it is unlikely that tutors will be able to cover all questions and problems in each tutorial class, students should attempt and complete all assigned questions and problems before attending tutorial classes;

3) Tutorial questions and problems are assigned from the required text book;

4) Read the assigned chapters of the required text book before attending lectures;

5) Download lecture notes from iLearn, which are available weekly before lectures. Ensure these notes are brought to lectures.

6) Attend PAL sessions where difficulties are experienced.

Unit Schedule

Week No.	Date (Week Beginning)	Topic	Chapters (Fundamentals unless stated otherwise)
1	27 February	Introduction to Financial Management and Risk & Return	1 & 7
2	6 March	Cash Flows & Capital Budgeting	11
3	13 March	Evaluating Project Economics and Capital Rationing	12
4	20 March	The Cost of Capital	13
5	27 March	Working Capital Management	14

6	3 April	Capital Structure Policy	16
7	10 April	Mid Semester Exam	
8	1 May	Dividends and Dividend Policy	17
9	8 May	Business Formation Growth & Valuation	18
10	15 May	Derivative Securities	Ch. 20 (Ross)
11	22 May	International Finance	Ch. 5 (Eitman)
12	29 May	International Trade Finance	Ch. 20 (Eun)
13	5 June	Revision	

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_2016.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

Disruption to Studies Policy (in effect until Dec 4th, 2017): http://www.mq.edu.au/policy/docs/disruption_studies/policy.html

Special Consideration Policy (in effect from Dec 4th, 2017): https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/special-consideration

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.m

q.edu.au.

Supplementary Exams

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

http://www.businessandeconomics.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://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

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
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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
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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

Changes from Previous Offering

1. Introduction of in class quizzes (10%)
2. Removal of Peerwise assessment (5%)
3. Removal of some online quizzes (5%)
4. Removal of Chapter 19

Research and Practice

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