



AFIN312

Issues in Corporate Finance

S2 Evening 2017

Dept of Applied Finance and Actuarial Studies

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	2
<u>General Assessment Information</u>	3
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	6
<u>Policies and Procedures</u>	7
<u>Graduate Capabilities</u>	8
<u>Changes from Previous Offering</u>	10
<u>Research and Practice</u>	10
<u>Changes since First Published</u>	11

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

Lorenzo Casavecchia

lorenzo.casavecchia@mq.edu.au

Contact via lorenzo.casavecchia@mq.edu.au

E4A - 5.17

Consultation hour: Refer to iLearn

Angela Chow

angela.chow@mq.edu.au

Credit points

3

Prerequisites

ACCG350 or AFIN352 or AFIN353

Corequisites

Co-badged status

Unit description

This is the Capstone unit for the Bachelor of Commerce (Finance) program. This unit comprises of a series of seminars by industry professionals accompanied by a case study. Students are given a hands-on research project based on a case study and are expected to submit a report, followed up with a presentation. Towards the end of the semester, students will present their work to a cohort of fellow students and industry experts, including those professionals who deliver the seminar lectures.

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:

Write a report valuing the equity of a company listed on the Australian Securities Exchange

Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.

Apply valuation techniques to real world valuation problems.

Explain the principles and theory behind each valuation technique

Work productively in a team to undertake corporate financial analysis and valuation

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
<u>First Online Quiz</u>	5%	No	Friday 25 August 2017 (5:00pm)
<u>Second Online Quiz</u>	10%	No	Friday 6 October 2017
<u>Final Examination</u>	55%	No	University Examination Period
<u>Report</u>	30%	No	Week 12 (refer to iLearn)

First Online Quiz

Due: **Friday 25 August 2017 (5:00pm)**

Weighting: **5%**

The first online iLearn Quiz aims to assess student progress in the course. The test will comprise 5 multiple choice questions (approximate duration: 15 minutes). The online test must be completed by 5:00pm Friday 25 August 2017. More information concerning the test will be provided in class and on iLearn.

Extensions.

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.

On successful completion you will be able to:

- Explain the principles and theory behind each valuation technique

Second Online Quiz

Due: **Friday 6 October 2017**

Weighting: **10%**

The second online iLearn Quiz aims to assess student progress in the course. The test will comprise 10 multiple choice questions (approximate duration: 30 minutes). The online test will open at 7:00pm on Friday 6 October 2017 and must be completed by 8:00pm of the same day. More information concerning the test will be provided in class and on iLearn.

Extensions.

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.

On successful completion you will be able to:

- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique

Final Examination

Due: **University Examination Period**

Weighting: **55%**

A 2 hour final examination for this unit will be held during the University Examination period. The AFIN312 examination will be a closed-book examination. Students will be permitted to take *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 at the end of the final examination.* The examination will consist of multiple choice questions and written questions requiring longer, more complex and calculated answers

Extensions:

No extensions will be granted. Students who have not sat the test 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.

On successful completion you will be able to:

- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.

- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

Report

Due: **Week 12 (refer to iLearn)**

Weighting: **30%**

Important - The assignment will comprise 5 questions. Each student in the team must select one question of the group report to show the individual contribution to the overall report. Please notice that 50% of the group report mark will be allocated to the individual contribution. The cover sheet (or appendix) of the report should indicate clearly the contribution of each student.

Students groups will write a report valuing a company listed on the Australian Securities Exchange (ASX). The style of the report (examples will be provided on iLearn) will be a detailed valuation report for a commercial client. The assignment will be marked on the quality of the report and its technical veracity.

Submission

The group assignment is worth 30% and must be submitted electronically via iLearn. Submission of the group assignment will be in semester academic week 13. Students will be advised in class of the format of the group assignment and the exact date and time of the group assignment submission deadline.

Extensions:

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:

- Write a report valuing the equity of a company listed on the Australian Securities Exchange
- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

Delivery and Resources

Classes

- There are 13 weekly sessions of 3 hours.
- See timetable for classes on the University web site at: <http://www.timetables.mq.edu.au/>
- All students are to attend all classes except in cases of illness or unexpected events of a serious nature (eg family bereavement).

Required Textbook

"Damodaran on Valuation" by Aswath Damodaran.

ISBN: 978-0471751212

The text is available from the Macquarie University Co-op Bookshop. You can also check the 2nd hand bookshop or search online.

Technology Used and Required

Students will require a calculator (scientific or financial) capable of handling exponents. Simple financial functions (as found on financial calculators) will not be required. If the calculator is to be used in exams then it must **NOT** be capable of storing text or formulae **OR** it must easily be demonstrated that all memory has been cleared.

Students must be familiar with spreadsheet technology (eg MS Excel or equivalent)

Unit Web Page

Course material is available on the learning management system at <http://iLearn.mq.edu.au>

You are strongly encouraged to regularly visit the website and use it as a resource centre to assist with your learning. All lecture material and examples, homework questions and answers, administration issues, and supplementary readings will be available on this site as the course progresses.

If you are unable to access the website because you are not aware of or have forgotten your username and password, please contact the IT helpdesk. All information can be found at <http://informatics.mq.edu.au/help/>

With regards to assistance in using iLearn please visit the following link. http://www.mq.edu.au/iLearn/student_info/index.htm

You can follow the tabs on the left, i.e., "Getting Started" and "Access iLearn"

Please remember to log out when you have finished using iLearn. Failure to do so could result in unauthorised access to your iLearn account.

Teaching and Learning Activities

Contact sessions are three hours. There will be one short break during the session.

Students are required to prepare for each lecture by reading the material set from the required textbook.

Students are encouraged to ask questions, initiate discussions, and provide input from relevant personal experience.

Changes Since the Last Offering of this Unit

None

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.mq.edu.au.

Supplementary Exams

Further information about 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

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

- Write a report valuing the equity of a company listed on the Australian Securities Exchange

- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

Assessment tasks

- First Online Quiz
- Second Online Quiz
- Final Examination
- Report

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

- Write a report valuing the equity of a company listed on the Australian Securities Exchange
- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

Assessment tasks

- First Online Quiz
- Second Online Quiz
- Final Examination
- Report

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

- Write a report valuing the equity of a company listed on the Australian Securities Exchange
- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

Assessment tasks

- Final Examination
- Report

Changes from Previous Offering

The following changes from previous offerings apply:

1. Unit content has changed: From Semester 2 2017 the unit is concerned with corporate valuation and corporate financial analysis. Previous offerings covered M&A deals;
2. Assessment structure has changed: New assessment tasks include: (a) Two online quizzes, (b) Group report, and (c) Final Exam.
3. Resources have changed: The unit has now a required textbook (please refer to the section Delivery and Resources).

Research and Practice

This focus of this unit is to teach students to value a company. This involves research to discover all available accounting, financial and economic information about a target company. Students must then synthesize this information into a valuation of the target company. This is practically achieved by the preparation and submission of a group business valuation report on a mid-capitalization stock listed on the Australian Securities Exchange (ASX). The report is in the format of an extended broker research report (examples provided) that is prepared for sophisticated (institutional) investors. The valuation report uses Discounted Cash Flow (DCF) techniques to value the target company.

In order to prepare the report, students will perform the following tasks:

1. An analysis economic environment of the company's industry.
2. An analysis of the company's industry using Porter's 5 Forces.

3. An assessment of the company's future business strategy.
4. An historical analysis of the company's financial statements
5. A free cash flow (FCFF & FCFE) valuation of the company.

All of these tasks require Research to discover the relevant valuation information; and Practice to evaluate the information and synthesize it for inclusion in the valuation report.

Changes since First Published

Date	Description
30/08/2017	1) Correction to the duration of the final exam from 3h plus 10min to 2h plus 10min. 2) Incorrect reference to AFIN838 in the Final Examination section. Now, this section correctly refers to AFIN312.