AFCP810
Finance Principles
AFC Term 1 Online 2017
Dept of Applied Finance and Actuarial Studies

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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.

http://unitguides.mq.edu.au/unit_offerings/80771/unit_guide/print
## General Information

**Unit convenor and teaching staff**

**Unit Convenor / Lecturer**  
Shane Magee  
[shane.magee@mafc.mq.edu.au](mailto:shane.magee@mafc.mq.edu.au)

**Contact via Email**

**Credit points**

4

**Prerequisites**

Admission to MAppFin or GradCertFin

**Corequisites**

**Co-badged status**

**Unit description**

This unit provides students with the key building blocks of finance within a single unifying conceptual framework. Students will be introduced to three of the key ideas in finance: the analysis of trade-offs over time, asset valuation and risk management. These concepts will then be applied to the following subfields of finance: corporate finance, investments, and financial markets and institutions.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at [http://students.mq.edu.au/student_admin/enrolmentguide/academicdates/](http://students.mq.edu.au/student_admin/enrolmentguide/academicdates/)

## Learning Outcomes

1. Explain the role of financial institutions and markets in the economy and evaluate their effectiveness in allocating resources over time and transferring risk.
2. Explain and demonstrate how time value of money concepts and discounted cash flow techniques are used in the analysis of financial decisions of individuals and firms.
3. Explain and assess the key theories, concepts and models used in asset valuation, risk management, and portfolio theory.
4. Apply key theories, concepts and models to develop solutions to problems in asset valuation, risk management, and portfolio theory.
5. Explain and assess the key theories and concepts used in the analysis of a firm's financing decision.
Assessment Tasks

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Participation</td>
<td>20%</td>
<td>In iLearn</td>
</tr>
<tr>
<td>Online Quizzes</td>
<td>20%</td>
<td>In iLearn</td>
</tr>
<tr>
<td>Assignment</td>
<td>20%</td>
<td>In iLearn</td>
</tr>
<tr>
<td>Final Examination</td>
<td>40%</td>
<td>Exam week</td>
</tr>
</tbody>
</table>

Online Participation

Due: In iLearn
Weighting: 20%

Summary of Assessment Task

Individual / Group: Individual

Due Dates: See assessment summary in iLearn for due dates.

Timing: Online forums will be conducted during the term. You are required to participate actively in these forums, and your contributions will be assessed.

Grading Method: See assessment summary in iLearn.

Submission Method: Online via the Unit's iLearn site.

Extension Requests:

- You are expected to make yourself available for assessment.
- If you have extenuating circumstances (such as illness or misadventure) that prevent you from participating, please make arrangements with your Lecturer prior to the due date.
- Unless prior arrangements have been made, a zero mark will apply.

This Assessment Task relates to the following Learning Outcomes:

- Explain the role of financial institutions and markets in the economy and evaluate their effectiveness in allocating resources over time and transferring risk.
- Apply key theories, concepts and models to develop solutions to problems in asset valuation, risk management, and portfolio theory.
- Explain and assess the key theories and concepts used in the analysis of a firm's financing decision.
Online Quizzes
Due: In iLearn
Weighting: 20%

Summary of Assessment Task
Individual / Group: Individual
Due Dates: See iLearn for due dates
Timing: Online quizzes will be conducted during the term for topics 3, 4, 5, and 8.
Grading Method: Refer to ‘Standards Required to Complete the Unit Satisfactorily’
Submission Method: Online via iLearn.
Quiz Conditions: Open book.

Extension Requests:
• You are expected to make yourself available for assessment during the relevant quiz window.
• If you have extenuating circumstances (such as illness or misadventure) that prevent you from participating, please make arrangements with your Lecturer prior to the due date.
• Unless prior arrangements have been made, a zero mark will apply.

This Assessment Task relates to the following Learning Outcomes:
• Explain and demonstrate how time value of money concepts and discounted cash flow techniques are used in the analysis of financial decisions of individuals and firms.
• Explain and assess the key theories, concepts and models used in asset valuation, risk management, and portfolio theory.
• Apply key theories, concepts and models to develop solutions to problems in asset valuation, risk management, and portfolio theory.

Assignment
Due: In iLearn
Weighting: 20%

Summary of Assessment Task
Individual / Group: Individual
Due Dates: The assignment is in two parts. See iLearn for the due dates for each part.
Grading Method: Refer to ‘Standards Required to Complete the Unit Satisfactorily’
Submission Method: Via iLearn.
Extension Requests:

• If you have extenuating circumstances that prevent you from submitting your assignment by the due date, please make arrangements with your Lecturer prior to the due date.
• Unless prior arrangements have been made, any late submission of assignments will automatically be penalised. In the absence of special circumstances, a zero mark will apply.

This Assessment Task relates to the following Learning Outcomes:

• Explain and demonstrate how time value of money concepts and discounted cash flow techniques are used in the analysis of financial decisions of individuals and firms.
• Explain and assess the key theories, concepts and models used in asset valuation, risk management, and portfolio theory.
• Apply key theories, concepts and models to develop solutions to problems in asset valuation, risk management, and portfolio theory.
• Explain and assess the key theories and concepts used in the analysis of a firm's financing decision.

Final Examination

Due: Exam week
Weighting: 40%

Summary of Assessment Task

Individual / Group: Individual

Due Date: See iLearn for due date

Grading Method: Refer to ‘Standards Required to Complete the Unit Satisfactorily’

Submission Method: Online via iLearn

Duration: 3 hours

Examination Conditions:

• The final exam is an open book online exam.
• Refer to MAFC Program Rules & Procedures at www.mafc.mq.edu.au.

Extension Requests:

• Deferral of an examination is not permitted, unless special consideration has been approved by the Director of Studies under the University’s Disruption to Studies Policy.
This Assessment Task relates to the following Learning Outcomes:

- Explain the role of financial institutions and markets in the economy and evaluate their effectiveness in allocating resources over time and transferring risk.
- Explain and demonstrate how time value of money concepts and discounted cash flow techniques are used in the analysis of financial decisions of individuals and firms.
- Explain and assess the key theories, concepts and models used in asset valuation, risk management, and portfolio theory.
- Apply key theories, concepts and models to develop solutions to problems in asset valuation, risk management, and portfolio theory.
- Explain and assess the key theories and concepts used in the analysis of a firm's financing decision.

Delivery and Resources

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Required Text:


This customised textbook is available as either a print book or eBook. Details of the two versions are shown below:


Additional Readings:

- Additional readings are included in iLearn
- Students should assume these readings are assessable unless otherwise advised.

Calculators:

- A financial calculator that can handle time value of money calculations, logs and power functions is required.
The Hewlett Packard calculator hp17bII+, Hewlett Packard hp12C-PT and Texas Instruments BA II Plus are suitable for this unit.

**Assumed Knowledge:** Mathematical content

- Finance has a high level of numerate content. Consequently this unit is, in parts, mathematical and arithmetical. The applied nature of this unit means the focus is on application of knowledge rather than complex mathematical derivations. What's important is that you are comfortable working with numbers and are not afraid to use formulas to solve problems in finance.

- The "Essential Maths" document in iLearn can be used to revise your maths skills.

**Assumed Access:** Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy. A recent version of Excel is the preferred choice of spreadsheet.

**TECHNOLOGY USED AND REQUIRED**

This is an online unit which will make use of the University's iLearn system.

**Unit’s iLearn Site:**

- Found by logging on to iLearn ilearn.mq.edu.au, then clicking on AFCP810 - Finance Principles.
- This is where you will find forums, downloadable resources and links to important pages.
- The forum allows you to communicate with other students and lecturer(s) and may provide supplementary material.
- You are requested to post your questions on the forums at least 24 hours prior to the assignment submission date or the examination date. Questions posted after that time may not be answered. **Please try to not leave your questions to the last few days.**

**Important Notice:**

- It is important that you familiarize yourself with the Unit’s iLearn site.
- All students should check iLearn regularly and look for updates and distribution of materials related to the unit or assessments and participate in forum discussions.
Unit Schedule
The following schedule is a guide to the timing of each topic. Details of the required readings are provided in iLearn.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Date when you should have started working on this topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Topic 0: Essential pre-work</td>
<td>2 January 2017</td>
</tr>
<tr>
<td>1</td>
<td>Topic 1: Introduction to finance</td>
<td>9 January 2017</td>
</tr>
<tr>
<td>2</td>
<td>Topic 2: Financial markets and institutions</td>
<td>16 January 2017</td>
</tr>
<tr>
<td>3</td>
<td>Topic 3: Time value of money</td>
<td>23 January 2017</td>
</tr>
<tr>
<td>4</td>
<td>Topic 4: Valuation of financial assets</td>
<td>30 January 2017</td>
</tr>
<tr>
<td>5</td>
<td>Topic 4: Valuation of financial assets</td>
<td>6 February 2017</td>
</tr>
<tr>
<td>6</td>
<td>Topic 5: Analysing the firm's investment decision</td>
<td>13 February 2017</td>
</tr>
<tr>
<td>7</td>
<td>Topic 6: Analysing the firm's financing decision</td>
<td>20 February 2017</td>
</tr>
<tr>
<td>8</td>
<td>Topic 7: Risk management</td>
<td>27 February 2017</td>
</tr>
<tr>
<td>9</td>
<td>Topic 8: Portfolio theory</td>
<td>6 March 2017</td>
</tr>
<tr>
<td>10</td>
<td>Exam preparation</td>
<td>13 March 2017</td>
</tr>
</tbody>
</table>

Learning and Teaching Activities
Strategy
Programs in the Applied Finance Centre adopt a deep teaching and learning strategy in which students acquire and retain knowledge and also are able to make sense of the issues and concepts and apply them in the “real world”. The program relies heavily on student engagement and participation by: (a) Continuous learning throughout the term. This is encouraged through a combination of students undertaking prescribed reading throughout the units and / or completion of practice problems, online activities, case studies, assignments, class discussions, etc and
interaction via forums; and (b) Assessments, which enable the student to demonstrate his / her understanding of the learning objectives achieved through the continuous learning.

Student Participation
This is an online unit. Students participate in this unit by: (a) Actively engaging with the required readings of this unit; (b) Working systematically through suggested practice quizzes and completing on-line activities; (c) Interacting in forums; and (d) Completing all assessment tasks and exams.

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
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.

Students should also consult the MAFC Program Rules & Procedures found at http://www.mafc.mq.edu.au

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 enquiry service (MAFC-specific)

For all student enquires, please contact studentsupport@mafc.mq.edu.au

Student Enquiry Service

For all student enquiries, visit Student Connect at ask.mq.edu.au

Equity 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.

Learning Skills

Learning Skills (http://www.students.mq.edu.au/support/learning_skills/) 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

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

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:
Learning outcomes

• Explain the role of financial institutions and markets in the economy and evaluate their effectiveness in allocating resources over time and transferring risk.
• Explain and demonstrate how time value of money concepts and discounted cash flow techniques are used in the analysis of financial decisions of individuals and firms.
• Explain and assess the key theories, concepts and models used in asset valuation, risk management, and portfolio theory.
• Explain and assess the key theories and concepts used in the analysis of a firm’s financing decision.

Assessment tasks

• Online Participation
• Online Quizzes
• Assignment
• Final Examination

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

• Explain the role of financial institutions and markets in the economy and evaluate their effectiveness in allocating resources over time and transferring risk.
• Explain and assess the key theories, concepts and models used in asset valuation, risk management, and portfolio theory.
• Explain and assess the key theories and concepts used in the analysis of a firm’s financing decision.

Assessment tasks

• Online Participation
• Online Quizzes
• Assignment
• Final Examination
PG - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

Learning outcome

• Apply key theories, concepts and models to develop solutions to problems in asset valuation, risk management, and portfolio theory.

Assessment tasks

• Online Participation
• Online Quizzes
• Assignment
• Final Examination

PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

Learning outcome

• Apply key theories, concepts and models to develop solutions to problems in asset valuation, risk management, and portfolio theory.

Assessment tasks

• Online Participation
• Online Quizzes
• Assignment
• Final Examination

Important Notice

This unit guide contains important information about the Unit. If anything is unclear, please consult one of the unit lecturers.
Standards Required to Complete the Unit Satisfactorily

University Policy on Grading:

• Macquarie University’s Academic Senate has established a Grading Policy available at http://www.mq.edu.au/policy/docs/grading/policy.html. Your final result will include:
  ◦ A Grade ranging from Fail to High Distinction; and
  ◦ A numerical Mark which is a summation of the individual assessment components.

• It is important to note:
  ◦ The Policy does not require that a minimum or maximum number of students are to be failed in any unit;
  ◦ Grades will not be allocated to fit a predetermined distribution; and
  ◦ Grades for all individual assessment items will be released to students, but Marks may not necessarily be released.

Specific Unit Grading:

• All final Marks and Grades in the Applied Finance Centre are determined by a grading committee and are not the sole responsibility of the unit convenor.

• The core criteria used to assess student work in this unit are:
  ◦ Knowledge and understanding: Understanding key ideas, knowledge and use of concepts.
  ◦ Application: Ability to apply theoretical ideas and frameworks in practice and in a critically reflective way.
  ◦ Reasoning and analysis: Ability to analyse, use critical reasoning and principles to formulate a position, balancing theory and personal reflection.
  ◦ Professional literacy and research: Understanding of professional factors (language and landscape) and ability to undertake appropriate research.
  ◦ Communication and presentation: Ability to communicate and present effectively (written and oral, as relevant).
  ◦ Use of mathematical and statistical ideas: Ability to use mathematical and statistical ideas, methods and formulae appropriately.

• Performance in relation to each of these criteria are assessed against the University’s grading descriptors:
<table>
<thead>
<tr>
<th>Grade</th>
<th>Expectation</th>
</tr>
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<tbody>
<tr>
<td>High Distinction</td>
<td>Provides consistent evidence of deep and critical understanding in relation to the learning outcomes. There is substantial originality and insight in identifying, generating and communicating competing arguments, perspectives or problem solving approaches; critical evaluation of problems, their solutions and their implications; creativity in application as appropriate to the discipline.</td>
</tr>
<tr>
<td>Distinction</td>
<td>Provides evidence of integration and evaluation of critical ideas, principles and theories, distinctive insight and ability in applying relevant skills and concepts in relation to learning outcomes. There is demonstration of frequent originality in defining and analysing issues or problems and providing solutions; and the use of means of communication appropriate to the discipline and the audience.</td>
</tr>
<tr>
<td>Credit</td>
<td>Provides evidence of learning that goes beyond replication of content knowledge or skills relevant to the learning outcomes. There is demonstration of substantial understanding of fundamental concepts in the field of study and the ability to apply these concepts in a variety of contexts; convincing argumentation with appropriate coherent justification; communication of ideas fluently and clearly in terms of the conventions of the discipline.</td>
</tr>
<tr>
<td>Pass</td>
<td>Provides sufficient evidence of the achievement of learning outcomes. There is demonstration of understanding and application of fundamental concepts of the field of study; routine argumentation with acceptable justification; communication of information and ideas adequately in terms of the conventions of the discipline. The learning attainment is considered satisfactory or adequate or competent or capable in relation to the specified outcomes.</td>
</tr>
<tr>
<td>Fail</td>
<td>Does not provide evidence of attainment of learning outcomes. There is missing or partial or superficial or faulty understanding and application of the fundamental concepts in the field of study; missing, undeveloped, inappropriate or confusing argumentation; incomplete, confusing or lacking communication of ideas in ways that give little attention to the conventions of the discipline.</td>
</tr>
</tbody>
</table>

**Review of Grade and final examination Script viewing:**

- A student who has been awarded a final grade for a unit and who does not believe it is an accurate reflection of their performance, and has grounds for such a claim and can demonstrate those grounds, may apply to have their grade reviewed.
- For information on requesting a review of grade and/or viewing your final exam script, please refer to the University’s Grade Appeal Policy at [http://www.mq.edu.au/policy/docs/gradeappeal/policy.html](http://www.mq.edu.au/policy/docs/gradeappeal/policy.html) and MAFC Program Rules & Procedures at [http://www.mafc.mq.edu.au](http://www.mafc.mq.edu.au).
## Changes since First Published

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/12/2016</td>
<td>Textbook information updated</td>
</tr>
<tr>
<td>08/12/2016</td>
<td>Change to delivery and resources</td>
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</table>