



AFCP810

Finance Principles

AFC Term 1 Online 2018

Archive (Pre-2019) - 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

4

Prerequisites

Admission to MAppFin or MAppFin(Adv) 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 <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

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.

Assessment Tasks

| Name | Weighting | Hurdle | Due |
|-----------------------------|-----------|--------|-----------|
| <u>Online Participation</u> | 20% | No | In iLearn |
| <u>Online Quizzes</u> | 20% | No | In iLearn |
| <u>Assignment</u> | 20% | No | In iLearn |
| <u>Final Examination</u> | 40% | No | Exam week |

Online Participation

Due: **In iLearn**

Weighting: **20%**

Summary of Assessment Task

Individual / Group: Individual

Due Dates: See 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: No extensions will be granted. Students who have not submitted the task prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. If you have serious and unavoidable circumstances that prevent you from submitting an assessment task by the due date, you must apply for Special Consideration no later than five (5) working days after the assessment due date. Refer to MAFC Program Rules & Procedures at www.mafc.mq.edu.au for information on the University's Special Consideration Policy.

On successful completion you will be able to:

- 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: No extensions will be granted. Students who have not submitted the task prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. If you have serious and unavoidable circumstances that prevent you from submitting an assessment task by the due date, you must apply for Special Consideration no later than five (5) working days after the assessment due date. Refer to MAFC Program Rules & Procedures at www.mafc.mq.edu.au for information on the University's Special Consideration Policy.

On successful completion you will be able to:

- 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: No extensions will be granted. Students who have not submitted the task prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. If you have serious and unavoidable circumstances that prevent you from submitting an assessment task by the due date, you must apply for Special Consideration no later than five (5) working days after the assessment due date. Refer to MAFC Program Rules & Procedures at www.mafc.mq.edu.au for information on the University's Special Consideration Policy.

On successful completion you will be able to:

- 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: No extensions will be granted. Students who have not sat the final examination prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. Refer to MAFC Program Rules & Procedures at www.mafc.mq.edu.au for information on the University's Special

Consideration Policy.

On successful completion you will be able to:

- 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:

The required textbook for this unit is *Finance Principles 2e* published by McGraw-Hill. This is a customised textbook for use in the Finance Principles unit, based on chapters from *Principles of Corporate Finance*, 12th edition by Brealey, Myers, Allen 2014 McGraw-Hill and *Fundamentals of Corporate Finance*, 8th edition by Brealey, Myers, Marcus 2015 McGraw-Hill.

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

- Print book: Finance Principles 2e; ISBN: 9781308952949, available at <http://www.coop.com.au/cust-finance-principles-2e/9781308952949>
- eBook: Finance Principles 2e, ISBN: 9781308930350, available at <https://create.mheducation.com/shop/#/catalog/details/?isbn=9781308930350>

Additional Readings:

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

Calculators:

- Financial calculations can be performed in either Excel or a financial calculator.
- If you purchase a financial calculator, it must be able to handle time value of money, logs and power calculations. 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 familiarise 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.

| Week | Topic | Date when you should have started working on this topic |
|------|---|---|
| 0 | Topic 0: Essential pre-work | 1 January 2018 |
| 1 | Topic 1: Introduction to finance | 8 January 2018 |
| 2 | Topic 2: Financial markets and institutions | 15 January 2018 |
| 3 | Topic 3: Time value of money | 22 January 2018 |
| 4 | Topic 4: Valuation of financial assets | 29 January 2018 |
| 5 | Topic 4: Valuation of financial assets | 5 February 2018 |
| 6 | Topic 5: Analysing the firm's investment decision | 12 February 2018 |
| 7 | Topic 6: Analysing the firm's financing decision | 19 February 2018 |
| 8 | Topic 7: Risk management | 26 February 2018 |
| 9 | Topic 8: Portfolio theory | 5 March 2018 |
| 10 | Exam preparation | 12 March 2018 |

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 \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/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 enquiries, please contact studentsupport@mafc.mq.edu.au

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.

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

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

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 - 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 - 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:

| Grade | Expectation |
|------------------|---|
| High Distinction | 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. |
| Distinction | 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. |
| Credit | 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. |

| Grade | Expectation |
|-------|--|
| Pass | 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. |
| Fail | 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. |

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> and MAFC Program Rules & Procedures at <http://www.mafc.mq.edu.au>.

Changes since First Published

| Date | Description |
|------------|-----------------------------------|
| 11/12/2017 | Assessment Tasks section updated. |