



# AFCP810

## Finance Principles

AFC Term 3 Online 2018

*Archive (Pre-2019) - Dept of Applied Finance and Actuarial Studies*

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### Disclaimer

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## General Information

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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
<a href="#">Online Participation</a>	20%	No	In iLearn
<a href="#">Online Quizzes</a>	20%	No	In iLearn
<a href="#">Assignments</a>	20%	No	In iLearn
<a href="#">Final Examination</a>	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 at [www.mafc.mq.edu.au](http://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 at [www.mafc.mq.edu.au](http://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.

## Assignments

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 at [www.mafc.mq.edu.au](http://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 at [www.mafc.mq.edu.au](http://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 at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.

On successful completion you will be able to:

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effectiveness in allocating resources over time and transferring risk.

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- 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](http://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	18 June 2018
1	Topic 1: Introduction to finance	25 June 2018
2	Topic 2: Financial markets and institutions	2 July 2018
3	Topic 3: Time value of money	9 July 2018
4	Topic 4: Valuation of financial assets	16 July 2018
5	Topic 4: Valuation of financial assets	23 July 2018
6	Topic 5: Analysing the firm's investment decision	30 July 2018
7	Topic 6: Analysing the firm's financing decision	6 August 2018
8	Topic 7: Risk management	13 August 2018
9	Topic 8: Portfolio theory	20 August 2018
10	Exam preparation	27 August 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](http://ask.mq.edu.au).

Students should also consult the MAFC Program Rules 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](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 enquiry service (MAFC-specific)

For all student enquiries, please contact [studentsupport@mafc.mq.edu.au](mailto: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/](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](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

### 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
- Assignments
- 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
- Assignments
- 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 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.

- 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
- Assignments
- Final Examination

## Important Notice

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

## Changes since First Published

Date	Description
21/05/2018	Graduate Capabilities remapped.