



ACST603

Principles of Finance

S1 External 2018

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

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General Information

Unit convenor and teaching staff

Coordinator

Keith Woodward

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See ilearn

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Credit points

4

Prerequisites

Admission to MAccg or MAccg(Adv) or MAcc(Prof)MCom or MActPrac or MBkgFin or MBioBus or MCom or MEd or MIntBus or MIntBusMIntComm or MIntBusMIntRel

Corequisites

Co-badged status

Unit description

This unit aims to provide students with a knowledge and understanding of the principles and techniques underlying theory and practice in corporate finance. Topics include: - basic financial mathematics: interest rates, present values, future values, annuities, perpetuities; - valuation and analysis of debt and equity securities; - methods for investment evaluation and capital budgeting: NPV, IRR, PP; - financial markets and raising finance by issuing new securities; - risk and return, and the cost of capital; - capital structure and dividend policy; - derivative securities: forward, futures and option contracts, and applications to corporate finance; - corporate liabilities and international finance; and - introduction to risk management.

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:

To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.

Develop expertise in using spreadsheet software to build financial models and perform

calculations for security valuation and corporate decision making.

Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.

Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

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>Self-assessment test</u>	0%	No	Week 3
<u>Lecture test</u>	10%	No	Week 4
<u>Assignment</u>	15%	No	Week 8
<u>Tutorial test</u>	15%	No	Week 9
<u>Final exam</u>	60%	No	University Examination Period

Self-assessment test

Due: **Week 3**

Weighting: **0%**

Please use the self-assessment test as an indicator of whether you're progressing satisfactorily in the unit. If you are having difficulties, please discuss your progress with your teacher and consider withdrawing before the Census date - 26 March 2018.

On successful completion you will be able to:

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.

Lecture test

Due: **Week 4**

Weighting: **10%**

This 1 hour paper-based test will be conducted in **lectures**. Further details and any changes will be announced on iLearn.

Extension

No extensions will be granted. Students who have not sat the exam will be awarded a mark of 0 for the task, except for cases in which an application for Special Consideration is made and approved.

On successful completion you will be able to:

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Assignment

Due: **Week 8**

Weighting: **15%**

Answer a series of written and numerical questions.

Submission:

Submissions should be made online via iLearn's Turnitin link. Excel spreadsheet solutions may also require submission electronically via iLearn. Evidence of extensive research using academic and financial press references, quotes and current data is required.

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 special consideration is made and approved. No submission will be accepted after solutions have been posted.

On successful completion you will be able to:

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.

- Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Tutorial test

Due: **Week 9**

Weighting: **15%**

This 1 hour computer-based test will be conducted in **tutorials**. Further details and any changes will be announced on iLearn.

Extension

No extensions will be granted. Students who have not sat the exam will be awarded a mark of 0 for the task, except for cases in which an application for Special Consideration is made and approved.

On successful completion you will be able to:

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Final exam

Due: **University Examination Period**

Weighting: **60%**

This will be a 2 hour invigilated exam conducted during the University Examination Period. Note that this will not be an online exam.

Extension

No extensions will be granted. Students who have not sat the exam will be awarded a mark of 0 for the task, except for cases in which an application for Special Consideration is made and approved.

On successful completion you will be able to:

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Delivery and Resources

Classes

- For Ryde campus students: Lectures run for 2 hours. Tutorial computer lab sessions run for 1 hour and 30 minutes. Students are expected to attend both.
- For City campus students: Lectures and tutorial computer lab sessions are run together run for 3 hours. Students are expected to attend both.
- For distance students: All lecture content and tutorial exercises and solutions will be available on iLearn in pdf form and mp4 files.

The tutorials in particular are important so that you become familiar with MS Excel spreadsheet software which will be assessed in the computer-based tutorial test in addition to the other tests and assignments.

The timetable for classes can be found on the University web site at:

<http://www.timetables.mq.edu.au/>

All lecture content and tutorial exercises and solutions will be available on iLearn.

There are no prizes for this unit.

Required and recommended texts and materials

Textbooks:

The textbook for this unit is "Fundamentals of Corporate Finance" by Parrino et al (ISBN 9780730305422). An electronic version of the book is available from Wiley Direct and is cheaper than the paper version. This book covers most but not all of the topics in the unit. The lecture notes will also cover what you need to know. Additional readings may be assigned for the various topics each week. This will either be journal articles, or other materials available on the web or available electronically e.g. via the Macquarie University Library.

Reference Books:

Berk, J and Demarzo, P. Corporate Finance, Pearson (ISBN 9780273756033)

Beninga Principles of Finance with Excel, Oxford (ISBN 978 0 19 975547 9) This book may be used by students to learn about using MS Excel for the various financial calculations involved in the course, during the tutorial / computer lab sessions.

Copeland, Weston and Shastri, Financial Theory and Corporate Policy 4th Edition, Pearson (ISBN 0-321-22353-5)

Grinblatt and Titman, Financial Markets and Corporate Strategy 2nd Edition, McGraw-Hill (ISBN 0-07-229433-7)

Hull, Options, Futures and Other Derivatives 8th Edition, Prentice Hall

Technology Used and Required

Students will require access to the internet to download lecture slides and tutorial solutions.

The assignment and most tutorial exercises will require the use of word processing and spreadsheet programs.

In most weeks we will be using spreadsheets for the various financial calculations needed. Our classes are held in a computer laboratory and all students will have access to a computer with the required software installed on it.

Students will be instructed in how to use MS Excel for the purposes of the unit.

Students may wish to bring a headset to class so they can view and listen to the mp4 video files of lectures, tutorials and excel demonstrations.

Unit Web Page

Course material is available on the learning management system (iLearn)

Unit Schedule

Week	Date (Monday)	Topic
1	26.2.18	Business organisations, taxation and financial statements. Tutorials run in first week.
2	5.3.18	Time value of money and interest rates.
3	12.3.18	Valuation of multi-payment cash flows. Self-assessment online test (0%).
4	19.3.18	Lecture test (10%).
5	26.3.18	Amortising loans and valuation of fixed income bonds. <u>Census date</u> 26 March 2018.
6	2.4.18	Valuation of shares and raising new capital.
7	9.4.18	Term structure of interest rates and corporate bonds.

Break		Mid-semester break from Monday 16.4.18 to Friday 27.4.18.
8	30.4.18	Capital budgeting - project evaluation methods. Assignment due (15%).
9	7.5.18	Statistical concepts and risk. Tutorial test (15%).
10	14.5.18	Trade-off between risk and return.
11	21.5.18	Cost of capital and capital structure.
12	28.5.18	Dividend policy and company valuation.
13	4.6.18	Revision

Learning and Teaching Activities

Lectures and tutorials

The unit is taught via lectures and smaller computer-based tutorial workshops where we will use spreadsheet software for implementing models and calculations for the purpose of financial decision making. Each lecture is self-contained. Students are expected to read the relevant chapters prior to the lecture, so that they are familiar with the material to be covered. This will greatly enhance your learning experience. Dealing with advanced material in our subject area requires a range of generic skills which we'll develop. The lectures and in particular the assignment and tutorial exercises are tailored to enhance critical analysis, problem-solving and creative thinking, comprehension, computing and writing skills. You should take the time to work on the problem sets, since they will tend to be similar in nature to the problems you see on the test and exam. Solutions will be provided for the assigned selected questions. We cover many examples of financial valuation and decision making problems and how to solve these using spreadsheets. Calculators also used for more simple problems. Our approach is one of learning by example and by practicing using MS Excel to solve financial decision making problems.

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.

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

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Assessment tasks

- Self-assessment test
- Lecture test
- Assignment
- Tutorial test
- Final exam

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

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Assessment tasks

- Self-assessment test
- Lecture test
- Assignment
- Tutorial test
- Final exam

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:

Assessment tasks

- Self-assessment test
- Tutorial test

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Learning outcomes

- To demonstrate knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
- Demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Assessment task

- Assignment

Changes from Previous Offering

Lectures and computer tutorial workshops are now run separately for campus students. Tutorial classes have been afforded more time and classes are smaller.

Assessments have been amended to make better use of class time.

Changes since First Published

Date	Description
23/02/2018	Changed this external unit guide to reflect the changes to the internal unit guide.