



# AFIN102

## Finance 1B

S1 Day 2019

*Department of Applied Finance*

### 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>	5
<u>Unit Schedule</u>	6
<u>Learning and Teaching Activities</u>	7
<u>Policies and Procedures</u>	7
<u>Graduate Capabilities</u>	9
<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 and Lecturer

Dr Chris Meier

[chris.meier@mq.edu.au](mailto:chris.meier@mq.edu.au)

E4A Level 2 for consultation

Refer to iLearn

Shane Magee

[shane.magee@mq.edu.au](mailto:shane.magee@mq.edu.au)

Credit points

3

Prerequisites

ACST101 or WACT101

Corequisites

Co-badged status

Unit description

This unit introduces students to the financial sector, preparing them for more advanced studies in finance, and developing their interest in a career in finance. It explains the theories, principles and methods used in financial decision-making by individuals, financial institutions and companies, and applies them to the real world using current examples and market data. It further explores financial institutions and markets, and other real world considerations that affect financial transactions of individuals, financial institutions, companies and governments in a modern economy. This is an interesting and relevant unit for students intending to undertake further studies in any area of business and economics, and is required for further studies in finance. Students without a background of at least HSC Mathematics (2 Unit) or equivalent are strongly advised to have studied MATH123 prior to enrolling in this unit.

## 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:

Understand how financial concepts are expressed in mathematical formulas and then

applied in valuing equity, debt, property and business projects.

Understand the importance of law, independence and objectivity of information when working in the finance industry.

Apply financial theory to real world corporate and personal financial decisions.

Confidently read and discuss financial publications.

Work productively in a group to successfully complete a financial analysis.

## General Assessment Information

**Details:** Assessment criteria for all assessment tasks will be provided on the unit iLearn site.

**Questions:** Subject-related questions whose answer is useful to everyone should be posted to the iLearn discussion board. Questions of a personal nature can be emailed to the teachers.

**Marks in gradebook:** It is the responsibility of students to view their marks for each 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 Tasks

Name	Weighting	Hurdle	Due
<a href="#"><u>Tutorial test</u></a>	5%	No	Week 3
<a href="#"><u>Mid semester class test</u></a>	25%	No	Week 6
<a href="#"><u>Group assignment</u></a>	20%	No	Week 10
<a href="#"><u>Final Exam</u></a>	50%	No	See Exam Timetable

### Tutorial test

Due: **Week 3**

Weighting: **5%**

**Task Description:** Please use this assessment task as an indicator of whether you are progressing satisfactorily in the unit. If you are having difficulties, please see your tutor or lecturer in consultation or the Peer Assisted Learning (PAL) teacher for more help, or consider withdrawing from the subject before the census date on Friday of week 4. **Type of**

**Collaboration:** Individual **Submission:** In class **Format:** 10 multiple choice questions. **Length:** 40 minutes **Inherent Task Requirements:** Refer to iLearn **Late Submission:** 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 special consideration is made and approved.

On successful completion you will be able to:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.

## Mid semester class test

Due: **Week 6**

Weighting: **25%**

**Task Description:** This will cover topics covered from weeks 1 to 5. **Type of Collaboration:** Individual **Submission:** In class **Format:** 25 multiple choice questions **Length:** 1 hour and 30 minutes **Inherent Task Requirements:** Refer to iLearn **Late Submission:** 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 special consideration is made and approved.

On successful completion you will be able to:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.

## Group assignment

Due: **Week 10**

Weighting: **20%**

**Task Description:** The assignment topic will be announced during the course of the semester. Further details will be released on iLearn. 50% of the marks will be allocated to individual performance. **Type of Collaboration:** Groups may contain 2 to 4 members, but no more. **Submission:** Online via iLearn **Format:** Refer to iLearn **Length:** Refer to iLearn **Inherent Task Requirements:** Refer to iLearn **Late Submission:** 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:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.

- Confidently read and discuss financial publications.
- Work productively in a group to successfully complete a financial analysis.

## Final Exam

Due: **See Exam Timetable**

Weighting: **50%**

**Task Description:** The exam will be based on the entire course. A formula sheet will be provided. The exam is closed book. Notes are not allowed to be brought into the exam. Many practice exams will be made available online. **Type of Collaboration:** Individual **Submission:** In class during examination period **Format:** Refer to iLearn **Length:** 2 hours **Inherent Task Requirements:** Refer to iLearn **Late Submission:** 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 special consideration is made and approved.

On successful completion you will be able to:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.

## Delivery and Resources

<b>Required Text:</b>	Fundamentals of Corporate Finance (3rd Edition) by Berk, Demarzo, Harford, Ford, and Mollica, published by Pearson. A copy of the book is reserved in the library.
<b>Unit Web Page:</b>	Course materials are available on iLearn including lecture notes, tutorial questions, answers and readings.
<b>Technology Used and Required:</b>	
<b>Delivery Format and Other Details:</b>	See timetable for classes on the University web site at: <a href="http://www.timetables.mq.edu.au/">http://www.timetables.mq.edu.au/</a>
<b>Recommended Readings:</b>	For students who are looking for other learning resources, the following textbook can be sought, but it's not compulsory: Corporate Finance (11th Edition) by Ross, Westerfield, Jaffe, and Jordan, published by McGraw Hill.  The Chartered Financial Analyst (CFA) institute also has some useful resources: <a href="http://www.cfainstitute.org/learning/products/onlinelearning/Pages/60499.aspx?WPID=BrowseProducts">http://www.cfainstitute.org/learning/products/onlinelearning/Pages/60499.aspx?WPID=BrowseProducts</a>

<p><b>Other Course Materials:</b></p>	<p><b>MyFinanceLab:</b></p> <p>Subscription to MyFinanceLab is highly recommended. Not only you can get immediate feedback on the assignment questions, but also rich sources of practice questions on all the topics covered by the textbook. You may also test yourself on any topic at any time. MyFinanceLab can generate your personalised study plan based on your results on assignments or tests. For all the problems you require additional information, it will link you to step-to-step guided solutions, animations, and links to relevant sections of the textbook for review of material.</p> <p>Information on the registration on MyFinanceLab for AFIN 102 will be on iLearn.</p> <p><b>Homework:</b></p> <p>Homework questions are available from the accompanying study platform of the textbook MyFinanceLab (<a href="http://www.pearsson.com/mylab">http://www.pearsson.com/mylab</a>). Answers and detailed explanations are provided on the website after selecting an answer option. A copy of each assignment and solution will be also made available on iLearn. You should complete the assignment every week before tutorial classes.</p>
---------------------------------------	---

## Unit Schedule

Tentative schedule:

Week	Begins	Activity	Chapters
1	25/2/19	Lecture 1: Structural Forms of Firms and Interest Rates	1,5
2	4/3/19	Lecture 2: Bond Valuation, Corporate Bond Ratings, and Investment Decision Rules	6, 8.3-8.7
3	11/3/19	Lecture 3: Incremental Cash Flows and Project Valuation	9
4	18/3/19	Lecture 4: Review of Dividend Discount Models, Discounted Cash Flow Models and Multiples	7, 10
5	25/3/19	Lecture 5: Fundamentals of Portfolio Management	11
6	1/4/19	Mid-Semester Test	
7	8/4/19	Lecture 6: Systematic Risk and the Equity Risk Premium	12
Recess	15/4/19	Recess	
Recess	22/4/19	Recess	
8	29/4/19	Lecture 7: Cost of Capital	13
9	6/5/19	Lecture 8: Long-Term Capital Financing	14,15
10	13/5/19	Lecture 9: Capital Structure	16
11	20/5/19	Lecture 10: Payout Policy	17
12	27/5/19	Lecture 11: Mergers and Acquisitions	18
13	3/6/19	Lecture 12: Revision	

Tutorial questions will be made available on iLearn.

## Learning and Teaching Activities

### Lectures and Tutorials

The unit is delivered through weekly lectures and tutorial classes. Tutorial questions will be posted to iLearn. Students should complete tutorial questions in advance since teachers will progress at the rate preferred by those students who have attempted the work. Teachers welcome questions and enjoy discussions of the concepts. Answers to the tutorial questions will be posted on iLearn after each week.

### Homework

Weekly homework and review of prerequisite course are essential to be successful in the unit. Homework questions and solutions will be available on both iLearn and MyFinanceLab. Please complete the homework independently and check your answer with the standard solution provided. If you have access to MyFinanceLab, you will get immediate feedback of all the questions of the homework. You can also work on more practice problems on MyFinanceLab.

### Expectation from Students

To achieve the best possible results in this unit: Try not to miss a lecture or tutorial class. This subject moves very fast and each week builds on the one before. Do as many practice questions as possible. Bring the lecture notes and tutorial questions to class and raise questions with your teachers. Talk about the topics with your friends and relatives. Many people enjoy friendly discussions about property, shares, leverage, taxes and interest rates.

## 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 published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) 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) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

### Supplementary Exams

*Further information regarding supplementary exams, including dates, is available here*

[http://www.businessandconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/special\\_consideration](http://www.businessandconomics.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](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 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](http://ask.mq.edu.au)

If you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/](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

### Capable of Professional and Personal Judgement and Initiative

We want our graduates to have emotional intelligence and sound interpersonal skills and to demonstrate discernment and common sense in their professional and personal judgement. They will exercise initiative as needed. They will be capable of risk assessment, and be able to handle ambiguity and complexity, enabling them to be adaptable in diverse and changing environments.

This graduate capability is supported by:

#### Learning outcomes

- Apply financial theory to real world corporate and personal financial decisions.
- Work productively in a group to successfully complete a financial analysis.

### 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

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Confidently read and discuss financial publications.

#### Assessment tasks

- Tutorial test
- Mid semester class 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:

### Assessment tasks

- Mid semester class test
- Group assignment
- 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:

### Learning outcomes

- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.
- Confidently read and discuss financial publications.
- Work productively in a group to successfully complete a financial analysis.

### Assessment task

- Group assignment

## 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

- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.
- Confidently read and discuss financial publications.
- Work productively in a group to successfully complete a financial analysis.

## Assessment task

- Group assignment

## Changes since First Published

Date	Description
10/03/2019	Small edit: In a previous amendment, an inconsistency regarding the mid-semester test was fixed. In this amendment the respective relevant material for this mid-semester test were adjusted. Since the test is in week 6, material from week 1-5 are covered, not 1-7.
06/03/2019	There was a discrepancy regarding the week of the mid-semester test. In the assessment summary, Week 8 was given, and in the weekly schedule week 6 was provided. Based on the information provided by Angela Chow, the venues are booked for 2 April (Week 6). Hence, I have made a change to consistently show "Week 6" for the mid-semester test.