



# AFIN312

## Issues in Corporate Finance

S2 Evening 2019

*Department of Applied Finance*

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## General Information

Unit convenor and teaching staff

Unit Convenor

Rachel Huang

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Room 752, E4A (4 Eastern Road)

Consultation hour: Refer to iLearn

Credit points

3

Prerequisites

ACCG350 or AFIN352 or AFIN353

Corequisites

Co-badged status

Unit description

This is the Capstone unit for the Bachelor of Commerce (Finance) program. This unit comprises a series of academic lectures and industry seminars accompanied by a case study. The aim of the unit is to provide an up-to-date, integrated treatment of the valuation of businesses and investment opportunities that seriously considers industry practice and recent advancement in valuation methods. This unit takes you inside the M&A process — from strategy and valuation to execution. Whether the company is private or public, looking to buy or sell, you will emerge with the skills to identify the right targets, perform business valuations and due diligence, and close the best deal. The unit will showcase several lectures presented by senior industry M&A and Transaction Specialists.

## 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:

Write a report valuing the equity of a company listed on the Australian Securities Exchange

Evaluate business valuation techniques to determine the most appropriate technique for

the specific valuation task.

Apply valuation techniques to real world valuation problems.

Explain the principles and theory behind each valuation technique

Work productively in a team to undertake corporate financial analysis and valuation

## 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 marks (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
<a href="#"><u>First Online Quiz</u></a>	5%	No	18/08/2019
<a href="#"><u>Second Online Quiz</u></a>	10%	No	13/10/2019
<a href="#"><u>Group Report</u></a>	30%	No	Week 12
<a href="#"><u>Final Exam</u></a>	55%	No	University examination period

### First Online Quiz

Due: **18/08/2019**

Weighting: **5%**

Task Description: The first online iLearn Quiz aims to assess student progress in the course. The test will comprise 5 multiple choice questions. **Students are responsible for checking the stability of their internet connection before attempting the quiz.** Type of Collaboration:

Individual Submission: Refer to iLearn Format: Multiple Choice Length: 15 minutes Inherent Task Requirements: Refer to iLearn Late Submission:

**Tasks 10% or less** – 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:

- Explain the principles and theory behind each valuation technique

## Second Online Quiz

Due: **13/10/2019**

Weighting: **10%**

Task Description: The second online iLearn Quiz aims to assess student progress in the course. The test will comprise 10 multiple choice questions. **Students are responsible for checking the stability of their internet connection before attempting the quiz.** Type of Collaboration: Individual Submission: Refer to iLearn Format: Multiple Choice Length: 30 minutes Inherent Task Requirments: Refer to iLearn Late Submission:

**Tasks 10% or less** – 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:

- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique

## Group Report

Due: **Week 12**

Weighting: **30%**

Task Description:

**Important - Teams of 5 students are required to prepare the assignment. Please notice that 50% of the assignment mark will be allocated to the individual performance by setting one final exam question related to the group report.**

Student teams are required to prepare a professional report comprising the valuation of a company listed on the Australian Securities Exchange (ASX). The style of the report (examples will be provided on iLearn) will be a detailed valuation report for a commercial client. The assignment will be marked on the quality of the report and its technical veracity.

Type of Collaboration: Teamwork Submission: The team leader should submit the final report through Turnitin via a submission link which will be available on iLearn. Format: Refer to iLearn Length: Refer to iLearn Internal Task Requirments: Refer to iLearn Late Submission:

**Tasks above 10%** - 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:

- Write a report valuing the equity of a company listed on the Australian Securities Exchange
- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

## Final Exam

Due: **University examination period**

Weighting: **55%**

Task Description: The final examination for this unit will be held during the University Examination period. The AFIN312 examination will be a closed-book examination. **You are permitted ONE A4 page of paper containing reference material printed on both sides. The material may be handwritten or typed. The page will not be returned to you at the end of the final examination.** Type of Collaboration: Individual Submission: Refer to iLearn 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:

- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

## Delivery and Resources

### Classes

- There are 13 weekly sessions comprising a 2-hour lecture plus 1-hour tutorial. Tutorial classes will start in Week 2.
- **Please notice that attendance is highly recommended as classes will NOT be recorded by the Active Learning Platform. We advise students who cannot attend all classes in Semester 1 2019 to consider completing this PACE unit in future semesters when their class attendance is possible.**

- See timetable for classes on the University web site at: <http://www.timetables.mq.edu.au/>
- All students are to attend all classes except in cases of illness or unexpected events of a serious nature (eg family bereavement).

### Required Textbook

**"Damodaran on Valuation" by Aswath Damodaran.**

ISBN: 978-0471751212

The text is available from the Macquarie University Co-op Bookshop. You can also check the 2<sup>nd</sup> hand bookshop or search online.

### Technology Used and Required

Students will require a calculator (scientific or financial) capable of handling exponents. If the calculator is to be used in exams then it must **NOT** be capable of storing text or formulae **OR** it must easily be demonstrated that all memory has been cleared.

Students must be familiar with spreadsheet technology (eg MS Excel or equivalent)

### Unit Web Page

Course material is available on the learning management system at <http://iLearn.mq.edu.au>

You are strongly encouraged to regularly visit the website and use it as a resource centre to assist with your learning. All lecture material and examples, homework questions and answers, administration issues, and supplementary readings will be available on this site as the course progresses.

If you are unable to access the website because you are not aware of or have forgotten your username and password, please contact the IT helpdesk. All information can be found at <http://informatics.mq.edu.au/help/>

With regards to assistance in using iLearn please visit the following link. [http://www.mq.edu.au/iLearn/student\\_info/index.htm](http://www.mq.edu.au/iLearn/student_info/index.htm)

You can follow the tabs on the left, i.e., "Getting Started" and "Access iLearn"

Please remember to log out when you have finished using iLearn. Failure to do so could result in unauthorised access to your iLearn account.

### Teaching and Learning Activities

Contact sessions are three hours. There will be one short break during the session.

***Students are required to prepare for each lecture by reading the material set from the required textbook.***

Students are encouraged to ask questions, initiate discussions, and provide input from relevant personal experience.

### Changes Since the Last Offering of this Unit

None

## 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 \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

## 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](https://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

Information regarding supplementary exams, including dates, is available at:

[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/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

### 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

- Write a report valuing the equity of a company listed on the Australian Securities



## Exchange

- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

## Assessment tasks

- First Online Quiz
- Second Online Quiz
- Group Report
- 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

- Write a report valuing the equity of a company listed on the Australian Securities Exchange
- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

## Assessment tasks

- First Online Quiz
- Second Online Quiz
- Group Report
- 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**

- Write a report valuing the equity of a company listed on the Australian Securities Exchange
- Evaluate business valuation techniques to determine the most appropriate technique for the specific valuation task.
- Apply valuation techniques to real world valuation problems.
- Explain the principles and theory behind each valuation technique
- Work productively in a team to undertake corporate financial analysis and valuation

## **Assessment tasks**

- Group Report
- Final Exam

## **Research and Practice**

This focus of this unit is to teach students to value a company. This involves research to discover all available accounting, financial and economic information about a target company. Students must then synthesize this information into a valuation of the target company. This is practically achieved by the preparation and submission of a group business valuation report on a mid-capitalization stock listed on the Australian Securities Exchange (ASX). The report is in the format of an extended broker research report (examples provided) that is prepared for sophisticated (institutional) investors. The valuation report uses Discounted Cash Flow (DCF) techniques to value the target company.

In order to prepare the report, students will perform the following tasks:

1. An analysis economic environment of the company's industry.
2. An analysis of the company's industry using Porter's 5 Forces.
3. An assessment of the company's future business strategy.
4. An historical analysis of the company's financial statements
5. A free cash flow (FCFF & FCFE) valuation of the company.

All of these tasks require Research to discover the relevant valuation information; and Practice to evaluate the information and synthesize it for inclusion in the valuation report.