



AFIN353

Advanced Corporate Finance

S2 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>	7
<u>Policies and Procedures</u>	7
<u>Graduate Capabilities</u>	9

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

Wei Cui

wei.cui@mq.edu.au

refer to iLearn

refer to iLearn

Credit points

3

Prerequisites

6cp at 200 level including (AFIN250 or AFIN252 or AFIN253)

Corequisites

Co-badged status

Unit description

This unit challenges the student to consider a comprehensive set of factors that influence organisations in their payout, investment and finance decisions within a dynamic framework. The decision might reflect the personality of a CEO, the composition of competitors or expectations about fluctuations in the economy. In this sense, students need to be able to appreciate the differences between theory and practice. Further, students are encouraged to read academic and professional finance journals and the business sections in the daily press. By the end of the unit students should understand: the theoretical and practical implications of the multifaceted nature of risk; the different issues (including flexibility) to be considered, and the different approaches (including real options) available, in valuing risky projects; issues in determining capital structure; the theory and methods used in assessing the costs and benefits of mergers and acquisitions; and the link between corporate governance and finance.

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:

Proficiency at asset valuation using discounted cash flow and multiple techniques, making appropriate use of market data and accounting reports.

Choose between alternative quantitative approaches available in corporate finance.

Describe benefits and limitations of each.

Analyse the factors that influence the payout decision,

Demonstrate adjusting for risk in making corporate finance and investment decisions, including benefits of the real option approach.

Investigate the behavior of stakeholders following finance and investment decisions, linking this behavior to wealth transfer between stakeholders.

General Assessment Information

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

It is the responsibility of students to view their marks for each within session assessment task 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 Tasks

Name	Weighting	Hurdle	Due
<u>Early Diagnostic Quiz</u>	5%	No	Week 4
<u>Test</u>	20%	No	Week 6
<u>Assignment</u>	25%	No	Week 10
<u>Final Examination</u>	50%	No	University Examination Period

Early Diagnostic Quiz

Due: **Week 4**

Weighting: **5%**

Task Description Use the quiz as an indicator of whether you are progressing satisfactorily in the unit. Covers Topic 1 and Topic 2. If you are having difficulties, please see the Unit Convenor or consider withdrawing before the quiz due date in Week 4. **Type of Collaboration:** Individual. **Submission:** Via iLearn. **Format:** Online Multiple Choice. **Length:** 1 hour. **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:

- Proficiency at asset valuation using discounted cash flow and multiple techniques, making appropriate use of market data and accounting reports.

Test

Due: **Week 6**

Weighting: **20%**

Task Description In-class test. Covers Topic 1 through Topic 5. **Type of Collaboration:** Individual. **Submission:** In-class. **Format:** Multiple Choice. **Length:** 1 hour **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:

- Proficiency at asset valuation using discounted cash flow and multiple techniques, making appropriate use of market data and accounting reports.
- Choose between alternative quantitative approaches available in corporate finance. Describe benefits and limitations of each.
- Demonstrate adjusting for risk in making corporate finance and investment decisions, including benefits of the real option approach.
- Investigate the behavior of stakeholders following finance and investment decisions, linking this behavior to wealth transfer between stakeholders.

Assignment

Due: **Week 10**

Weighting: **25%**

Task Description Assignment. **Type of Collaboration:** Individual. **Submission:** iLearn. **Format:** Report. **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:

- Proficiency at asset valuation using discounted cash flow and multiple techniques, making appropriate use of market data and accounting reports.
- Choose between alternative quantitative approaches available in corporate finance. Describe benefits and limitations of each.
- Demonstrate adjusting for risk in making corporate finance and investment decisions, including benefits of the real option approach.
- Investigate the behavior of stakeholders following finance and investment decisions, linking this behavior to wealth transfer between stakeholders.

Final Examination

Due: **University Examination Period**

Weighting: **50%**

Task Description

Final exam will cover all the topics. Please refer to the information on iLearn.

No dictionaries of any kind are allowed in the final examination. Non-programmable calculators are allowed, provided that they are not capable of storing text. 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. Also refer to information on iLearn available from Week 12.

Type of Collaboration: Individual. **Submission:** At Examination Venue. **Format:** Mixed multiple choice, short answer, 'theory', and 'calculation' questions. Refer to iLearn. **Length:** 2 Hours.

Inherent Task Requirements: Please 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:

- Proficiency at asset valuation using discounted cash flow and multiple techniques, making appropriate use of market data and accounting reports.
- Choose between alternative quantitative approaches available in corporate finance. Describe benefits and limitations of each.
- Analyse the factors that influence the payout decision,
- Demonstrate adjusting for risk in making corporate finance and investment decisions, including benefits of the real option approach.
- Investigate the behavior of stakeholders following finance and investment decisions, linking this behavior to wealth transfer between stakeholders.

Delivery and Resources

Delivery and Resources

Prescribed Text

Berk J. and P. DeMarzo. 2016. Corporate Finance. Global Edition, 4/E, Harlow, UK: Pearson Education Ltd. ISBN 9781292160160

Available for purchase from e.g. the Macquarie University Co-op Bookshop.

Communication Channels

For discussion of subject materials please speak to any of our lecturers and tutors during class time or in consultation. Please keep in mind that most concepts and examples are best explained during face-to-face time.

Academic Consultation

Staff will be available for AFIN353 academic consultation throughout the semester teaching weeks. A schedule of consultation times and locations will be available on iLearn from Week 2.

Administration

For discussion of administrative matters please contact the unit convenor during consultation time (refer to iLearn for schedule).

Delivery

Three hours of face-to-face teaching per week, consisting of one lecture and one tutorial.

Keep in mind that this is a very challenging but interesting course which you will find rewarding in your corporate and everyday lives. By the end of this course you will be able to confidently value most assets including businesses, stocks, bonds, real estate and options.

Lectures commence in Week 1. Tutorial classes commence in Week 2.

The timetable for lectures and tutorial classes is available at URL <https://timetables.mq.edu.au/2019/>

Audio and Video Recordings

Weekly lecture and tutorials will be recorded in Echo.

Lecture Slides

Available weekly before lecture via iLearn.

Technology Used and Required

The unit will use an on line learning and teaching facility known as iLearn, accessed through the following URL <https://ilearn.mq.edu.au/login/MQ>.

Students should monitor iLearn content frequently to ensure timely access to announcements, unit material and assessment information.

To complete the Assignment, students will be required to use the Microsoft Excel and Microsoft Word softwares.

Calculators will be allowed in the class tests and the final examination but a clear indication of the steps involved in every calculation must be shown. Non-programmable calculators with no text-retrieval capacity are allowed. Financial calculators are allowed. Calculators that have a full alphabet on the keyboard are not allowed. Graphics calculators are not allowed.

Learning Strategies

Tutorial work will be sourced from different resources, including the prescribed textbook. Tutorial work should be attempted before attending tutorials. Brief solutions will be available weekly through iLearn, usually by the end of the week.

Moreover, we recommend:

- 1) Pre-reading weekly lecture material (refer to iLearn for particulars);

- 2) Sufficient preparation time - for lectures, tutorials and assessment tasks;
- 2) Attending all lectures and tutorial classes, as per class lists - while attendance is not compulsory tutors keep a record of weekly attendance, which can be consulted for cases in which an application for disruption to studies is made;
- 3) Attempting tutorial work weekly, before attending class - tutors will not always be able to cover all assigned tutorial work so they will be glad to explain the harder questions if you politely ask;
- 4) Bringing the lecture notes to lectures and the assigned homework to tutorials.

Inherent Requirements/Satisfactory Completion

All assessment tasks must be attempted.

Unit Schedule

Week	Lecture Topics	Activities
1	Topic 1 - DCF and Multiples valuation	No tutorials
2	Topic 2 - Cash flow valuation	Weekly tutorials begin
3	Topic 3 - Estimating cost of capital & market efficiency	
4	Topic 4 - Debt & taxes (Capital structure decisions)	Diagnostic quiz (in iLearn)
5	Topic 5 - Capital budgeting & valuation with leverage	
6	Test (refer to iLearn for location information)	No tutorials this week
7	Topic 6 - Raising equity	
8	Topic 7 - Mergers & Acquisitions	
9	Topic 8 - Payout policy	
10	Topic 9 - Financial options	Assignment due (in iLearn)
11	Topic 10 - Real options	
12	Topic 11 - Corporate governance	
13	'Revision'	

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 or if you are a Global MBA student contact 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

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

If you are a Global MBA student contact 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/.

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

- Proficiency at asset valuation using discounted cash flow and multiple techniques, making appropriate use of market data and accounting reports.
- Choose between alternative quantitative approaches available in corporate finance. Describe benefits and limitations of each.
- Analyse the factors that influence the payout decision,
- Demonstrate adjusting for risk in making corporate finance and investment decisions, including benefits of the real option approach.
- Investigate the behavior of stakeholders following finance and investment decisions, linking this behavior to wealth transfer between stakeholders.

Assessment tasks

- Early Diagnostic Quiz
- Test
- Assignment
- Final Examination

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

- Choose between alternative quantitative approaches available in corporate finance. Describe benefits and limitations of each.
- Demonstrate adjusting for risk in making corporate finance and investment decisions, including benefits of the real option approach.

Assessment task

- Final Examination

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

- Proficiency at asset valuation using discounted cash flow and multiple techniques, making appropriate use of market data and accounting reports.
- Analyse the factors that influence the payout decision,

Assessment task

- 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:

Assessment task

- Assignment

Engaged and Ethical Local and Global citizens

As local citizens our graduates will be aware of indigenous perspectives and of the nation's historical context. They will be engaged with the challenges of contemporary society and with knowledge and ideas. We want our graduates to have respect for diversity, to be open-minded, sensitive to others and inclusive, and to be open to other cultures and perspectives: they should have a level of cultural literacy. Our graduates should be aware of disadvantage and social justice, and be willing to participate to help create a wiser and better society.

This graduate capability is supported by:

Learning outcome

- Investigate the behavior of stakeholders following finance and investment decisions, linking this behavior to wealth transfer between stakeholders.