



# AFIN7008

## Corporate Finance

Session 1, Weekday attendance, North Ryde 2020

*Department of Applied Finance*

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### Disclaimer

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## General Information

Unit convenor and teaching staff

Unit Convenor

Wei Cui

[wei.cui@mq.edu.au](mailto:wei.cui@mq.edu.au)

Credit points

10

Prerequisites

Admission to MRes

Corequisites

Co-badged status

AFIN8008

Unit description

The objective of this unit is to explore the theory and application of corporate finance issues at an advanced level, and to equip students with the required depth of knowledge and skill expected of a professional. Following a brief revision of basic financial concepts covered in earlier finance courses, the unit investigates the more complicated theoretical issues and analytical techniques in corporate finance. In particular, a critical approach is adopted which involves identifying the assumptions and limitations of these techniques when applied to the real world. Students are encouraged to understand that often the best method is a matter of debate, and that they must choose a method from a group of methods all of which have various limitations. This critical approach is reinforced by examining a number of real life corporate finance projects.

## 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:

**ULO1:** Apply investment and financing concepts to business decisions.

**ULO2:** Evaluate cost of capital, project risks and the financial viability of projects.

**ULO3:** Assess the effect of capital structure on value of firms and projects.

**ULO4:** Use options methodology to value business opportunities and firms.

**ULO5:** Critically appraise and review the contemporary literature in corporate finance.

## Assessment Tasks

### Coronavirus (COVID-19) Update

Assessment details are no longer provided here as a result of changes due to the Coronavirus (COVID-19) pandemic.

Students should consult [iLearn](#) for revised unit information.

[Find out more about the Coronavirus \(COVID-19\) and potential impacts on staff and students](#)

## 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.

### Late Submissions

**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.

**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.

## Delivery and Resources

### Coronavirus (COVID-19) Update

Any references to on-campus delivery below may no longer be relevant due to COVID-19.

Please check here for updated delivery information: [https://ask.mq.edu.au/account/pub/display/unit\\_status](https://ask.mq.edu.au/account/pub/display/unit_status)

#### Required Text:

Ross, Westerfield and Jaffe. Corporate Finance, 11th Edition, McGraw Hill Irwin. ISBN:9780077861759

The prescribed text can be purchased from the Macquarie University Co-op Bookshop.

Unit Web Page:	<p><b>AFIN7008-iLearn:</b></p> <p>The unit Website is only available to students enrolled in AFIN8008 and AFIN7008. Students will be able to access the unit web page by the use of their normal university user/password details. Please contact the IT Help Desk if you have any difficulties accessing the unit web page:</p> <p>Phone:(02)9850HELP(4357) Option1 or Freecall:1800063191</p> <p>FacetoFace: ITHelpDesk, C5C244</p> <p>24/7Email:help@mq.edu.au</p> <p><b>The Website will contain important unit materials, including:</b></p> <ul style="list-style-type: none"> <li>• Course details — An outline of the unit, including assessment tasks</li> <li>• Announcements—notices updating students on important matters regarding the unit.</li> <li>• Assignment</li> <li>• Suggested answers and solutions to homework questions</li> <li>• Results — for assignment and other assessable material.</li> </ul>
<b>Technology Used and Required:</b>	The Text book provides access to various on-line resources. Further, a number of the class exercises are designed to be completed using excel. Students are encouraged to use Excel when attempting these exercises.
Delivery Format and Other Details:	<p><b>CLASSES</b></p> <p>The Unit involves 3 hours face-to-face teaching per week consisting of a 3 hour seminar. The timetable for classes can be found on the University website at: <a href="http://www.timetables.mq.edu.au/">http://www.timetables.mq.edu.au/</a></p> <p>Attendance at seminars is a compulsory component of the Unit, and students are expected to attend all classes.</p> <p><b>LEARNING AND TEACHING ACTIVITIES</b></p> <p>This is meant to be a 2nd unit in corporate finance. Most students will have completed an introductory financial management / corporate finance unit. As a more advanced unit, some of the topics covered will be familiar to students but we will be covering them at a more in - depth level. Some other topics will be completely new. As in the introductory unit, students need to work through the quantitative and other problems which are selected each week from the text. However, an important objective of this unit is to make the student aware of the limitations of financial theory and of the assumptions made in making finance and investment decisions.</p>

## Unit Schedule

### Coronavirus (COVID-19) Update

The unit schedule/topics and any references to on-campus delivery below may no longer be relevant due to COVID-19. Please consult [iLearn](#) for latest details, and check here for updated delivery information: [https://ask.mq.edu.au/account/pub/display/unit\\_status](https://ask.mq.edu.au/account/pub/display/unit_status)

### Unit Schedule

Week	Topics	Ross et al. Chapters
1	TOPIC 1- Overview of corporate finance and valuation	1, 4, 5
2	TOPIC 2- Project evaluation and project risk analysis	6, 7 (not sec. 7.3)
3	TOPIC 3- Alternative theories on risk and return	11,12

4	TOPIC 4- Capital structure and limits to use of debt	16, 17
5	TOPIC 5 - Valuation and capital budgeting for levered firm	18
6	TOPIC 6 - Raising capital and dividend policy	19, 20
7	TOPIC 7 - Convertible bonds, warrants and lease finance	29.13; BMA* 32
	<b>MID-SEMESTER BREAK</b>	
8	<b>Mid- Semester Test (No lecture) See above</b>	
9	TOPIC 8 - Corporate finance applications of options - I	22
10	TOPIC 9 - Corporate finance applications of options - II	23 and JP Ch. 22**
11	TOPIC 10 - Mergers, acquisitions and divestitures	29
12	TOPIC 11 - Project & Infrastructure Financing	Reading on the iLearn
13	TOPIC 12 - Private Equity & Corporate Restructuring AND Exam Overview	29.13, BMA* 32

\* BMA Ch. 32 - Brealey, Myers and Allen (2014), Principles of Corporate Finance, 11e, McGraw-Hill Irwin.

\*\*JP Ch. 22 – Jonathan Berk, Peter DeMarzo (2013), Corporate finance, 3e, Pearson Global Edition.

## 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.)

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

Information regarding supplementary exams, including dates, is available at: [http://www.businessandconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/disruption\\_to\\_studies](http://www.businessandconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption_to_studies)

## 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 help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

## 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.

## Changes from Previous Offering

1. Assessed course work is changed to online quizzes.