



AFIN8008

Corporate Finance

Session 1, Special circumstances 2021

Department of Applied Finance

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Notice

As part of [Phase 3 of our return to campus plan](#), most units will now run tutorials, seminars and other small group activities on campus, and most will keep an online version available to those students unable to return or those who choose to continue their studies online.

To check the availability of face-to-face activities for your unit, please go to [timetable viewer](#). To check detailed information on unit assessments visit your unit's iLearn space or consult your unit convenor.

General Information

Unit convenor and teaching staff

Unit Convenor

Wei Cui

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Terry Pan

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Credit points

10

Prerequisites

(Admission to MActPrac or MFin) or (ACST603 or ACST6003 or MGNT603 or ACCG6003) or (AFIN8009 or AFIN858 or MGNT808)

Corequisites

Co-badged status

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.

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 on iLearn within 20 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.

Late submissions and extensions

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.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Online Quizzes</u>	5%	No	Week 3
<u>Mid Session Test</u>	20%	No	Week 7
<u>Individual Research Report</u>	25%	No	Week 10
<u>Final Examination</u>	50%	No	University examination period

Online Quizzes

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 10 hours

Due: **Week 3**

Weighting: **5%**

Online quizzes consisting of multiple choice and/or short answer questions.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.
- Use options methodology to value business opportunities and firms.

Mid Session Test

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 10 hours

Due: **Week 7**

Weighting: **20%**

An online open book test of 60-75 minutes will be held during the session.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.

Individual Research Report

Assessment Type ¹: Report

Indicative Time on Task ²: 20 hours

Due: **Week 10**

Weighting: **25%**

Students will research a topic and prepare a 1,500 word report.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.
- Use options methodology to value business opportunities and firms.

Final Examination

Assessment Type ¹: Examination

Indicative Time on Task ²: 20 hours

Due: **University examination period**

Weighting: **50%**

A two hour online open book exam will be held during the University Examination Period.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.
- Use options methodology to value business opportunities and firms.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

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:	AFIN8008-iLearn: 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: Phone:(02)9850HELP(4357) Option1 or Freecall:1800063191 24/7Email:help@mq.edu.au The Website will contain important unit materials, including: <ul style="list-style-type: none">• Course details — An outline of the unit, including assessment tasks• Announcements—notices updating students on important matters regarding the unit.• Assignment• Suggested answers and solutions to homework questions• Results — for assignment and other assessable material.
Technology Used and Required:	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.

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	19
7	Mid- Semester Test (No lecture)	
8	TOPIC 7 - Dividend policy	20
9	TOPIC 8 - Convertible bonds, warrants and lease finance	29.13; BMA* 32
10	TOPIC 9 - Financial options	22
11	TOPIC 10 - Real options	23 and JP Ch. 22**
12	TOPIC 11 - Mergers, acquisitions and divestitures	29
13	TOPIC 12 - PE and LBO AND Exam Overview	iLearn Materials

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). 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](#)

Students seeking more policy resources can visit [Student Policies \(https://students.mq.edu.au/support/study/policies\)](https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/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

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 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

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.

Changes since First Published

Date	Description
08/02/2021	Unit is co-taught with AFIN7008

Unit information based on version 2021.02 of the [Handbook](#)