ACST6003
Principles of Finance
Session 2, Special circumstances 2021

Department of Actuarial Studies and Business Analytics

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Notice
Some on-campus classes have moved online for the first two weeks of Session, before returning to campus in Week 3. If you are studying a unit outside of the primary Session 2 timetable, please contact your teaching staff team for further details.

Some classes/teaching activities cannot be moved online and must be taught on campus. To find out if you are enrolled in one of these classes/teaching activities, you can check to see if your unit is on the list of units with mandatory on-campus classes/teaching activities.

Your Unit Convenor will provide more information via an iLearn announcement when your iLearn unit becomes available.
# General Information

<table>
<thead>
<tr>
<th>Unit convenor and teaching staff</th>
<th>Unit Convenor/ Lecturer</th>
<th>Farida Akhtar</th>
<th><a href="mailto:farida.akhtar@mq.edu.au">farida.akhtar@mq.edu.au</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit points</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prerequisites</td>
<td>Admission to GradCertFin or GradDipAppFin or MAccg or MAccLead or MAppEcon or MAppFin or MAppFin(Adv) or MBkgFin or MCom or MIntBus or MProfAcc or MProfAccgLead or MBusAnalytics or MBioBus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corequisites</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-badged status</td>
<td></td>
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</table>

## Unit description

This unit aims to provide students with a knowledge and understanding of the principles and techniques underlying theory and practice in corporate finance. Topics include: basic financial mathematics: interest rates, present values, future values, annuities, perpetuities; valuation and analysis of debt and equity securities; methods for investment evaluation and capital budgeting: Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP); business organisation and taxation, financial markets and raising finance; tradeoff between risk and return, the cost of capital and capital structure; dividend policy and company valuation; corporate liabilities and international finance; bond valuation and term structure; statistical concepts and risks; fixed income bonds and amortisation; introduction to risk management, application of financial mathematics concepts using MS Excel based activities within a corporate finance context.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at [https://students.mq.edu.au/important-dates](https://students.mq.edu.au/important-dates)

## Learning Outcomes

On successful completion of this unit, you will be able to:

**ULO1:** Exhibit knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
ULO2: Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.

ULO3: Be aware of different financial instruments and their valuation and usefulness in a Corporate Finance context.

ULO4: Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

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 of assessments

Sometimes unavoidable circumstances occur that might prevent you from submitting an assessment on time and, in that case, you may be eligible to lodge a Special Consideration request.

Unless a Special Consideration request has been submitted and approved, please note that no extensions to assessment deadlines will be granted. Assessments that are submitted late will attract a late penalty:

1. There will be a deduction of 10% of the total available marks for each 24 hour period or part thereof that the submission is late.
2. No assessment will be accepted more than 72 hours after the original due date and time (incl. weekends).
3. No late submissions will be accepted for timed assessments (e.g., quizzes, online tests) or for tasks with a weighting of 10% or less.

Assessment Tasks

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Hurdle</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Test</td>
<td>20%</td>
<td>No</td>
<td>Week 7</td>
</tr>
<tr>
<td>Assignment</td>
<td>20%</td>
<td>No</td>
<td>Week 10</td>
</tr>
<tr>
<td>Final Exam</td>
<td>60%</td>
<td>No</td>
<td>University Examination period</td>
</tr>
</tbody>
</table>

Class Test
Assessment Type 1: Quiz/Test
Indicative Time on Task: 7 hours
Due: Week 7
Weighting: 20%

This 1 hour online test will be held during the lecture time.

On successful completion you will be able to:

• Exhibit knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
• Be aware of different financial instruments and their valuation and usefulness in a Corporate Finance context.
• Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Assignment
Assessment Type: Problem set
Indicative Time on Task: 12 hours
Due: Week 10
Weighting: 20%

This is an individual assignment which focuses on corporate financing using Excel spreadsheet.

On successful completion you will be able to:

• Exhibit knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
• Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
• Be aware of different financial instruments and their valuation and usefulness in a Corporate Finance context.
• Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

Final Exam
Assessment Type: Examination
Indicative Time on Task: 20 hours
The final examination will be a two-hour examination, to be held during the University Examination period.

On successful completion you will be able to:

- Exhibit knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance and Capital Markets.
- Develop expertise in using spreadsheet software to build financial models and perform calculations for security valuation and corporate decision making.
- Be aware of different financial instruments and their valuation and usefulness in a Corporate Finance context.
- Explain the concepts covered in the course in a clear and concise manner and be able to communicate it to others effectively.

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 Learning Skills Unit 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**

**Classes**

- 3.5 hours of teaching per week consisting of
  - one 2 hour lecture (online) and
  - one 1.5 hour tutorial computer lab (practical). Tutorials begin in Week 2 **

- The timetable for classes can be found on the University web site at:
  http://www.timetables.mq.edu.au/

**Note: the first tutorial (starting in week 2) will be conducted online even if the tutorial is said to be online or on campus. An announcement will be made to advise if on campus classes will continue to be online or back on campus from week 3 onwards. Please check**
ilearn on regular basis for updates.

Textbooks Prescribed Textbook

- This book covers most but not all of the topics in the unit. The lecture notes will also cover what you need to know. Additional readings may be assigned for the various topics each week. This will either be journal articles, or other materials available on iLearn, web or available electronically e.g. via the Macquarie University Library.

Additional Readings

- Beninga, *Principles of Finance with Excel*, Oxford (ISBN 978 0 19 975547 9). This book may be used by students to learn about using MS Excel for the various financial calculations involved in the course, during the tutorial / computer lab sessions.

Technology Used and Required

- You will need access to the internet to obtain course information and download teaching materials from the unit website.
- It is your responsibility to check the unit iLearn site regularly to make sure that you are up-to-date with the information for the unit.
- MS Excel will be used extensively throughout the unit.

Unit Web Page

The web page for this unit can be found at: iLearn [http://ilearn.mq.edu.au](http://ilearn.mq.edu.au)

Required Unit Materials and/or Recommended Readings

- Lecture slides/notes, tutorial and any other additional materials on ilearn are the required materials and will be posted on the website before lectures.
- Relevant references will be provided in Lectures as recommended materials. Some of them will be posted on the website.

Passing the Unit

Students must obtain a mark of 50% to pass the unit. There are no other hurdle requirements for passing the unit.
<table>
<thead>
<tr>
<th>Week</th>
<th>Week beginning Monday</th>
<th>Topic</th>
<th>Book Chapter</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>26-Jul</td>
<td>Introduction to Business Organisations and Taxation</td>
<td>Ch. 1 - 2 + additional material</td>
<td></td>
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<tr>
<td>2</td>
<td>2-Aug</td>
<td>Time Value of Money and Interest Rates</td>
<td>Ch. 3 + additional material</td>
<td></td>
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<tr>
<td>3</td>
<td>9-Aug</td>
<td>Valuation of Multi-Payment Cash Flows</td>
<td>Ch. 4</td>
<td></td>
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<tr>
<td>4</td>
<td>16-Aug</td>
<td>Risk and Return</td>
<td>Ch. 5</td>
<td></td>
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<tr>
<td>5</td>
<td>23-Aug</td>
<td>Bond Valuation and the Structure of Interest Rates</td>
<td>Ch. 6 + additional material</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>30-Aug</td>
<td>Share Valuation</td>
<td>Ch. 7 + additional material</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>6-Sep</td>
<td>CLASS TEST (NO Lecture and Tutorial)</td>
<td>CLASS TEST</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recess</td>
<td>13-Sep</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recess</td>
<td>20-Sep</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>27-Sep</td>
<td>The Fundamentals of Capital Budgeting</td>
<td>Ch. 8 + additional material</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>4-Oct</td>
<td>Cash Flows and Capital Budgeting</td>
<td>Ch. 9</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>11-Oct</td>
<td>Evaluation Project Economics and Capital Rationing</td>
<td>Ch. 10</td>
<td>ASSIGNMENT DUE</td>
</tr>
<tr>
<td>11</td>
<td>18-Oct</td>
<td>The Cost of Capital</td>
<td>Ch. 11</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>25-Oct</td>
<td>Capital Structure Policy</td>
<td>Ch. 14</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>1-Nov</td>
<td>Revision</td>
<td></td>
<td></td>
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</table>
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). 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). 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).

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 Enquiry Service

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

Equity 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.

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 from Previous Offering

This unit will introduce Adobe Creative Cloud Suite in Assignment to enhance student digital literacy. The term "digital literacy" means the ability to identify and use technology confidently, creatively and critically to meet the demands and challenges of life, learning and work in a digital society" (developingemployability.edu.au).