



# ACST6003

## Principles of Finance

Session 2, Special circumstances 2021

*Department of Actuarial Studies and Business Analytics*

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#### **Disclaimer**

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#### **Session 2 Learning and Teaching Update**

The decision has been made to conduct study online for the remainder of Session 2 for all units WITHOUT mandatory on-campus learning activities. Exams for Session 2 will also be online where possible to do so.

This is due to the extension of the lockdown orders and to provide certainty around arrangements for the remainder of Session 2. We hope to return to campus beyond Session 2 as soon as it is safe and appropriate to do so.

Some classes/teaching activities cannot be moved online and must be taught on campus. You should already know if you are in one of these classes/teaching activities and your unit convenor will provide you with more information via iLearn. If you want to confirm, see the list of [units with mandatory on-campus classes/teaching activities](#).

Visit the [MQ COVID-19 information page](#) for more detail.

## General Information

Unit convenor and teaching staff

Unit Convenor/ Lecturer

Farida Akhtar

[farida.akhtar@mq.edu.au](mailto:farida.akhtar@mq.edu.au)

Credit points

10

Prerequisites

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

Corequisites

Co-badged status

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://www.mq.edu.au/study/calendar-of-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

Name	Weighting	Hurdle	Due
<a href="#">Class Test</a>	20%	No	Week 7
<a href="#">Assignment</a>	20%	No	Week 10
<a href="#">Final Exam</a>	60%	No	University Examination period

### Class Test

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 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 <sup>1</sup>: Problem set

Indicative Time on Task <sup>2</sup>: 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 <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **University Examination period**

Weighting: **60%**

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.

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<sup>1</sup> 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.

<sup>2</sup> 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**

- The textbook for this unit is *Fundamentals of Corporate Finance* by Parrino et al, 4th Edition (ISBN: 9780730382577). An electronic version of the book is available from Wiley Direct and is cheaper than the paper version: <https://www.wileydirect.com.au/buy/fundamentals-of-corporate-finance-4th-edition>
- 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**

- Berk, J and Demarzo, P. *Corporate Finance*, Pearson (ISBN 9780273756033)
- 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>

**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.

## Unit Schedule

Week	Week beginning Monday	Topic	Book Chapter	Assessment
1	26-Jul	Introduction to Business Organisations and Taxation	Ch. 1 - 2 + additional material	
2	2-Aug	Time Value of Money and Interest Rates	Ch. 3 + additional material	
3	9-Aug	Valuation of Multi-Payment Cash Flows	Ch. 4	
4	16-Aug	Risk and Return	Ch. 5	
5	23-Aug	Bond Valuation and the Structure of Interest Rates	Ch. 6 + additional material	
6	30-Aug	Share Valuation	Ch. 7 + additional material	
7	6-Sep	CLASS TEST (NO Lecture and Tutorial)		CLASS TEST
Recess	13-Sep			
Recess	20-Sep			
8	27-Sep	The Fundamentals of Capital Budgeting	Ch. 8 + additional material	
9	4-Oct	Cash Flows and Capital Budgeting	Ch. 9	
10	11-Oct	Evaluation Project Economics and Capital Rationing	Ch. 10	ASSIGNMENT DUE
11	18-Oct	The Cost of Capital	Ch. 11	
12	25-Oct	Capital Structure Policy	Ch. 14	
13	1-Nov	Revision		

## 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](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)

## 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

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](http://developingemployability.edu.au)).