ACST6003
Principles of Finance
Session 1, Special circumstances 2021
Department of Actuarial Studies and Business Analytics

Contents

General Information .......................................................... 2
Learning Outcomes ............................................................ 2
General Assessment Information ......................................... 3
Assessment Tasks ............................................................... 3
Delivery and Resources ...................................................... 5
Unit Schedule ...................................................................... 6
Policies and Procedures ...................................................... 7

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.

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
George Milunovich
george.milunovich@mq.edu.au

Credit points
10

Prerequisites
Admission to GradCertFin or GradDipAppFin or MAcc 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://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 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**

<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 6</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: Quiz/Test
Indicative Time on Task: 7 hours
Due: Week 6
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 1: Problem set
Indicative Time on Task 2: 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 1: Examination
Indicative Time on Task 2: 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.

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 hr lecture - online
  - one 1.5 hr tutorial computer lab (practical) - either online or face-to-face on campus

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

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 Reference Books

• 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 website 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, and will be assessed in the class test, assignments and final exam.

Required Unit Materials and/or Recommended Readings

• Lecture Notes are the required materials and will be posted on the website before the lectures.

• Relevant references will be provided in Lecture Notes as recommended materials. Some of them will be posted on the website.

Unit Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Book Chapter</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to Business Organisations and Taxation</td>
<td>Ch. 1 - 2 + additional material</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Time Value of Money and Interest Rates</td>
<td>Ch. 3</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Valuation of Multi-Payment Cash Flows</td>
<td>Ch. 4</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Risk and Return</td>
<td>Ch. 5</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Bond Valuation and the Structure of Interest Rates</td>
<td>Ch. 6</td>
<td></td>
</tr>
</tbody>
</table>

https://unitguides.mq.edu.au/unit_offerings/138375/unit_guide/print
<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Book Chapter</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>----- Class Test -----</td>
<td></td>
<td>Class Test</td>
</tr>
<tr>
<td></td>
<td>Recess (2 Weeks)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Share Valuation</td>
<td>Ch. 7</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>The Fundamentals of Capital Budgeting</td>
<td>Ch. 8</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Cash Flows and Capital Budgeting</td>
<td>Ch. 9</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Evaluation Project Economics and Capital Rationing</td>
<td>Ch. 10</td>
<td>Assignment Due</td>
</tr>
<tr>
<td>11</td>
<td>The Cost of Capital</td>
<td>Ch. 11</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Capital Structure Policy</td>
<td>Ch. 14</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Dividend Policy and Revision</td>
<td>Ch. 15</td>
<td></td>
</tr>
</tbody>
</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](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.
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.