



# ACST6003

## Principles of Finance

Session 1, Special circumstances 2021

*Department of Actuarial Studies and Business Analytics*

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#### **Disclaimer**

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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

George Milunovich

[george.milunovich@mq.edu.au](mailto:george.milunovich@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 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>Class Test</u>	20%	No	Week 6
<u>Assignment</u>	20%	No	Week 10
<u>Final Exam</u>	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 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 <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 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

- 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 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

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

Week	Topic	Book Chapter	Assessment
6	---- Class Test ----		Class Test
	Recess (2 Weeks)		
7	Share Valuation	Ch. 7	
8	The Fundamentals of Capital Budgeting	Ch. 8	
9	Cash Flows and Capital Budgeting	Ch. 9	
10	Evaluation Project Economics and Capital Rationing	Ch. 10	Assignment Due
11	The Cost of Capital	Ch. 11	
12	Capital Structure Policy	Ch. 14	
13	Dividend Policy and Revision	Ch. 15	

## 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](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](#)

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.