



# ACST6003

## Principles of Finance

Session 1, In person-scheduled-weekday, North Ryde 2022

*Department of Actuarial Studies and Business Analytics*

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#### Disclaimer

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## General Information

Unit convenor and teaching staff

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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** Unless a Special Consideration request has been submitted and approved, no extensions will be granted. There will be a deduction of 10% of the total available assessment-task marks made from the total awarded mark for each 24-hour period or part thereof that the submission is late. Late submissions will only be accepted up to 96 hours after the due date and time.

No late submissions will be accepted for timed assessments – e.g., quizzes, online tests.

**Table 1: Penalty calculation based on submission time**

| Submission time after the due date<br>(including weekends) | Penalty (% of available<br>assessment task mark) | Example: for a non-timed assessment task<br>marked out of 30 |
|--|--|--|
| < 24 hours   | 10%  | 10% x 30 marks = 3-mark deduction                            |
| 24-48 hours  | 20%  | 20% x 30 marks = 6-mark deduction                            |
| 48-72 hours  | 30%  | 30% x 30 marks = 9-mark deduction                            |
| 72-96 hours  | 40%  | 40% x 30 marks = 12-mark deduction                           |
| > 96 hours   | 100%   | Assignment won't be accepted                                 |

### Special Consideration

To request an extension on the due date/time for a timed or non-timed assessment task, you must submit a Special Consideration application. An application for Special Consideration does not guarantee approval.

The approved extension date for a student becomes the new due date for that student. The late submission penalties above then apply as of the new due date.

## Assessment Tasks

| Name              | Weighting | Hurdle | Due                                  |
|-------------------|-----------|--------|--------------------------------------|
| <u>Class Test</u> | 20%       | No     | Week 7                               |
| <u>Assignment</u> | 20%       | No     | Week 10                              |
| <u>Final Exam</u> | 60%       | No     | University formal examination period |

### Class Test

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

Indicative Time on Task <sup>2</sup>: 9 hours

Due: **Week 7**

Weighting: **20%**

A one hour class test will be held in the session.

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>: 10 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 formal 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.

- one 2 hours lecture and\*\*
- one 1.5 hour tutorial lab (practical). Tutorials begin in week 2.\*\*

**\*\*NOTE: For class arrangement please refer to iLearn for Details.**

### 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      | 21-Feb                | Introduction to Business Organisations and Taxation | Ch. 1 - 2 + additional material |  |
| 2      | 28-Feb                | Time Value of Money and Interest Rates              | Ch. 3 + additional material     |  |
| 3      | 7-Mar                 | Valuation of Multi-Payment Cash Flows               | Ch. 4                           |  |
| 4      | 14-Mar                | Risk and Return                                     | Ch. 5                           |  |
| 5      | 21-Mar                | Bond Valuation and the Structure of Interest Rates  | Ch. 6 + additional material     |  |
| 6      | 28-Mar                | Share Valuation                                     | Ch. 7 + additional material     |  |
| 7      | 4-Apr                 | CLASS TEST (NO Lecture and Tutorial)                |                                 | CLASS TEST                                 |
| Recess | 11-Apr                | Recess  | Recess                          | Recess                                     |
| Recess | 18-Apr                | Recess  | Recess                          | Recess                                     |
| 8      | 25-Apr                | The Fundamentals of Capital Budgeting               | Ch. 8 + additional material     | (Mon 25 Apr is Anzac Day – Public holiday) |
| 9      | 2-May                 | Cash Flows and Capital Budgeting                    | Ch. 9                           |  |
| 10     | 9-May                 | Evaluation Project Economics and Capital Rationing  | Ch. 10                          | ASSIGNMENT DUE                             |
| 11     | 16-May                | The Cost of Capital                                 | Ch. 11                          |  |
| 12     | 23-May                | Capital Structure Policy                            | Ch. 14                          |  |
| 13     | 30-May                | 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](#)
- [Assessment Procedure](#)
- [Complaints Resolution 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](https://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>



## The Writing Centre

The Writing Centre provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the 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

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)

## Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

## 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.