



# AFIN7008

## Corporate Finance

Session 2, Online-scheduled-weekday 2022

*Department of Applied Finance*

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#### Disclaimer

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## General Information

Unit convenor and teaching staff

Unit Convenor

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Gary Tian

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Credit points

10

Prerequisites

Admission to MRes

Corequisites

Co-badged status

Unit description

The objective of this unit is to explore the theory and application of corporate finance issues at an advanced level, and to equip students with the required depth of knowledge and skill expected of a professional. Following a brief revision of basic financial concepts covered in earlier finance courses, the unit investigates the more complicated theoretical issues and analytical techniques in corporate finance. In particular, a critical approach is adopted which involves identifying the assumptions and limitations of these techniques when applied to the real world. Students are encouraged to understand that often the best method is a matter of debate, and that they must choose a method from a group of methods all of which have various limitations. This critical approach is reinforced by examining a number of real life corporate finance projects.

## 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:** Apply investment and financing concepts to business decisions.

**ULO2:** Evaluate cost of capital, project risks and the financial viability of projects.

**ULO3:** Assess the effect of capital structure on value of firms and projects.

**ULO4:** Use options methodology to value business opportunities and firms.

**ULO5:** Critically appraise and review the contemporary literature in corporate finance.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Online Quizzes</u>	5%	No	Week 3, refer to iLearn
<u>Mid Session Test</u>	20%	No	Week 7, refer to iLearn
<u>Individual Research Report</u>	25%	No	Week 10, refer to iLearn
<u>Final Examination</u>	50%	No	University Examination Period

### Online Quizzes

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

Indicative Time on Task <sup>2</sup>: 10 hours

Due: **Week 3, refer to iLearn**

Weighting: **5%**

Online quizzes consisting of multiple choice and/or short answer questions.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.
- Use options methodology to value business opportunities and firms.

### Mid Session Test

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

Indicative Time on Task <sup>2</sup>: 10 hours

Due: **Week 7, refer to iLearn**

Weighting: **20%**

A mid session test of 60-75 minutes will be held during the session.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.

## Individual Research Report

Assessment Type <sup>1</sup>: Report

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

Due: **Week 10, refer to iLearn**

Weighting: **25%**

Students will conduct a literature review and produce a 1,500 word report.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.
- Use options methodology to value business opportunities and firms.
- Critically appraise and review the contemporary literature in corporate finance.

## Final Examination

Assessment Type <sup>1</sup>: Examination

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

Due: **University Examination Period**

Weighting: **50%**

A two hour exam will be held during the University Examination Period.

On successful completion you will be able to:

- Apply investment and financing concepts to business decisions.
- Evaluate cost of capital, project risks and the financial viability of projects.
- Assess the effect of capital structure on value of firms and projects.
- Use options methodology to value business opportunities and firms.

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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

### Textbook

Corporate Finance 12th Edition

By Stephen Ross and Randolph Westerfield and Jeffrey Jaffe and Bradford Jordan

Published by McGraw Hill

It is available for purchase online via the below options:

Print copy: 9781260091878

McGraw Hill Website:

<https://www.mheducation.com.au/ise-corporate-finance-9781260091878-aus>

eBook: 9781260289541

### VitalSource Website:

<https://www.vitalsource.com/en-au/products/ise-corporate-finance-stephen-ross-v9781260289541?term=9781260091878>

### Unit Web Page

The unit Website AFIN8008-iLearn is only available to students enrolled in AFIN8008 and AFIN7008.

The Website will contain important unit materials, including:

- Course details — an outline of the unit, including assessment tasks
- Announcements — notices updating students on important matters regarding the unit.
- Assignment
- Suggested answers and solutions to homework questions
- Results — for assignment and other assessable material

### Technology Used and Required

The textbook provides access to various online resources. Further, a number of the class exercises are designed to be completed using Excel. Students are encouraged to use excel when attempting these exercises.

## Unit Schedule

Week	Topic	Chapters
1	Topic 1-Overview of corporate finance and valuation	1, 4, 5
2	Topic 2-Project evaluation and project risk analysis	6, 7
3	Topic 3-Alternative theories on risk and return	11,12
4	Topic 4-Capital structure	16, 17
5	Topic 5-Valuation and capital budgeting	18
6	Topic 6-Raising capital	20
7	Mid Session Test (No lecture)	
8	Topic 7-Dividend policy	19
9	Topic 8-Convertible bonds, warrants and lease finance	21, 24
10	Topic 9-Financial options	22
11	Topic 10-Real options	23
12	Topic 11-Mergers, acquisitions and divestitures	29
13	Topic 12- Research in corporate finance and exam overview iLearn Materials	

## 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.