



# ACST6003

## Principles of Finance

Session 2, In person-scheduled-weekday, North Ryde 2024

*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 MAccg or MAppEcon or MBkgFin or MCom or MIntBus or MProfAcc or MBusAnalytics or MSusDev

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

### Late Assessment Submission Penalty (written assessments)

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for [Special Consideration](#).

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#">Class Test</a>	20%	No	Week 6
<a href="#">Assignment</a>	30%	No	Week 10
<a href="#">Final Exam</a>	50%	No	Exam Period

### Class Test

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

Indicative Time on Task <sup>2</sup>: 15 hours

Due: **Week 6**

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: **30%**

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: **Exam Period**

Weighting: **50%**

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 hours of teaching per week consisting of: 1 x 2 hour lecture and 1 x 1.5 hour tutorial.

- Lecture slides/notes, tutorial and any other additional materials on ilearn are the required materials and will be posted on the ilearn before each week of teaching conetnt.
- Relevant references will be provided in Lectures and/or on the ilearn page.
- Passing the Unit - Students must obtain a mark of 50% to pass the unit. There are no other hurdle requirements for this unit.

### 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-corporatefinance-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.

Unit Web Page: The web page for this unit can be found at: iLearn <http://ilearn.mq.edu.au>

## Unit Schedule

Week	Week beginning Monday	Topic	Book Chapter	Assessment Due
1	22-Jul	Introduction to Business Organisations and Taxation	Ch. 1 – 3	
2	29-Jul	Time Value of Money and Interest Rates	Ch. 5 & additional material	
3	5-Aug	Valuation of Multi-Payment Cash Flows	Ch. 6	
4	12-Aug	Risk and Return	Ch. 7	
5	19-Aug	Bond Valuation and the Structure of Interest Rates	Ch. 8 & additional material	
6	26-Aug	CLASS TEST (NO Lecture and Tutorial)		CLASS TEST
7	2-Sep	Share Valuation	Ch. 9 & additional material	
8	9-Sep	The Fundamentals of Capital Budgeting	Ch. 10 & additional material	
Recess	16-Sep	Recess	Recess	Recess
Recess	23-Sep	Recess	Recess	Recess
9	30-Sep	Cash Flows and Capital Budgeting	Ch. 11	
10	7-Oct	Evaluation Project Economics and Capital Rationing	Ch. 12	ASSIGNMENT DUE
11	14-Oct	The Cost of Capital	Ch. 13	
12	21-Oct	Capital Structure Policy	Ch. 16	
13	28-Oct	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](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)

## 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 Advocacy](#) provides independent advice on MQ policies, procedures, and processes

## 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.

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Unit information based on version 2024.04 of the [Handbook](#)