



AFIN252

Applied Financial Analysis and Management

S1 Day 2013

Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff

Unit Convenor

Lindsay Stubbs

lindsay.stubbs@mq.edu.au

Contact via lindsay.stubbs@mq.edu.au

N/A

9:00am - 11:00am, Thursdays in E4B 104 commencing Week 1. (Weeks 1 -13 only)

Credit points

3

Prerequisites

(ACCG100 or ACCG105 or ACCG106) and (ECON111 or BBA103) and (STAT170 or STAT171 or PSY122) and ACST101 and (24cp or GPA of 2.25)

Corequisites

Co-badged status

Unit description

This unit provides an introduction to the fundamental principles of finance and forms a gateway to more advanced studies in asset pricing, derivative securities, portfolio management and corporate finance. After completing this unit, students have foundation knowledge in investment valuation, risk and return, capital budgeting, corporate financial policy such as financing decisions and dividend policy, derivatives securities, and no-arbitrage valuation. The unit promotes graduate capabilities in critical, analytical and integrative thinking; and problem solving and research within the context of finance. While this unit has similar topic coverage to AFIN253, it provides a more rigorous approach and requires a higher level of quantitative ability.

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:

A broad introduction to applied financial analysis and management.

An understanding of some of the key concepts of modern finance.

An ability to apply finance theory to simple real-life problems.

An ability to use the accounts of listed Australian companies and calculate key market-related figures.

Assessment Tasks

Name	Weighting	Due
<u>Diagnostic Test</u>	0%	Week 4
<u>Mid-semester Test</u>	20%	To be advised.
<u>Group Project</u>	20%	To be advised.
<u>Final Examination</u>	60%	University Examination Period

Diagnostic Test

Due: **Week 4**

Weighting: **0%**

The Diagnostic Test will be administered in tutorials at the start of your tutorial. This is designed to give students early feedback.

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.

Mid-semester Test

Due: **To be advised.**

Weighting: **20%**

The mid-semester test will be based on the first four topics.

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

Group Project

Due: **To be advised.**

Weighting: **20%**

A detailed financial analysis of an Australian listed company.

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.

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

Final Examination

Due: **University Examination Period**

Weighting: **60%**

Examination conditions

What is required to complete the unit satisfactorily

On successful completion you will be able to:

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

Delivery and Resources

Classes

- Each week there will be a two hour lecture and a one hour tutorial. You should attend all lectures and tutorials. There are no tutorials in Week 1. Weekly tutorials cover material based on the lecture of the previous week.
- Solutions to tutorial questions (both from the text book and the Extra Tutorial Problems) will be posted on iLearn at the end of each week.
- The timetable for classes can be found on the University web-site at:
<http://www.timetables.mq.edu.au/> .

- Your attendance at tutorials is very important.

Prizes

There is a Macquarie University Applied Finance and Actuarial Studies Prize for the best student in this subject. Please see the following web-site

http://www.businessandconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships

Required and Recommended Texts and/or Materials

The prescribed text is:

Fundamentals of Corporate Finance, 5th edition, by S. Ross, M. Christensen, M. Drew, S. Thompson, R. Westerfield and B. Jordan.

Publisher: McGraw-Hill Irwin, 2011.

ISBN: 9780070284951 (pbk.)

The text can be purchased from the Macquarie University Co-op Bookshop, and is available in the Macquarie University Library.

Technology Used and Required

When you purchase the text, you will have access to McGraw-Hill web resources, called *Connect Plus*.

During the semester, you may be asked to access web-sites of certain Australian companies and also the web-site for the Australian Securities Exchange at www.asx.com.au.

Calculators: Financial calculators may be used in any examination for this unit. A financial calculator is not essential, as a scientific one should meet all your needs. You will not be asked to calculate Internal Rate of Return (IRR) in an examination. Financial calculators are able to do this. Only non-programmable calculators are allowed in an examination

If you choose to buy a financial calculator and are planning to enrol in the Chartered Financial Analysts (CFA) course after you graduate from Macquarie University, you may wish to purchase a financial calculator that meets CFA examination requirements. For specific requirements, see the CFA Institute's web-site, www.cfainstitute.org. The two CFA-approved calculators are:

- Texas Instruments BA II Plus (including BA II Plus Professional);
- Hewlett Packard 12C (including Hewlett Packard 12C Platinum).

Another recommended calculator is the Hewlett Packard HP17BII or HP17BII+. This is used in Macquarie University's Master of Applied Finance program.

Unit Web Page

- Course material is available on iLearn.
- The web page for this unit can be found at: <https://ilearn.mq.edu.au/login/MQ/>

Learning and Teaching Activities

Lecture and Tutorials

Each week there will be a two hour lecture and a one hour tutorial. In the tutorial, the tutor will go through some of the questions set for that week. They will be based on the lecture material for the preceding week. It is important that you attempt the tutorial problems before you come to class.

What is expected of students

To achieve the best possible results in this unit, students should:

- Attend all lectures.
- Attend all tutorials and do assigned problems before the class.
- Read the assigned chapters of the text book.
- Download a copy of each lecture's PowerPoint slides which will be made available before each lecture. Make sure these are brought to lectures.
- Most of the tutorial problems will be drawn from the text book. There will be extra tutorial problems placed on iLearn requiring you to find out certain information about Australian companies and answer questions relating to what you have found.

The key change from Session 2 2012 is that the text book has been changed. The assessment is different: The Diagnostic Test has 0% weight; the Group Project has a 20% weight; and there will be a Mid-Semester Test worth 20%.

Unit Schedule

LECTURES

Week	Topic	Chapter	Title of Chapter	Week Beginning
1	1	1	Introduction to corporate finance	25 February 2013
2	2	6	Valuing shares and bonds	4 March 2013
3	3	7	Net present value and other investment criteria	11 March 2013
4	4	8	Making capital investment decisions	18 March 2013
5	5	10	Lessons from capital market history	25 March 2013
6	6	12	Current investment decisions	1 April 2013
7	7	11	Return, risk and the Security Market Line	8 April 2013
8	8	17	Shareholder value and the cost of capital.	29 April 2013

9	9	18	Rewarding shareholders: setting dividend policy	6 May 2013
10	10	19	Financial leverage and capital structure policy	13 May 2013
11	11	20	Derivative Securities - Options	20 May 2013
12	12	20	Derivative Securities - Futures	27 May 2013
13			Revision	3 June 2013

TUTORIALS

Students should complete all of the questions listed below prior to the relevant tutorial. These are from the text book. In addition, extra tutorial questions will be issued during the semester based on market-related calculations. In the week before the relevant tutorial these will be posted on iLearn.

Tutorial	Chapter	Week Beginning	Questions and Problems from the End of the Chapters
1	1	4 March 2013	3, 4, 7, 12, 14, 15
2	6	11 March 2013	7, 8, 11, 12, 15, 18, 23
3	7	18 March 2013	1, 3, 11, 13, 15, 19, 21
4	8	25 March 2013	1, 6, 7, 9, 12, 14, 20
5	10	1 April 2013	1, 2, 4, 7, 9, 22
6	12	8 April 2013	1, 2, 3, 4, 7, 8, 9, 15
7	11	29 April 2013	1, 2, 5, 7, 14, 15, 17
8	17	6 May 2013	4, 7, 9, 14, 16, 18
9	18	13 May 2013	2, 9, 10, 11, 12, 18, 21, 23
10	19	20 May 2013	1, 2, 3, 8, 13, 14, 17
11	20	27 May 2013	2, 4, 6, 8
12	20	3 June 2013	26, 28

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy <http://www.mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://www.mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://www.mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy http://mq.edu.au/policy/docs/grievance_management/policy.html

Special Consideration Policy http://www.mq.edu.au/policy/docs/special_consideration/policy.html

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

Academic Honesty

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

Grades

Macquarie University uses the following grades in coursework units of study:

- HD - High Distinction
- D - Distinction
- CR - Credit
- P - Pass
- F - Fail

To be awarded a specific grade, students are required to perform at an equivalent standard in the final examination and their overall assessment marks in the unit.

- To be awarded a High Distinction a student must achieve at least **85%** in the final exam as well as **85%** in their overall assessment.
- To be awarded a Distinction a student must achieve at least **75%** in the final exam as well as **75%** in their overall assessment.
- To be awarded a Credit a student must achieve at least **65%** in the final exam as well as **65%** in their overall assessment.
- To be awarded a Pass a student must achieve at least **50%** in the final exam as well as **50%** in their overall assessment.

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:

<http://www.mq.edu.au/policy/docs/grading/policy.html>

Grading Appeals and Final Examination Script Viewing

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandeconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals/

Special Consideration Policy

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

http://www.mq.edu.au/policy/docs/special_consideration/policy.html

Student Support

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at: <http://students.mq.edu.au/support/>

UniWISE provides:

- Online learning resources and academic skills workshops http://www.students.mq.edu.au/support/learning_skills/
- Personal assistance with your learning & study related questions.
- The Learning Help Desk is located in the Library foyer (level 2).
- Online and on-campus orientation events run by Mentors@Macquarie.

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

Details of these services can be accessed at <http://www.student.mq.edu.au/ses/>.

IT Help

If you wish to receive IT help, we would be glad to assist you at <http://informatics.mq.edu.au/help/>.

When using the university's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students and it outlines what can be done.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

Assessment tasks

- Diagnostic Test
- Mid-semester Test
- Group Project
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

Assessment tasks

- Diagnostic Test
- Mid-semester Test
- Group Project
- Final Examination

Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.
- An ability to use the accounts of listed Australian companies and calculate key market-related figures.

Assessment tasks

- Diagnostic Test
- Mid-semester Test
- Group Project
- Final Examination

Creative and Innovative

Our graduates will also be capable of creative thinking and of creating knowledge. They will be imaginative and open to experience and capable of innovation at work and in the community. We want them to be engaged in applying their critical, creative thinking.

This graduate capability is supported by:

Learning outcomes

- A broad introduction to applied financial analysis and management.
- An understanding of some of the key concepts of modern finance.
- An ability to apply finance theory to simple real-life problems.

Research and Practice

This unit gives you opportunities to conduct your own research into some companies listed on the Australian Securities Exchange (ASX), showing you how to find key information from the companies' accounts and then to apply this in certain calculations.