



# AFIN102

## Finance 1B

S2 Day 2017

*Dept of Applied Finance and Actuarial Studies*

### Contents

---

<a href="#"><u>General Information</u></a>	2
<a href="#"><u>Learning Outcomes</u></a>	3
<a href="#"><u>General Assessment Information</u></a>	3
<a href="#"><u>Assessment Tasks</u></a>	3
<a href="#"><u>Delivery and Resources</u></a>	5
<a href="#"><u>Unit Schedule</u></a>	5
<a href="#"><u>Learning and Teaching Activities</u></a>	6
<a href="#"><u>Policies and Procedures</u></a>	7
<a href="#"><u>Graduate Capabilities</u></a>	8
<a href="#"><u>Changes from Previous Offering</u></a>	10

---

#### **Disclaimer**

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

## General Information

Unit convenor and teaching staff

Unit Convenor and Lecturer

Fan Yu

[fan.yu@mq.edu.au](mailto:fan.yu@mq.edu.au)

E4A 728

Refer to iLearn

Administrator

Sharon Collett

[sharon.collett@mq.edu.au](mailto:sharon.collett@mq.edu.au)

Administrator

Angela Chow

[angela.chow@mq.edu.au](mailto:angela.chow@mq.edu.au)

E4A 620

Angela Chow

[angela.chow@mq.edu.au](mailto:angela.chow@mq.edu.au)

Credit points

3

Prerequisites

ACST101

Corequisites

Co-badged status

Unit description

This unit introduces students to the financial sector, preparing them for more advanced studies in finance, and developing their interest in a career in finance. It explains the theories, principles and methods used in financial decision-making by individuals, financial institutions and companies, and applies them to the real world using current examples and market data. It further explores financial institutions and markets, and other real world considerations that affect financial transactions of individuals, financial institutions, companies and governments in a modern economy. This is an interesting and relevant unit for students intending to undertake further studies in any area of business and economics, and is required for further studies in finance. Students without a background of at least HSC Mathematics (2 Unit) or equivalent are strongly advised to have studied MATH123 prior to enrolling in this unit.

## 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:

Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.

Understand the importance of law, independence and objectivity of information when working in the finance industry.

Apply financial theory to real world corporate and personal financial decisions.

Confidently read and discuss financial publications.

Work productively in a group to successfully complete a financial analysis.

## General Assessment Information

It is the responsibility of students to view their marks for each within session assessment on iLearn within 20 working 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 marks (not including the final exam mark) will not be addressed.

Assessment criteria for all assessment tasks will be provided on the unit iLearn site.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#">Online Quiz</a>	0%	No	Week 4
<a href="#">Midterm</a>	30%	No	Week 7
<a href="#">Group assignment</a>	20%	No	Week 10
<a href="#">Final</a>	50%	No	See exam timetable

### Online Quiz

Due: **Week 4**

Weighting: **0%**

The online quiz is for self-assessment. It will be based on the lectures 1-3.

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 disruption of studies is made and approved. No submission will be accepted after solutions have been posted.

On successful completion you will be able to:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.

## Midterm

Due: **Week 7**

Weighting: **30%**

This 1 hour test will be held during lectures.

On successful completion you will be able to:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.

## Group assignment

Due: **Week 10**

Weighting: **20%**

The assignment topic will be announced during the course of the semester. Groups may contain 2 to 4 members, but no more. Details will be released on iLearn. Assignments should be submitted online by uploading the document to iLearn via a Turnitin link.

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 disruption of studies is made and approved. No submission will be accepted after solutions have been posted.

A question related to the group assignment may be asked in the final exam.

On successful completion you will be able to:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.
- Confidently read and discuss financial publications.
- Work productively in a group to successfully complete a financial analysis.

## Final

Due: **See exam timetable**

Weighting: **50%**

The 2 hour exam will be based on the entire course. A formula sheet will be provided. The exam is closed book. Notes are not allowed to be brought into the exam.

On successful completion you will be able to:

- Understand how financial concepts are expressed in mathematical formulas and then applied in valuing equity, debt, property and business projects.
- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.
- Confidently read and discuss financial publications.

## Delivery and Resources

The textbook used in this course is:

Corporate Finance (11<sup>th</sup> Edition) by Ross, Westerfield, Jaffe, and Jordan, published by McGraw Hill. A copy of the book is reserved in the library.

Course materials are available on iLearn including lecture notes, homework questions, answers and readings.

For students who are looking for other learning resources, the Chartered Financial Analyst (CFA) institute has some useful resources: <http://www.cfainstitute.org/learning/products/onlinelearning/Pages/60499.aspx?WPID=BrowseProducts>

## Unit Schedule

Tentative Unit Schedule

Week	Topic	Comments
1	Introduction	Ch1-Ch5. Tutorials start from week 2.

Week	Topic	Comments
2	Capital Investment Decisions Capital Budgeting	Ch6 Ch7
3	Bond Valuation Stock Valuation	Ch8 Ch9
4	Risk and Return CAPM	Ch10 Ch11. Online quiz due.
5	APT Efficient Capital Markets	Ch12 Ch15
6	Risk, Cost of Capital, and Valuation	Ch13
7	Midterm	
8	Capital Structure	Ch16, Ch17
9	Valuation and Capital Budgeting for the Levered Firm	Ch18
10	Payout Policy Raising Capital	Ch19 Ch20. Group assignment due.
11	Options	Ch22
12	Short-Term Financing	Ch26
13	Review	

## Learning and Teaching Activities

### Lectures

Basic algebra and ACST 101 are prerequisite for this course. If you are not comfortable with the material, it is strongly recommended to review it before the first lecture. To be best prepared for this course, a revision of basic financial statements, discounted cash flows, NPV, and other investment rules, is recommended. Students may refer to the chapters 1-5 of the textbook. A quick revision will be conducted in the first lecture. Knowledge of basic accounting, statistics, and economics will help students to understand the material easier and perform well in this course, but it is not required. Weekly lectures are scheduled for this unit. Slides will be posted on iLearn in advance. I strongly recommend students to read the slides and related chapters before attending the class.

## Homework and Tutorials

Students should complete weekly homework after each lecture. The homework questions will be discussed in the tutorials at the rate preferred by those students who have attempted the work. Teachers welcome questions and enjoy discussions of the concepts. Answers to the homework questions will be posted on iLearn after each week.

## Expectation from Students

To achieve the best possible results in this unit: Try not to miss a lecture or tutorial class. This subject moves very fast and each week builds on the one before. Do as many practice questions as possible. Bring the lecture notes and tutorial questions to class and raise questions with your teachers. Talk about the topics with your friends and relatives. Many people enjoy friendly discussions about property, shares, leverage, taxes and interest rates.

## 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://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy [http://mq.edu.au/policy/docs/assessment/policy\\_2016.html](http://mq.edu.au/policy/docs/assessment/policy_2016.html)

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

Complaint Management Procedure for Students and Members of the Public [http://www.mq.edu.au/policy/docs/complaint\\_management/procedure.html](http://www.mq.edu.au/policy/docs/complaint_management/procedure.html)

Disruption to Studies Policy (in effect until Dec 4th, 2017): [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html)

Special Consideration Policy (in effect from Dec 4th, 2017): <https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/special-consideration>

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

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## Results

Results shown in *iLearn*, 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).

## Supplementary exams

Information regarding supplementary exams, including dates, is available at: <http://www.business>

[andeconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/disruption\\_to\\_studies](http://andeconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption_to_studies)

## 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 improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## 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](http://ask.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.

## 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

- Understand how financial concepts are expressed in mathematical formulas and then



applied in valuing equity, debt, property and business projects.

- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.
- Confidently read and discuss financial publications.
- Work productively in a group to successfully complete a financial analysis.

## Assessment tasks

- Online Quiz
- Midterm
- Group assignment
- Final

## 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

- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.
- Confidently read and discuss financial publications.
- Work productively in a group to successfully complete a financial analysis.

## Assessment tasks

- Online Quiz
- Midterm
- Group assignment
- Final

## 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

- Understand the importance of law, independence and objectivity of information when working in the finance industry.
- Apply financial theory to real world corporate and personal financial decisions.
- Confidently read and discuss financial publications.
- Work productively in a group to successfully complete a financial analysis.

## Assessment tasks

- Online Quiz
- Midterm
- Group assignment
- Final

## Changes from Previous Offering

1. We will adopt a textbook (Corporate Finance (11<sup>th</sup> Edition) by Ross, Westerfield, Jaffe, and Jordan, published by McGraw Hill) for this course for your reference.
2. The order of the topics is rearranged according to the order of the textbook so that students can follow the lectures easily with the book.
3. More details on the topic of options will be discussed.
4. A new topic "short-term financing" is added to reflect the increasing importance of short-term financing in modern corporate finance.
5. Assessment weights are changed from class test (5%), midterm (15%), group assignment (20%), and final (60%) to midterm (30%), group assignment (20%), and final (50%).