



AFIN858

Financial Management and Policy

S2 Evening 2017

Dept of Applied Finance and Actuarial Studies

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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

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Credit points

4

Prerequisites

(ACCG849 or ECON649) and (ACCG615 or ACCG860) and (ACCG862 or ACCG923)

Corequisites

Co-badged status

Unit description

This unit introduces participants to first principles of contemporary financial theory and practice. Topics include financial mathematics, financial markets and instruments, valuation of securities, measurement and analysis of risk including portfolio theory, investment decisions and evaluation, cost of capital, capital structure policy, and dividend policy. This prepares participants to learn more complex theoretical and analytical techniques, and enables them to apply their knowledge to real life corporate finance situations.

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:

Describe key contemporary corporate financial management practices, discussing their adoption in Australia.

Explain key corporate finance concepts and valuation techniques including the time value of money, the trade-off between risk and return, and the net present value, demonstrating their use in corporate financial decision making.

Discuss corporate investment, funding, and dividend choices, applying these to typical situations in corporate financial management.

General Assessment Information

Grading: assessment in this unit is informed by the Schedule 1 Grading Requirements of the Assessment Policy.

Disruption to Study (DtS): Where a DtS application is approved, the student may be offered an alternative assessment or may receive a mark based on the percentage mark achieved by the student in one or more assessment tasks, at the Unit Convenor's discretion.

Viewing 'Within Session' Assessment Task Marks: 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 Examination* mark) will not be addressed.

Assessment Criteria: Assessment criteria for all assessment tasks will be provided on the unit iLearn site. Students must attempt all assessment tasks (unless a DtS application has been approved).

Assessment Policy: Make sure to read the current [*Schedule 4 Final Examination Requirements of the Assessment Policy*](#) and [*Final Examination Procedure*](#).

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Quiz</u>	10%	No	Weekly Week 3-12
<u>Class Test</u>	35%	No	Week 8
<u>Final Examination</u>	55%	No	Examination Period

Quiz

Due: **Weekly Week 3-12**

Weighting: **10%**

Quiz is an individual 'open-book' assessment task, attempted at a venue of your choice, and submitted in AFIN858-iLearn.

Ten (10) weekly quizzes cover topics listed in the Unit Schedule. A *Quiz* is a mix of 'theory' and 'calculation' questions, eliciting responses from sets of five (5) pre-determined alternatives i.e. 'multiple-choices', requiring selection of 'ONE (1) BEST' alternative as your preferred answer choice. No 'negative' marking. The scores of eight (8) quizzes are randomly selected and counted toward your overall result. Total time available to complete a *Quiz* is sixty (60) minutes.

No extensions will be granted. Students who have not submitted a *Quiz* by its deadline will receive a zero (0) mark for that *Quiz*, except for cases in which the Disruption to Studies (DtS) policy applies. In such cases, the remaining quizzes (e.g. 10 quizzes less missed quizzes covered by DtS) will be re-weighted, at the Unit Convenor's discretion.

Moreover, make sure to read the *Quiz Information*, to be issued at AFIN858-iLearn, as it contains additional essential information about this assessment task. Accordingly, the missed quizzes will not be assessable but access will be provided for study purposes only.

Please use the *Quiz* as an indicator of whether you are progressing satisfactorily in the unit. If you are having difficulties, please see the Unit Convenor, and consider withdrawing before the University [Census Date](#).

On successful completion you will be able to:

- Describe key contemporary corporate financial management practices, discussing their adoption in Australia.

- Explain key corporate finance concepts and valuation techniques including the time value of money, the trade-off between risk and return, and the net present value, demonstrating their use in corporate financial decision making.

Class Test

Due: **Week 8**

Weighting: **35%**

Class Test is an individual 'closed-book' assessment task, held during in-class time, at your timetabled venue, under invigilated time-limited conditions, and is submitted at the task venue. Total time available to complete the *Class Test* is seventy-five (75) minutes.

No extensions will be granted. Students who have not submitted the *Class Test* by its deadline will receive a zero (0) mark for the *Class Test*, except for cases in which the Disruption to Studies Policy applies.

'Reference' ('Crib' or 'Formula') Sheet: You are permitted ONE A4 page of paper containing reference material printed on both sides. The material may be handwritten or typed. The page will not be returned to you at the end of the final examination.

Make sure to read the *Class Test Information*, to be issued at AFIN858-iLearn, as it contains additional essential information about this assessment task.

On successful completion you will be able to:

- Describe key contemporary corporate financial management practices, discussing their adoption in Australia.
- Explain key corporate finance concepts and valuation techniques including the time value of money, the trade-off between risk and return, and the net present value, demonstrating their use in corporate financial decision making.
- Discuss corporate investment, funding, and dividend choices, applying these to typical situations in corporate financial management.

Final Examination

Due: **Examination Period**

Weighting: **55%**

Final Examination is an individual 'closed book' assessment task, attempted at an examination venue timetabled centrally by the University, under invigilated and time-limited conditions, and submitted at the examination venue. Total time available to complete the *Final Examination* is two (2) hours plus ten (10) minutes of 'reading' time.

The final examination is not a 'hurdle' assessment task.

'Reference' ('Crib' or 'Formula') sheet: You are permitted ONE A4 page of paper containing reference material printed on both sides. The material may be handwritten or typed. The page

will not be returned to you at the end of the final examination.

Make sure to read the *Final Examination Information*, to be issued at AFIN858-iLearn in Week 12, as it contains additional essential information about this assessment task.

On successful completion you will be able to:

- Describe key contemporary corporate financial management practices, discussing their adoption in Australia.
- Explain key corporate finance concepts and valuation techniques including the time value of money, the trade-off between risk and return, and the net present value, demonstrating their use in corporate financial decision making.
- Discuss corporate investment, funding, and dividend choices, applying these to typical situations in corporate financial management.

Delivery and Resources

Delivery

Mode: 1 weekly class (3 hours). Attendance is not compulsory. However, in our experience, regular weekly in-class participation can contribute to your overall performance. In-class participation includes discussion on weekly lecture topics, and short presentations of assigned homework. Lecturers will note your in-class participation, so attend only the class in which you are enrolled. Please note that students enrolled in any one class have priority access to venue seating on a first-come-first serve basis. Refer to the University timetable for times and venues.

Workload: estimated to about 150 hours in total (or 12 hours per week, on the average) for a post-graduate unit with 4 credit points. The workload includes weekly pre-lecture reading, in-class participation, weekly homework, preparation for assessment tasks, and attempts at 'take home' assessment tasks. The 2 week (mid-semester) non-teaching period is deemed a working period. Please note that your personal workload may vary from the estimated workload.

Weekly Preparation: in-class participation is expected from everyone. Therefore, come well prepared to class.

- Pre-lecture reading: we expect that in preparation for in-class participation you will attempt pre-lecture reading of chapters in the textbook, lecture slides, plus any additional occasional material including practitioner journal and financial press articles.
- Homework: we expect that in preparation for in-class participation you will attempt assigned CQ's and Q&P's homework.

We strongly recommend that you seek to develop a thorough understanding of the Week 1 and Week 2 lecture topics and homework, as a good grasp of these first principles are essential in developing a working knowledge and understanding of the subsequently more complex concepts and techniques.

'Homework': will be discussed and presented during in-class time in the week following the topic lecture (e.g. the Week 2 topic will be discussed and presented in Week 3). Please note that homework will not be collected for marking. It is your responsibility to check homework using the Q&P's suggested answers and solutions guides that will be issued at AFIN858-iLearn. Contingent on how in-class activity unfolds, the full set of Q&P's may be not be discussed during in-class time. It is your responsibility to make sure to work through the full set of Q&P's during out-of-class time. Suggested answers to CQ's will only be discussed during in-class time. Make sure to ask your class lecturer if anything regarding homework seems unclear.

Resources

Textbook: Ross, S., Drew, M., Walk, A., Westerfield, R. and B. Jordan. 2017. *Fundamentals of Corporate Finance (7th ed.)* N.Ryde, NSW, Australia: McGraw-Hill Education.

- Note 1: The paper based version is available from [Co-op Bookshop](#) (ISBN 9781743762967, this ISBN includes ([CONNECT](#))).
- Note 2: Contact [McGraw-Hill Education](#) directly for assistance with [CONNECT technical](#) and content enquiries.
- Note 3: A copy of the textbook will be available at the MQ Library 'Closed Reserve' (by mid-February) for short-term loan.
- Disclaimer: Sources other than the 7th edition of the textbook may not cover material included in lectures and assessment tasks, nor provide the same treatment, and thus, may not adequately satisfy the learning objectives.

Recommended References: can include recent editions of e.g.:

- Tannous, Brown, Kopp & Zima. *Mathematics of Finance*. McGraw-Hill.
- Petty, Scott, Martin, Burrow, Martin & Nguyen. *Financial Mathematics*. Pearson.
- Peirson, Brown, Easton, Howard & Pinder. *Business Finance*. McGraw-Hill.
- Brealey, Myers, & Marcus. *Fundamentals of Corporate Finance*. McGraw-Hill.

Please note that you are not required to purchase these reference titles.

Technologies Used and Required: a calculator (non-programmable, either scientific or financial, without text capability) to successfully attempt homework, in-class work, and assessment tasks. Ensure developing or refreshing your skills to operate a computer and software including: 'word processing'; 'spreadsheet'; and 'internet browsers', and 'iLearn' functionality.

AFIN858-iLearn: make sure to visit the unit pages at least every few days, especially the 'Announcements' section, so that you have timely access to important information and unit material including general announcements, assessment information and results, and suggested answers and solutions to assigned weekly Q&P's.

Unit Schedule

Week	Monday	Lecture Topic [#]	Pre-reading [^]	CQs [*]	Q&Ps ^{**}
1	Jul 31	Introduction to Financial Management and Policy	Ch 1 & Ch 2	See iLearn	See iLearn
2	Aug 7	Financial Statements and Long-term Financial Planning	Ch 3 & Ch 4	"	"
3	Aug 14	Valuation of Future Cash Flows - Time Value of Money	Ch 5	"	"
4	Aug 21	Valuation of Future Cash Flows - Valuing Shares & Bonds	Ch 6	"	"
5	Aug 28	Capital Budgeting - Net Present Value & Other Investment Criteria	Ch 7	"	"
6	Sep 4	Capital Budgeting - Capital Investment & Project Appraisal	Ch 8 & Ch 9	"	"
7	Sep 11	Risk and Return - Capital Market History	Ch 10	"	"
-	Sep 18 Sep 25	2 Week (Mid-semester) Non-Teaching Period	-	-	-
8	Oct 2	<i>CLASS TEST (First activity of the class)</i> Risk and Return - Security Market Line	<i>See iLearn for class test topics</i> Ch 11	"	"
9	Oct 9	Current Investment Decisions & Long Term Financing	Ch 14 & Ch 15 & Ch 16	"	"
10	Oct 16	Cost of Capital and Long-term Financing - Shareholder Value	Ch 17	"	"
11	Oct 23	Cost of Capital and Long-term Financing - Capital Structure	Ch 19	"	"
12	Oct 30	Cost of Capital and Long-term Financing - Dividend Policy	Ch 18	"	"
13	Nov 6	Topic Review & Final Examination Information	-	-	-

[#] Indicative, subject to change. Subject to weekly confirmation at iLearn.

^{*} CQs refers to in-chapter 'Concept Questions' in the textbook. Discussed during in-class time in the week following the topic lecture (e.g. the Week 2 CQ's will be discussed in Week 3). Subject

to weekly confirmation at iLearn.

** 'Q&Ps refers to end-of-chapter 'Questions and Problems' in the textbook Discussed during in-class time in the week following the topic lecture (e.g. the Week 2 Q&P's will be discussed in Week 3). Subject to weekly confirmation at iLearn.

^ Lecture pre-reading. Subject to weekly confirmation at iLearn.

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

Assessment Policy 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

Disruption to Studies Policy (in effect until Dec 4th, 2017): 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/

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.

Supplementary Exams

Further information regarding supplementary exams, including dates, is available here

http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption_to_studies

Disruption to Studies Policy

Further information regarding disruption to studies policy is available here

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

http://www.mq.edu.au/policy/docs/disruption_studies/schedule_outcomes.html

http://www.mq.edu.au/policy/docs/disruption_studies/schedule_evidence.html

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) 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

IT Help

For help with University computer systems and technology, visit 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

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

- Describe key contemporary corporate financial management practices, discussing their adoption in Australia.

- Explain key corporate finance concepts and valuation techniques including the time value of money, the trade-off between risk and return, and the net present value, demonstrating their use in corporate financial decision making.
- Discuss corporate investment, funding, and dividend choices, applying these to typical situations in corporate financial management.

Assessment tasks

- Quiz
- Class Test
- Final Examination

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- Describe key contemporary corporate financial management practices, discussing their adoption in Australia.
- Explain key corporate finance concepts and valuation techniques including the time value of money, the trade-off between risk and return, and the net present value, demonstrating their use in corporate financial decision making.
- Discuss corporate investment, funding, and dividend choices, applying these to typical situations in corporate financial management.

Assessment tasks

- Class Test
- Final Examination

Changes from Previous Offering

Effective S2 2017, assessment tasks are reweighed as follows: 'Quiz' from 15% to 10% relative weight, 'Class Test' from 25% to 35% relative weight, and 'Final Examination' 60% to 55% relative weight.

Changes since First Published

Date	Description
20/07/2017	Staff Contacts: Add one lecturer to unit. Unit-schedule: (a) Class Test moved from Week 7 to Week 8, and (b) Week 8 date changed from Sep 18 to Oct 2.