

ACST827 CORPORATE AND STRUCTURED FINANCE

Assumed knowledge: Students are assumed to have strong mathematical skills and proficiency in spreadsheet programming as well as knowledge of the fundamentals of finance.

Description

This unit aims to provide students with a knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance, Structured Finance and Capital Markets. You will learn about different financial instruments and their valuation and usefulness in a Corporate Finance context. The unit also aims to give instruction in the use of excel spreadsheet software for financial modelling and valuation of investment projects, complex transactions and capital market securities including debt, equity and hybrids. It should assist you to be able to analyse practical problems in the Corporate and Structured Finance and Capital Markets area. This unit takes a quantitative / valuation approach to corporate and structured finance.

Note: This unit will cover part of the syllabus of module 2 of the specialist examinations in investment and finance of the Institute of Actuaries of Australia.

Topics

- Basic Financial Mathematics
- Financial Markets, Financial Securities, raising finance by issuing new securities
- Valuation and analysis of Debt Securities
- Financial Instruments: Forward Contracts, Futures Contracts, Swaps and Option Contracts, Caps, Floors, and Collars
- Methods for Investment evaluation and Capital Budgeting
- Valuation of projects, business ventures and equity securities
- Structured Finance: Leveraged Leases and other tax effective methods of financing
- Capital Structure and Dividend Policy
- Mergers, Takeovers and Corporate Restructuring,
- Corporate Liabilities and International Finance
- Introduction to Risk Management
- Introduction to Corporate Governance

ASSESSMENT

Two assignments	30%
Mid Term Test	20%
Final exam	50%

In order to pass this unit you must attend lectures and pass the final examination.

MID TERM EXAMINATION

There will be a 1 hour mid term examination in the lecture period in week 8, which will cover all of the topics up to and including week 7. Students must attend this examination, unless clearly prevented from doing so by illness or misadventure. See University Guidelines regarding Special Consideration.

FINAL EXAMINATION

There will be a 2 hour final examination which covers all of the topics in this unit. Students must attend this examination, unless clearly prevented from doing so by illness or misadventure. See University Guidelines regarding Special Consideration.

FACULTY

Timothy Kyng (Ph: 9850-7289 Rm: C5C487, email: tkyng@efs.mq.edu.au)

PRESCRIBED TEXT

Grinblatt and Titman, Financial Markets and Corporate Strategy 2nd Edition, McGraw-Hill (ISBN 0-07-229433-7)

REFERENCES

Sherris, Money and Capital Markets 2nd Edition, Allen & Unwin (ISBN: 1864481595)
Hull, Options, Futures and Other Derivatives 5th Edition, Prentice Hall

Lectures and Tutorials

This unit will consist of 3 hours of lectures and 2 hours of computer workshops per week. There will be no formal tutorials. Attendance at the Practical / Lab sessions is not compulsory. In this unit we may have a lot of exercises requiring extensive numerical calculation. In this unit we will use Microsoft Excel to perform such calculations. The lab sessions are available for students to learn and practice their excel spreadsheet modeling skills to solve the problems given in the exercises.

Lectures / Computer Lab sessions are held at the following times:

Day	Time	Type	Location
Tuesday	2.00 pm – 5:00 pm	Lecture	C5A313
Thursday	1:00 pm – 3:00 pm	Practical	C5C217

Consultation time: Thursday 1pm-3pm in the computer lab C5C217

THE WEB

All lecture notes and other material can be accessed through <http://online.mq.edu.au/> and follow links.

Grading

Macquarie University uses the grades HD, D, Cr, P, PC and F for grading the achievements of students in units of study. The grades of achievement are defined as follows:

High Distinction (HD) denotes performance which meets all unit objectives in such an exceptional way and with such marked excellence that it deserves the highest level of recognition.

Distinction (D) denotes performance which clearly deserves a very high level of recognition as an excellent achievement in the unit.

Credit (C) denotes performance which is substantially better than would normally be expected of competent students in the unit.

Pass (P) denotes performance which satisfies unit objectives.

Conceded Pass (PC) denotes performance which meets unit objectives only marginally.

Fail (F) denotes performance which does not meet unit objectives.

The numerical marks resulting from assessment of your work in this unit will be used as an initial indicator of the quality of your learning and understanding. The use of these numerical marks is, however, only a starting point in determining the appropriate grade. To obtain a grade you must satisfy the qualitative definition of that grade. Once your grade has been determined, you are allocated a standardised mark indicating your approximate position amongst students assigned that grade.

Legibility of Handwriting

You should ensure that your handwriting in the class assessment tasks and in the final examination is legible. Sections of work that are not legible will not be marked.

For true/false questions, answers that are not clearly legible as either T or F will be assumed to be wrong and marked accordingly.

Special Consideration

Applications for special consideration in respect of a class test or other class assessment task must be made on the "Advice of Absence or other Circumstances" form. These are available from and should be submitted to the Student Enquiry Service on Level 1 of the Lincoln Building.

Applications in respect of the final exam must be made on the "Request for Special Consideration" form. These forms are available from and should be submitted to the Academic Program Section on Level 4 of the Lincoln Building.

Applications based on medical grounds (whether for a class test or other class assessment task, or for the final examination) **must** be accompanied by the Professional Authority Form. Applications omitting this form (such as those which only supply a doctor's certificate) will be ignored.

The application forms are also online at <http://www.registrar.mq.edu.au/academic-index.htm>

Mobile Phones

Academic Senate has resolved that no mobile phones should be used in classrooms or be brought into examination rooms. Mobile phones must be switched off during class tests.

Use of Computers for Coursework

The computer laboratories available to you are the third year labs where you will have access to all the software relevant to this unit. Please take careful note of the policy of the Department of Actuarial Studies regarding the use of computers, which follows.

1. Computers do occasionally break down. This is a normal part of working life. When completing assignments, you should not leave computer work until the last moment, assuming the system will be available when you need it.
2. You are the person responsible for keeping backup copies of any data or files you create on a computer. If you fail to keep backup copies, loss of data or files, for whatever reason, is not an acceptable excuse for failing to complete an assignment on time.
3. You should have at least two backups. If you have only one backup disk, then a computer malfunction while you are updating your backups may simultaneously corrupt both the original version (on the hard disk or network) and your backup disk. Do not store your two backups together. Spread your risks.
4. If you are planning to write a document on one computer (eg. your home computer) and print it from a different computer, you should test well ahead of the due date that the second computer can print your document. This particularly applies if your documents incorporate graphs, tables, unusual fonts or special formatting.

Reference Material

The Economics Resource and Information Centre (ERIC) is on the ground level of C5C. Copies of any additional readings, assignments, and other unit material will be placed in ERIC.

Material for at least some sections of work is available online, along with email and chat facilities, from: <http://online.mq.edu.au/student/>

Cheating and Plagiarism

To cheat in the context of university assignments, tests and examinations is to attempt to gain an unfair advantage by violating the principles of intellectual and scholarly integrity. Cheating also encompasses plagiarism, which is the appropriation or imitation of another person's ideas and manner of expressing them.

You are responsible for familiarising yourself with the document entitled "The dangers of cheating and plagiarism and how to avoid them" at <http://www.efs.mq.edu.au/cheating.html>.