MACQUARIE UNIVERSITY FACULTY OF
BUSINESS AND ECONOMICS
UNIT OUTLINE

Year and Semester: 2012, Semester 1

Unit convenor: Dr Edward Watts

Prerequisite(s): ACCG611 and ACST603 or admission to MCom or MIB or MEc or MActPrac prior to 2011

Credit points: 4cp

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult the Lecturer in the unit.

ABOUT THIS UNIT

The objective of this unit is to explore the theory and application of corporate finance issues at an advanced level, and to equip students with the required depth of knowledge and skill expected of a professional.

The unit commences with a revision of basic financial concepts and valuation techniques covered in earlier finance courses. It then moves on to more advanced theoretical issues and analytical techniques. The course equips the students with a deeper understanding of capital budgeting, capital structure, corporate acquisitions and mergers, leasing and corporate governance. The emphasis is on application of theory to decision making from the perspective of a chief financial officer. Students will apply their knowledge to a real life corporate finance project.

TEACHING STAFF

Convenor & Lecturer: Dr Edward Watts
Lecturer: Dr Peter John

CONTACTING STAFF

Edward Watts  Consultation Time  E4A 227  2-4pm  Thursday
   edward.watts@mq.edu.au  9850 8533

Peter John  Consultation by appointment
   peterkjohns@yahoo.com
You are encouraged to seek help on this unit during the above regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Consultations will not be conducted by email. You may, however, phone during consultation hours.

In order to gain access to staff located at level 2 of building E4A during consultation hours please ring from the phones available in the lobby.

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

**CLASSES**

The Unit involves 3 hours face-to-face teaching per week consisting of a 3 hour seminar. The timetable for classes can be found on the University web site at:

http://www.timetables.mq.edu.au/

There will be thirteen lectures conducted in the following classes:

Mon  Room W6B 325, 9am to 12am  
     Lecturer: Peter John

Mon  Room C5A 226, 11am to 2pm  
     Lecturer: Edward Watts

Wed  Room W6B 345, 6pm to 9pm  
     Lecturer: Peter John

Attendance at seminars is a compulsory component of the Unit, and students are expected to attend all classes. If a student misses more than 2 classes then they could be given a written warning that non-attendance can lead to a Fail grade. Further absence at classes can trigger a recommendation of a Fail grade in the Unit.

**REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS**

**Prescribed**


The prescribed text can be purchased from the Macquarie University Co-op Bookshop.
TECHNOLOGY USED AND REQUIRED

The Text book provides access to various on-line resources. Further, a number of the class exercises are designed to be completed using excel. Students are encouraged to use excel when attempting these exercises.

UNIT WEB PAGE

The unit Web site is only available to students enrolled in AFIN808. It will be available from Friday 24 February. Students will be able to access the unit web page by the use of their normal university user/password details. Please contact the IT Help Desk if you have any difficulties accessing the unit web page:

Phone: (02) 9850 HELP (4357) Option 1 or Freecall: 1800 063 191
Face to Face: IT Help Desk, C5C244
24/7 Email: help@mq.edu.au

The Website will contain important unit materials, including:
- Course details—An outline of the unit, including assessment tasks
- Announcements—notices updating students on important matters regarding the unit.
- Assignment
- Suggested answers and solutions to homework questions
- Results—for assignment and other assessable material.

LEARNING OUTCOMES

On successful completion of this unit students will be able to:

1. To understand basic investment concepts
2. To be competent in the capital budgeting techniques
3. To understand the role of the risk-return relationship
4. To attain good understanding and application of capital structures theories
5. To gain some basic understanding of real options
6. To be able to evaluate finance theories critically.
GRADUATE CAPABILITIES

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

This unit contributes to this by developing the following graduate capabilities:

1. Discipline Specific Knowledge and Skills
2. Critical, Analytical and Integrative Thinking
3. Problem Solving and Research Capability
4. Effective Communication
5. Engaged and Ethical Local and Global citizens
6. Socially and Environmentally Active and Responsible
7. Capable of Professional and Personal Judgement and Initiative
8. Commitment to Continuous Learning

TEACHING AND LEARNING ACTIVITIES

The 3 hour seminars are divided into two broad sections – a lecture section and a workshop section. The lecture is based on a mixture of the ideas raised in the text and other material introduced by the Lecturer. The discussion section can be described as a workshop, in which students are required to work through various problems. These workshop sessions are led by different student groups throughout the semester.

Students are expected to have attempted the set exercise from the previous week’s topic. This work will be collected in two random weeks, and will be assessed on the basis of effort rather than accuracy.

RESEARCH AND PRACTICE

- This unit uses research from external sources (references)
- This unit gives you practice in applying research findings in your assignments
- This unit gives you opportunities to conduct your own research.

The Major Assignment and the Presentations both involve research. You will need to read some academic articles and synthesise those articles in developing your own arguments. There is also an opportunity to scan the media – newspapers, business journals, and other data sources, in doing your own research. In the databases section of the library website, both Business source premier and Factiva are very useful resource tools.
## RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

<table>
<thead>
<tr>
<th>Assessment Task 1</th>
<th>Assessment Task 2</th>
<th>Assessment Task 3</th>
<th>Assessment Task 4 &amp; 5</th>
<th>Assessment Task 6</th>
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</thead>
<tbody>
<tr>
<td>Title/Name</td>
<td>Class Test</td>
<td>Presentation</td>
<td>Report</td>
<td>Assignments</td>
</tr>
<tr>
<td>Description</td>
<td>In-Class Test</td>
<td>See iearn</td>
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<tr>
<td>Due date</td>
<td>Week 9</td>
<td>Leading a workshop.</td>
<td>Due in class Week 11</td>
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<td>15%</td>
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<td>Grading method</td>
<td>Both quantitative and theory problems.</td>
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<td>Submission method</td>
<td>In class.</td>
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<td>Feedback (type, method, date)</td>
<td>Solutions discussed in class.</td>
<td>Rubric</td>
<td>Rubric</td>
<td>Exercise returned with comments</td>
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<td>Estimated student workload (hours)</td>
<td>15 hours</td>
<td>10 hours</td>
<td>15 hours</td>
<td>30 hours</td>
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<td>Learning outcomes assessed</td>
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Extension requests detailing process and conditions

Students who are going to miss, or be late, for an assessment task must notify the Unit Convenor as early as possible so that alternative arrangements can be made. Requests for a change to the timing of an assessment task must be accompanied by appropriate medical/other documentation. Students who miss an assessment task and who have not provided adequate documentation will receive 0 for that task. Late submission of the major assignment will be penalised by 25% of the assignment’s total value for each day the assignment is late.

Attendance

Class attendance is compulsory. Students who miss more than 2 classes will need to show ‘reason’ as to why they should not be ‘failed’. The student will receive a letter requesting that they provide medical or other documentation justifying the missed classes.

EXAMINATIONS (% WEIGHTING = 50%)

A final examination is included as an assessment task for this unit to provide assurance that:

i) the product belongs to the student and
ii) the student has attained the knowledge and skills tested in the exam.

The 2 hour final examination will be held during the University Examination period.

The University Examination period in the First Half Year 2012 is from the 12th of June to the 29th of June.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.
http://www.timetables.mq.edu.au/exam

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University’s policy on special consideration process is available at
http://www.mq.edu.au/policy/docs/special_consideration/policy.html

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

The Macquarie University examination policy details the principles and conduct of examinations at the University. The policy is available at:
http://www.mq.edu.au/policy/docs/examination/policy.htm
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

To attain a “pass” result in this unit it is necessary to:
1. miss no more tutorials following a formal warning (see the Classes section),
2. participate in the Presentation tasks,
3. complete the Report,
4. obtain at least 50% in the Final Examination,
5. obtain at least 50% overall

All final grades in the Applied Finance and Actuarial Studies department are determined by a grading committee and are not the sole responsibility of the Unit Coordinator.

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

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

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a Standardised Numerical Grade (SNG). The Standardised Numerical Grade (SNG) is not a summation of the individual assessment components.

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.

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

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.


SPECIAL CONSIDERATION

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 SERVICES

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

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

● Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.

● Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice. Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.
<table>
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<tr>
<th>WEEK</th>
<th>WEEK STARTING</th>
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<th>BM Pre-readings</th>
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<tr>
<td>2</td>
<td>5th Mar 2012</td>
<td>Topic 2 Valuation of financial assets and businesses</td>
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<td>3</td>
<td>12th Mar 2012</td>
<td>Topic 3 Capital budgeting</td>
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<td>4</td>
<td>19th Mar 2012</td>
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<td>5</td>
<td>26th Mar 2012</td>
<td>Topic 5 Market Efficiency</td>
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<td>2nd Apr 2012</td>
<td>Topic 6 Capital Structure 1</td>
<td>Ch. 17</td>
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<td>7</td>
<td>23rd Apr 2012</td>
<td>Topic 7 Capital Structure 2</td>
<td>Ch. 18, 19</td>
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<td>8</td>
<td>30th Apr 2012</td>
<td>CLASS TEST Topic 8 Equity</td>
<td>Ch. 14, 15, 16</td>
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<td>7th May 2012</td>
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<td>10</td>
<td>14th May 2012</td>
<td>Topic 10 Options</td>
<td>Ch. 20, 21</td>
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<td>11</td>
<td>21st May 2012</td>
<td>Topic 11 Real Options</td>
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<td>12</td>
<td>27th May 2012</td>
<td>Topic 12 Mergers and corporate restructuring</td>
<td>Ch. 31, 32</td>
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<td>13</td>
<td>4th Jun 2012</td>
<td>Revision</td>
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