

## FINANCIAL TECHNIQUES, INSTRUMENTS & MARKETS

SECOND SEMESTER 2004

### ACST201 LEARNING GUIDE

#### ACST201 Teaching Team

Team Member	Team Role	Room	Telephone	Consultation Hours
John Shepherd	Coordinator & Lecturer	C5C 491	9850 8573	Monday, 2-3pm Wednesday, 12-1pm
Denis Gorey	Visiting Lecturer			
Tim Carleton	Tutor			
Phillip Chan	Tutor			
Gail Curry	Tutor			
Tim Curry	Tutor			
Matt Howard	Tutor			
Alison Petto-Hamilton	Administrative Assistant	C5C 492	9850 9987	

#### ACST201 Subject Details

Unit Name: **Financial Techniques, Instruments & Markets** (3 credit points)

Prerequisites: 18 credit points including ACST101(P)  
Not Counted for Credit With (NCCW): ACST200; ACST229; ECFS200

#### Learning Objectives

In ACST201, you will have an opportunity to use financial mathematics to build your understanding of some of the basic concepts of financial analysis, including price, yield, break-even analysis, horizon analysis, reinvestment risk, volatility and duration, matching by duration, contingent payments and arbitrage pricing.

By applying these concepts to short term and long term financial instruments, forwards and futures, options, loans, insurances and other financial transactions, and allowing for the effects of transaction costs, borrowing costs and taxes, you will have the chance to recognise the basic principles involved, so that you can apply them to situations you have not previously encountered.

In ACST201 you will also be able to build up your spreadsheeting and internet skills, your problem solving expertise, your ability to explain technical concepts in clear, simple language and your awareness of your preferred learning style and your learning skills.

### Workshop Classes

The main 2-hour class each week is called a "lecture" in the Timetable, but it is really a workshop. Each workshop will be a combination of mini-lectures (10-15 minutes), problem-solving demonstrations, interactive problem-solving and small group work. You can expect to be actively involved, and needing to think a lot, not just passively taking notes. So make sure you arrive on time, or you will find it difficult to pick up what is happening in the class. Please bring your calculator to every class .... you will need it.

You will have one 2-hour workshop each week:

Enrolment stream	Day	Time	Location
Day	Tuesday	4-6 pm	E7B Mason Theatre
Evening	Tuesday	7-9 pm	E7B Mason Theatre

Any alterations to the workshop times or locations will be advised in classes and on the ACST201 web site.

### Tutorial groups

There are several tutorial groups in each of the following four timeslots. Each group will meet once a week (except in Week 1). You should be registered for one tutorial group, and when you enrolled you will have been given the day, time and classroom location of your tutorial group.

Day	Time	Location
Tuesday	5-6 pm	C5A313
Tuesday	6-7 pm	Various rooms
Tuesday	7-8pm	C5A313
Wednesday	9-10am	C5A313
Wednesday	10-11am	E7B163
Wednesday	1-2pm	Various rooms
Wednesday	2-3 pm	Various rooms
Wednesday	3-4 pm	Various rooms
Wednesday	4-5 pm	Various rooms

In most weeks, your tutorial will begin with a short Tutorial Test (see further details on page 4). Your graded In-Class Tests will be returned to you, and your tutor will work through the solutions to the test problems with you, at your tutorial. Also, your tutor will be available each week to help you with any questions you have about workshop problems, workbook problems, assignment problems, etc.

### Reference books

You will **NOT** need to buy any printed textbooks. You **WILL** need to buy the Perdisco electronic workbook (see details below). These books may be useful references for some topics in this subject:

- Knox, David M, Zima, Peter & Brown, Robert L (1999) *Mathematics of Finance* (Second edition), Irwin/McGraw-Hill
- Sherris, Michael (1996) *Money & Capital Markets* (Second Edition), Allen & Unwin
- Viney, Christopher (2003) *Financial Institutions, Instruments & Markets* (Fourth edition), Irwin/McGraw-Hill (or third edition by McGrath & Viney)
- Valentine, Tom, Ford, Guy & Copp, Richard (2003) *Financial Markets and Institutions in Australia*, Pearson Education Australia

## EFS Resource & Information Centre (ERIC)

The EFS Resource & Information Centre (ERIC) is in Room C5C 244, Building C5C. Copies of workshop overheads, handouts, workshop examples and solutions, in-class tests and solutions, etc will all be available in ERIC. For more information, including opening hours, visit the ERIC web site at:

<http://www.efs.mq.edu.au/eric.html>

## Grading your learning in ACST201

Macquarie University uses the grades HD (High Distinction), D (Distinction), CR (Credit), P (Pass), PC (Pass Conceded) and F (Fail) for grading the achievements of students in units of study. In ACST201, your grade will be determined by how well you show you understand the basic principles and concepts covered. P represents the lowest (basic) level of understanding, CR a higher level than P, D a higher level than CR, and HD the highest level. This table is a guide to the meaning of each grade for the purposes of ACST201:

Grade	Level of understanding represented by that grade
HD	<ul style="list-style-type: none"><li>• Able to apply basic principles to solve unfamiliar, non-standard problems</li><li>• Able to explain solutions &amp; interpret results in clear, simple, non-technical language</li><li>• Able to combine two or more unrelated numeric procedures in solving a composite problem</li><li>• Can give strong evidence of ability to reflect on own learning experiences</li></ul>
D	<ul style="list-style-type: none"><li>• Able to apply basic principles to solve problems which differ significantly from the familiar<ul style="list-style-type: none"><li>• Able to explain solutions &amp; interpret results clearly and concisely</li></ul></li><li>• Able to combine two unrelated numeric procedures in solving a composite problem<ul style="list-style-type: none"><li>• Can give good evidence of ability to reflect on own learning experiences</li></ul></li></ul>
CR	<ul style="list-style-type: none"><li>• Able to apply basic principles to solve problems which differ slightly from the familiar<ul style="list-style-type: none"><li>• Able to explain rationale for calculations &amp; interpret results in those cases</li></ul></li><li>• Able to combine two related numeric procedures in solving a composite problem<ul style="list-style-type: none"><li>• Can provide some evidence of reflecting on own learning experiences</li></ul></li></ul>
P	<ul style="list-style-type: none"><li>• Able to perform basic numeric procedures on standard problems in familiar scenarios</li><li>• Able to explain rationale for calculations &amp; interpret results for standard problems</li></ul>
PC	<ul style="list-style-type: none"><li>• Marginally satisfactory achievement of P level understanding</li><li>• Able to perform basic numeric procedures, but not able to explain them clearly</li></ul>
F	<ul style="list-style-type: none"><li>• No evidence of achieving P level understanding</li></ul>

## Assessment in ACST201

There are basically two kinds of assessment, and we use both in ACST201:

- **Formative assessment**, which is designed to give you feedback on your learning so far, so you know whether there are any gaps in your learning that you need to spend more time and effort on. The Tutorial Tests are purely formative in function.

- **Summative assessment**, which aims to “sum up” your learning over a set of topics or over the whole semester. The final exam is the best example of summative assessment.

Some assessment tasks (eg the assignments) are a combination of formative and summative assessment.

## Assessment Tasks

The next table (over the page) outlines the two assessment systems you can choose from for ACST201. System 1 gives more weight to your work during semester and less weight to the final exam. System 2 gives more weight to the final exam and less weight to your work during semester. You can choose which of the two systems you want to apply to your assessment in ACST201. Choose carefully - once you have chosen you will not be able to change your selection.

Assessment component	System 1		System 2	
	Each	Total	Each	Total
Three (3) In-Class Tests	7.5%	22.5%	5%	15%
Five (5) Assignments	3%	15%	2.5%	12.5%
Learning Portfolio		12.5%		12.5%
Final Examination		50%		60%

You will need to decide which assessment system you want by Tuesday, 31 August (Week 5 workshop class). If you do not nominate your preference, System 2 will be used automatically.

## In-Class Tests (Formative/Summative)

There will be three In-Class Tests, as follows:

In-Class Test	Date	Time
Test 1	Tuesday, 31 August	4 pm or 7 pm
Test 2	Tuesday, 5 October	4 pm or 7 pm
Test 3	Tuesday, 2 November	4 pm or 7 pm

Normal examination rules apply to the conduct of In-Class Tests. These rules are set out under the heading "Rules governing students' conduct in examinations" in the Macquarie University Handbook. You are responsible for familiarising yourself with these rules prior to the first In-Class Test.

The topics to be covered by each In-Class Test will be advised, in advance, in workshop classes and on the ACST201 web site. The In-Class Test dates and times may be subject to change, and that any alterations will be advised in classes and on the ACST201 web site.

Your graded In-Class Tests, with feedback, will be returned to you and worked through at your Tutorial class. Your In-Class Test results will count towards your final assessment (15% or 22.5% depending on which assessment system you choose).

## Tutorial Tests (Formative)

Your tutorial class in each of Weeks 2, 3, 4, 6, 7, 9, 10, 11 and 13 will begin with a short Tutorial Test. This will be marked and discussed during the Tutorial so that you will have immediate feedback on your performance. Each Tutorial Test will be based on the work done in the previous week's workshop class.

Your scores from these Tutorial Tests will **NOT** count directly towards your final result. However, to be eligible for a passing grade in ACST201 **you MUST complete at least 7 of the 9 Tutorial Tests.**

## Assignments (Formative/Summative)

There will be five assignments, each consisting of several problems to be solved. You will access the assignments using the Internet based workbook (published by Perdisco) - the workbook you use for the revision and practice problems. The assignments will count either 12.5% or 15% towards your final assessment, depending on which assessment system you choose.

Each assignment will be available for a period of ten days. You must complete it within that ten day period. You will have two attempts at each assignment. Assignment availability dates are shown in the electronic workbook, and you will be reminded of them in the workshop classes.

### **Electronic workbook (Formative)**

You will use an internet based Electronic Workbook in ACST201 this semester. The Workbook has been designed to support your learning and to help you understand and practise what you learn in ACST201. It includes Revision Topics (revising assumed knowledge from ACST101) and Practice Topics (giving you practice at applying what you learn in ACST201 to solving financial problems), as well as the five assignments. You will be able to access your Workbook from the computing labs on campus, from the library, from home, from work, from internet cafes – from anywhere you can get access to the internet. Your Workbook will be available 24 hours a day, 7 days a week.

**You need to purchase the Workbook** for \$29.70 (including GST) from its publisher Perdisco. See the separate handout about the ACST201 Electronic Workbook, which tells you how to purchase your copy.

For each major topic in ACST201, you will find a set of Practice problems in the Workbook. These problems will help you to understand the subject better by giving you practice at applying the basic ideas in solving a range of problems. For each topic, you can tackle as many different sets of problems as you like, without limit. And the Workbook will not only give you feedback on whether or not your answers are correct, it will provide you with complete solutions to all problems.

The Revision and Practice problem sets will **NOT** count towards your assessment in this unit. They are there to help you learn and to give you feedback, not to be used in assessing your learning. The five assignments you will do with the aid of your Workbook will count (12.5% or 15%) towards your assessment in ACST201.

### **Learning Portfolio (Summative)**

One of the assessment tasks will involve you in building up a Learning Portfolio. You will receive later full details of the tasks that will make up your Learning Portfolio, how to go about completing them. Your Learning Portfolio will count 12.5% towards your final grade, no matter which assessment system you choose.

### **Final Examination (Summative)**

The Final Exam will be a 3-hour written paper with ten minutes reading time. The Final Exam will count either 50% or 60% towards your final assessment, depending on which assessment system you choose.

### **Reference Material in Tests and Final Exam**

For the In-Class Tests and Final Exam you may bring with you and refer to one A4-size sheet of paper containing handwritten and/or typed/printed notes on both sides. For the Tutorial Tests you may not refer to any materials at all.

### **Special Consideration**

If the quality of your learning and work in this subject is adversely affected by illness, accident or some other form of unavoidable disruption, you should familiarise yourself with the special consideration provisions in Macquarie University's Bachelor Degree Rules 7 and 9 in the Macquarie University Handbook (page 40). **All requests for special consideration should be made in writing, on the standard form, and submitted to the Student Enquiry Service on level 1 of the Lincoln Building.**

You must complete a Professional Authority Form to accompany any application for special consideration based on medical grounds. The special consideration application and professional authority forms are available from the Student Enquiry Service, or from this web site:

<http://www.registrar.mq.edu.au/academic-index.htm>

### **Calculators**

You will need to use a calculator at the Tutorial Tests, the In-Class Tests and the Final Exam, but in each case you will have to give a clear indication of the working involved in every calculation you perform. Many of the problems you will encounter in this unit can be solved easily if you have access to a spreadsheet program (eg Excel). You can use a spreadsheet program to verify your solutions to many of the problems you are solving.