

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

**ACST827**

**CORPORATE AND  
STRUCTURED FINANCE**

**Semester 1, 2010**

*Department of Actuarial Studies*

**MACQUARIE UNIVERSITY  
FACULTY OF BUSINESS AND ECONOMICS  
UNIT OUTLINE**

**Year and Semester:** Semester 1, 2010

**Unit convenor:** Tim Kyng

**[Prerequisites / Corequisites:]** There are no formal prerequisites or corequisites for ACST827. However, students are assumed to have strong mathematical skills and proficiency in spreadsheet programming as well as knowledge of the fundamentals of finance.

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 one of the teaching staff in the unit.

**ABOUT THIS UNIT**

The purpose of the unit is:

- 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
- to give instruction in the use of excel spreadsheet software for financial modeling and valuation of investment projects, complex transactions and capital market securities including debt, equity and hybrids
- assist you to be able to analyse practical problems in the Corporate and Structured Finance and Capital Markets area

***Topics covered include:***

- 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
- Capital Structure and Dividend Policy
- Mergers, Takeovers and Corporate Restructuring,
- Corporate Liabilities and International Finance
- Introduction to Risk Management
- Introduction to Corporate Governance

## TEACHING STAFF

Timothy Kyng (Ph: 9850-7289 Rm: E4A614 email: [tkyng@efs.mq.edu.au](mailto:tkyng@efs.mq.edu.au))

Consultation Hours - Friday 2pm-4pm or other times by mutual agreement.

## CLASSES

For campus students:

- A 2-hour lecture will be held each week at E4B214 on Friday from 6pm to 8pm.
- A 1-hour tutorial will be held each week at E4B labs on Friday. Please refer to eStudent for your allocated tutorial location.
- Further information on timetable can be found on the University web site at: <http://www.timetables.mq.edu.au>

For distance students:

- iLectures will be available by the use of Web Conferencing Software. That means you can participate lectures live. The exact URL to participate lectures live will be provided on Blackboard.
- All lecture and tutorial exercises and solutions will be available on Blackboard.

## RECOMMENDED TEXTS AND/OR MATERIALS

Copeland, Weston and Shastri, Financial Theory and Corporate Policy 4th Edition, Pearson (ISBN 0-321-22353-5)

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

Sherris, Money and Capital Markets 2nd Edition, Allen & Unwin (ISBN: 1864481595)

Hull, Options, Futures and Other Derivatives 5th Edition, Prentice Hall

## UNIT WEB PAGE

To access the Blackboard website, go to <http://learn.mq.edu.au> and login using your usual login and password. You will then have access to the websites for all the units in which you are enrolled. If you have any trouble logging in (e.g. you have forgotten your password), please contact the Student IT Helpdesk.

Blackboard will contain all materials for this subject.

## LEARNING OBJECTIVES AND OUTCOMES

The learning objectives of this unit are:

- Understand the principles and techniques underlying theory and practice in Corporate Finance, Structured Finance and Capital Markets
- Learn to use excel spreadsheet software for financial modeling and valuation of investment projects, complex transactions and capital market securities including debt, equity and hybrids
- Learn about different financial instruments and their valuation and usefulness in a Corporate Finance context
- Learn to analyse practical problems in the Corporate and Structured Finance and Capital Markets area

The learning outcomes of this unit are:

- to be able to show the knowledge and understanding of the principles and techniques underlying theory and practice in Corporate Finance, Structured Finance and Capital Markets
- develop expertise in using excel spreadsheet software to build the financial models and perform the calculations
- demonstrate awareness of different financial instruments and their valuation and usefulness in a Corporate Finance context
- be able to explain the concepts covered in the course
- develop problem solving skills and in particular develop skills in formulating a mathematical / financial problem and its solution into a spreadsheet solution
- be aware of the need to document the work you do when solving problems using spreadsheets

#### **TEACHING AND LEARNING STRATEGY**

- The unit is taught via a combination of lectures, tutorial exercises and computer lab exercises. We cover many examples of financial valuation and decision making problems and how to solve these using spreadsheets. Our approach is one of learning by example and by practicing using excel to solve financial decision making problems.
- Students are expected to work independently. The assignments and the final exam will include the development of various excel spreadsheets and documentation for these, as well as essays / written reports and so on.

#### **RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES**

##### **Assessment**

Two assignments: 30%

Mid Term Test: 20%

Final exam: 50%

In order to pass this unit you must pass the final examination, as well as pass the subject overall.

## **MID TERM EXAMINATION**

There will be a 2 hour mid term examination in the lecture period in week 7, which will cover all of the topics up to and including week 6. 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 3 hour final examination which covers all of the topics in the unit. Students must attend this examination, unless clearly prevented from doing so by illness or misadventure. See University Guidelines regarding Special Consideration.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable.

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. Information about unavoidable disruption and the special consideration process is available at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>

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. (Individual Faculties may wish to signal when the Faculties' Supplementary Exams are normally scheduled.)

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

## **PLAGIARISM**

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

## **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>.

