Year and semester: Semester 2, 2011.

Unit convenor: Mr Damian Bridge BEc(Hons) CPA CFA
Department of Applied Finance and Actuarial Studies
Building E4A Level 7 Room 750 Phone: (02) 9850 9443
Email: accg253s2@mq.edu.au.

Deputy unit convenor: Ms. Yunping Chen.
Department of Applied Finance and Actuarial Studies
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Pre-requisites: Enrolment is conditional on completion the following pre-
requisites: ACCG100 or ACCG105 or ACCG106, and
ECON111 or BBA103, and STAT170 or STAT171, and HSC
Mathematics Band 2 or HSC Mathematics Extension 1 or
Extension 2 or 3cp from MATH123-MATH136, and
ACST101, and 27cp or GPA of 2.00.

Co-requisites: Nil.

Not to count for credit with: ACCG252 Applied Financial Analysis and Management.

Credit points: 3 credit points.

Notes: Read this unit guide carefully at the start of semester. It
contains important information about the unit including
assessment. If any content is unclear, please consult either
the deputy unit convenor or the unit convenor for advice.
Some assigned questions and problems in the first few of
tutorials the course revise important first principles, covered
in pre-requisites.

ABOUT THIS UNIT

This introductory unit in corporate finance focuses on the financing and investing
decisions made by the finance manager of an organisation. While the emphasis is on
the theory of the firm, students are also given exposure to current issues affecting
corporate finance in Australia. Satisfactory completion of the unit equips students with
a grasp of the following principles of financial economics: the relation between risk and
expected return; the time value of money; and valuation of securities via discounted
cash flows. The unit provides a stand alone introduction to finance for students not
planning to continue with study in the area. Analytical, quantitative and generic skills
are emphasised. The unit aims to develop graduate capabilities centred upon effective
communication, higher order analysis and problem-solving skills.
CHANGE TO PREVIOUS UNIT EDITIONS

The current edition does not provide an introduction to options and futures.

TEACHING STAFF

Mr. Damian Bridge (unit convenor, lecturer and tutor)
Ms. Dawn Cable (tutor)
Mr. Luke Cayanan (tutor)
Ms. Yun Ping Chen (deputy unit convenor)
Ms. Katarina Djukic (tutor)
Mr. Jarrod Morris (tutor)
Mr. Joe Nguyen (tutor)
Mr. Kiran Thapa (tutor)
Mr. Jason (Chung) Wang (tutor)
Mr. Keith Woodward (lecturer and tutor)
Mr. Howard Chen Yun (tutor)
Mr. Jason (Fei) Zheng (tutor)
Mr. Julio Sarmiento Sabogal (tutor)

CONSULTATION

Students who experience difficulties with any lecture topic or tutorial question and problem should first seek help from their tutor. A schedule of consultation times should be available from Week 2 on Learn.MQ Blackboard and at BESS (Business and Economics Students Services) in building E4B, Room 106. Note: In building E4A, use the phone in the lobby to access sessional tutors for consultation.

STUDENT SUPPORT SERVICES

MQ and the faculty provide a range of academic support services including a Peer Assisted Learning Program (PAL). Further information is available through BESS.

LECTURES AND TUTORIAL CLASSES

1) Students should each week attend their allocated lecture of up to two hours duration, and their allocated 50 minute tutorial. Tutorials begin in Week 2 and cover material based on the preceding week’s lecture topic.

2) No lectures are given in Week 7, as this lecture time is reserved for the mid-semester test. The Week 7 tutorial classes are on as timetabled.

3) Attendance at tutorials is very important for successful completion of assessment tasks in this unit. Tutors keep weekly attendance records. These may be taken into consideration in determining the overall unit result. The tutorial attendance record may also be taken into account in considering applications for supplementary end-of-semester final examinations.

PRIZES

Information on prizes is available at MQ website:
REQUIRED TEXT

Ross, S., R. Trayler, R. Bird, R. Westerfield and B. Jordan. 2011. Essentials of Corporate Finance (2nd ed.). Australia: McGraw-Hill. Note: While acknowledged as a useful learning tool, its Internet based resource Connect is not prescribed for the current edition of the unit. Therefore, contact the publisher for assistance as required.

Three copies of the required text are available in the MQ Library - Special Reserve.

TECHNOLOGY USED AND REQUIRED

Financial non-programmable calculators can be used in the unit. A financial calculator is not essential as a scientific non-programmable calculator should meet all your needs (calculation of the Internal Rate of Return (IRR) is not required in any of the assessment tasks). Note: Only non-programmable calculators without text retrieval functionality are allowed for use in the unit’s assessments tasks.

UNIT WEB PAGE

Announcements and selected course material will be available through Learn.MQ Blackboard. Therefore, check the unit’s web page a couple of times each week for new announcements and course material.

LEARNING OUTCOMES

Study of the unit material and successful completion of assessment tasks should enable students to:

1) Discuss fundamental aspects of the theory of the firm and outline current issues affecting corporate finance in Australia;
2) Explain financing and investing decisions made by finance managers;
3) Demonstrate understanding of the relation between risk and expected return, the time value of money, and valuation of securities via discounted cash flows;
4) Apply first principles in finance theory and fundamental analytical techniques to simple real-life problems.

GRADUATE CAPABILITIES

In addition to the discipline-based learning objectives, all academic programs at MQ seek to develop capabilities its graduates need in order to become effective and engaged participants in society. The unit contributes toward this aim by supporting the following graduate capabilities:

1) Discipline specific knowledge and skills, such as: understanding of key terms; ability to discuss the key theoretical underpinnings; ability to apply finance theory to real-life practical problems; and ability to connect theory and practice;
2) Critical, analytical and integrative thinking;
3) Problem solving capability;
4) Effective communication;
5) Social and environmental responsibility;
6) Professional and personal judgement and initiative;
Commitment to continuous learning.

**TEACHING AND LEARNING STRATEGY**

The unit is delivered through weekly lectures and tutorial classes. To achieve the best possible results students should:

1) Attend all lectures and tutorial classes;
2) As it is unlikely that tutors will be able to cover all questions and problems in each tutorial class, students should attempt and complete all assigned questions and problems before attending tutorial classes;
3) Tutorial questions and problems are assigned from the required text book;
4) Read the assigned chapters of the required text book before attending lectures;
5) Download lecture notes from Learn.MQ Blackboard, which are available weekly before lectures. Ensure these notes are brought to lectures.

**RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES**

Three assessment tasks are as follows (more information on Learn.MQ Blackboard):

1) **Diagnostic test (relative weight 5%)**: Held in tutorials the week of 22 August 2011. This closed book test covers lecture topics from Week 1-2-3. If this assessment task is not attempted on the date scheduled, please lodge an application for special consideration (supported by a Professional Authority Form (PAF)) by the Week 7 deadline - Friday 16 September. Only if a special consideration is granted will the 5% relative weight be added to the relative weight of the end-of-semester final examination. **Note**: no supplementary diagnostic test will be offered.

2) **Mid-semester test (relative weight 20%)**: Held in lectures the week of 12 September 2011. This closed book test covers lecture topics from Week 1-2-3-4-5. If this assessment task is not attempted on the date scheduled, please lodge an application for special consideration (supported by a PAF) by the deadline - Friday 23 September. Only if a special consideration is granted will the 20% relative weight be added to the relative weight of the end-of-semester final examination. **Note**: no supplementary mid-semester test will be offered.

3) **Group Assignment (relative weight 15%)**: Due date is Friday 21st October at 12 Noon. Late submissions will attract a penalty of 10% per day.

4) **End-of-semester final examination (relative weight 60% - plus any carry forward relative weights from Assessment Task 1 and/or 2 and/or 3)**: Held in the MQ examination period. This closed book examination covers all lecture topics.

Learning outcomes and graduate capabilities assessed list above under the headings “Learning Outcomes” and “Graduate Capabilities”.
<table>
<thead>
<tr>
<th>Title/Name</th>
<th>Assessment Task 1</th>
<th>Assessment Task 2</th>
<th>Assessment Task 3</th>
<th>Assessment Task 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Diagnostic test</td>
<td>Mid-semester test</td>
<td>Group Assignment</td>
<td>Final examination</td>
</tr>
<tr>
<td>Date</td>
<td>Wk 4 In Tutorials</td>
<td>Wk 7 In Lectures</td>
<td>Due Friday 21st October at 12 Noon.</td>
<td>MQ examinations period</td>
</tr>
<tr>
<td>Relative % weighting</td>
<td>5%</td>
<td>20%</td>
<td>15%</td>
<td>60%</td>
</tr>
<tr>
<td>Grading method</td>
<td>Multiple choice (MC) questions.</td>
<td>MC questions.</td>
<td>Against Assessment Criteria</td>
<td>MC, written questions</td>
</tr>
<tr>
<td>Submission method</td>
<td>In-Tutorial Class Exam</td>
<td>In-Lecture Class Exam</td>
<td>BESS</td>
<td>Centrally Conducted Exam</td>
</tr>
<tr>
<td>Feedback</td>
<td>Blackboard. Overview</td>
<td>Blackboard. Overview</td>
<td>Assignments Returned</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>Estimated workload</td>
<td>15 hours/week</td>
<td>15 hours/week</td>
<td>15 hours</td>
<td>15 hours/week</td>
</tr>
<tr>
<td>Assessed outcomes</td>
<td>1, 2, 3, 4</td>
<td>1, 2, 3, 4</td>
<td>1, 2, 3, 4</td>
<td>1, 2, 3, 4</td>
</tr>
<tr>
<td>Assessed capabilities</td>
<td>1, 2, 3, 4, 7</td>
<td>1, 2, 3, 4, 7</td>
<td>1, 2, 3, 4, 5, 6, 7</td>
<td>1, 2, 3, 4, 5, 6, 7</td>
</tr>
</tbody>
</table>

END-OF-SEMESTER FINAL EXAMINATION

A two hour plus 10 minutes reading time end-of-semester final examination will be held during the MQ examinations period. To be eligible for an overall “pass” in the unit, students must achieve at least a “pass” result in this examination. This assessment task is included in the unit to assure that the product belongs to the student, and that the student has attained the knowledge and skills assessed in the examination.

The Macquarie University examination policy details the principles and conduct of examinations at the University. Further information is available at MQ website: www.mq.edu.au/policy/docs/examination/policy.htm. Students are expected to present themselves for examination at the time and place designated in the university examination timetable. A draft of the timetable should be available shortly after the mid-semester break. Further information is available a MQ website: www.timetables.mq.edu.au/exam. The only exception to not attempting this assessment task at its designated time is illness or unavoidable disruption. In these circumstances you may wish to consider applying for special consideration. Further information is available at MQ website: www.mq.edu.au/policy/docs/special_consideration/policy.html. If a supplementary examination is granted as a result of the special consideration process, it will be held sometime after the MQ examinations period.
**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:

1) all academic work claimed as original is the work of the author making the claim;
2) all academic collaborations are acknowledged;
3) academic work is not falsified in any way when the ideas of others are used;
4) these ideas are acknowledged appropriately.

Further information is available at MQ website: www.mq.edu.au/policy/docs/academic_honesty/policy.html.

**GRADES**

The results overall are determined by a committee and are not the sole responsibility of the unit convenor. MQ uses the following grades in coursework units of study: HD - *High Distinction*; D – *Distinction*; CR – *Credit*; P – *Pass* and F – *Fail*. **Note**: The grade - *Pass Conceded* – PC has been discontinued. MQ Academic Senate has a set of guidelines on the distribution of grades across the range from *Fail* to *High Distinction*. Further information is available at MQ website: www.mq.edu.au/policy/docs/grading/policy.html. The overall result includes a grade plus a Standardised Numerical Grade (SNG). **Note**: The SNG is not a summation of the raw marks of assessment tasks. To be awarded a specific grade, students are required to perform at an equivalent standard in the end-of-semester final examination and their overall assessment marks in the unit.

**GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING**

If performance in the unit has been below expectations, students can appeal a grade and/or view the end-of-semester final examination script. To avoid disappointment, carefully consider the grounds for appeal. Further information is available at MQ website: www.businessandeconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals.

**SPECIAL CONSIDERATION**

MQ is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, it 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. Further information is available at MQ website: www.mq.edu.au/policy/docs/special_consideration/procedure.html.
**IT CONDITIONS OF USE**

Access to all MQ IT facilities is restricted to student’s authorized coursework for approved units. Student ID cards must be displayed at all times. Students are expected to act responsibly when using MQ IT facilities. The following regulations apply to the use of computing facilities and online services:

1) Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not part of coursework for approved units are deemed inappropriate;

2) 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.

Violation of either of these conditions may result in disciplinary action without further notice. Note: Students must use their MQ email addresses to communicate with staff as it is MQ policy that the MQ issued email account is used for official communications.

**RESEARCH AND PRACTICE**

This introductory unit in corporate finance does not have a research component.

**DISCLAIMER**

While care has been taken in the preparation of this document, please report at first opportunity any non-trivial omissions and errors via e-mail to: accg253@mq.edu.au.

When required we seek to announce a timely correction at Learn.MQ Blackboard.
<table>
<thead>
<tr>
<th>Lecture Week</th>
<th>Calendar Week</th>
<th>Text Chapter for Lectures</th>
<th>Lecture Topic</th>
<th>Tutorial Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 Aug</td>
<td>1 &amp; 2</td>
<td><em>Introduction to unit and overview of assessment tasks.</em> Financial management, financial statements, taxes and cash flow</td>
<td>No tutorials</td>
</tr>
<tr>
<td>2</td>
<td>8 Aug</td>
<td>4 &amp; 5</td>
<td>Time value of money &amp; discounted cash flow valuation</td>
<td>Ch 1: None. Ch 2: 5-7-9-14-21-22 (For Q22, Find Cash Flow From Assets over Financial Year 2010).</td>
</tr>
<tr>
<td>4</td>
<td>22 Aug</td>
<td>7</td>
<td>Equity markets and share valuation</td>
<td><strong>Tutorial Class Test (5%)</strong></td>
</tr>
<tr>
<td>5</td>
<td>29 Aug</td>
<td>8</td>
<td>Net present value, other investment criteria</td>
<td>Ch 6: 1-10-25-27ab-30-33-35.</td>
</tr>
<tr>
<td>7</td>
<td>12 Sep</td>
<td></td>
<td><strong>Mid Semester Exam In Lectures (20%). Tutorials still on</strong></td>
<td>Ch 8: 2-9-14-15abde-20-21-32 (Also try Q12, but not examinable). Mid semester break</td>
</tr>
<tr>
<td>8</td>
<td>3 Oct</td>
<td></td>
<td>No Lectures or tutorials this week. Public holiday Monday 3 October.</td>
<td>No tutorials</td>
</tr>
<tr>
<td>9</td>
<td>10 Oct</td>
<td>10 &amp; 11</td>
<td>Risk and return, efficient markets hypothesis and brief capital market history</td>
<td>Ch 9: 1-14-24-25(not IRR)-22-27(not IRR).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Group assignment (15%), due Friday 21&lt;sup&gt;st&lt;/sup&gt; October at 12 Noon.</strong></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>7 Nov</td>
<td>14</td>
<td><em>Revision and overview of end-of-semester final examination</em></td>
<td>Ch 14: 3-7-8-13-16-17-18-19.</td>
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</tbody>
</table>