

ACFI2070: Business Finance

VLU 2024



THE UNIVERSITY OF
NEWCASTLE
AUSTRALIA

MISSION: To develop a unique business school identity which is distinctive in the marketplace and provides a clear value proposition for students. This will be achieved by embedding the themes of entrepreneurship and innovation, digitalisation and data within our programs and embracing sustainability, work integrated learning and a commitment to social justice.

OVERVIEW

Course Description

The key intent of business finance is to maximise firm value while reducing firm risk. Focused particularly in the context of the business entity, Business Finance introduces the theory and practice of securities markets, valuation, and execution of optimal investment decisions. Financial mathematics, security valuation techniques, investment goals, investment evaluation techniques, modern portfolio theory, the capital asset pricing model, dividend policies and cost of capital are included with the array of topics.

Contact Hours

Integrated Learning Session

Face to Face On Campus
2 hour(s) per Week for Full Term

Students are expected to complete 4 hours of guided learning via online preparation, lectures, interactive workshops, tutorials, discussion groups or self-directed learning and an additional 6 hours of independent study per week.

Unit Weighting

10

Assumed Knowledge & Pre-Requisites

Any Assumed Knowledge or Pre-Requisites for this course have been previously satisfied by the successful completion of courses within the approved student study plan.

Workload

Students are required to spend on average 120-140 hours of effort (contact and non-contact) including assessments per 10 unit course.

Course Learning Outcomes

On successful completion of this course, students will be able to:

1. Demonstrate a basic understanding of the theory of finance to facilitate the evaluation of investment, financing and dividend decisions of the firm;
2. Comprehend the fundamentals of capital budgeting as applied to the investment decision of a business;
3. Demonstrate a descriptive understanding of the pricing of risky assets;
4. Demonstrate the ability to calculate firms weighted average cost of capital and the effect of imputation tax; and
5. Comprehend the effect of dividend decision and identify the relevant factors that may affect this decision.

COURSE OUTLINE

www.newcastle.edu.au

CRICOS Provider
00109J

ASSESSMENT DETAILS

This course has 3 assessments. Each assessment is described in more detail in the sections below:

	Assessment Name	Due Date	Involvement	Weighting	Learning Outcomes
1	Mid-Semester Test	Week 6 - Students must sit for the mid-semester test at the allocated workshop in Week 6	Individual	25%	1, 2, 3, 4, 5
2	Individual Assessment	Day of workshop - Week 10 by 11:59 pm SGT	Individual	25%	
3	Final Examination	Formal Exam Period	Individual	50%	1, 2, 3, 4, 5

Please note: students are advised that all assessments must be submitted in English. Assessment items not submitted in English will receive a mark of zero.

Results of individual assessment items and final results, including those provided via the Learning Management System (LMS) are 'unofficial results' until they are confirmed as finalised by the School Assessment Body and the Head of School or delegate. Finalised results are released directly to students on the Fully Graded Date of the relevant Semester/Trimester.

Time referenced is time in Ho Chi Minh City, Vietnam

Late Submissions	The mark for an assessment item submitted after the designated time on the due date, without an approved extension of time, will be reduced by 10% of the possible maximum mark for that assessment item for each day or part day that the assessment item is late. Note: this applies equally to week and weekend days.
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Assessment 1 – Mid Semester Test

Assessment Type	In Term Test
Purpose	This is a formative and summative task, providing opportunity for individual review and feedback but also contributing a greater weighting towards final grades. Students apply and demonstrate critical thinking and problem-solving ability using business finance theory and/or key methods to identify and explain the most appropriate answer to each question.
Description	The test will comprise short-medium length questions requiring written answers and some multiple-choice questions. Calculations will be required. When undertaking the test, you must attend the designated time and venue.
Weighting	25%
Length	120 minutes
Due Date	Students must sit for the mid-semester test at the allocated workshop in Week 6.
Submission Method	In Class
Assessment Criteria	The questions will examine theoretical and practical/quantitative aspects of the requisite material and so calculations will be required in some questions. The test is intended to sample and assess your comprehension and competence with regards to key elements of the relevant topic material. You will be assessed upon the relevance, clarity and accuracy of your answers.
Return Method	In Class
Feedback Provided	In Class

Assessment 2 – Individual Assessment

Assessment Type	Written Assignment
Purpose	This task facilitates students understanding and application of securities valuation, optimal investment decisions and modern portfolio theory
Description	Students apply critical thinking and problem solving to answer four problem questions that require numerical calculation and clear written communication of results
Weighting	25%
Length	2000 words
Due Date	Day of workshop - Week 10 by 11:59 pm
Submission Method	Online - Turnitin (via CANVAS).
Assessment Criteria	The assignment will be graded against the following five (5) criteria: <ul style="list-style-type: none"> - Correct calculations.

- Depth and relevance of analysis.
- Logic and coherency in information evaluation and organisation.
- Demonstrated understanding of theory and relevant concepts
- Clarity of written expression in communicating outcomes

Return Method

Online

Feedback Provided

Marks and feedback will be returned to students on the assessment item within two weeks after the completion date.

Assessment 3 - Final Examination

Assessment Type

Formal Examination

Purpose

This is a summative assessment task. Students apply and demonstrate critical thinking and problem-solving ability using their acquired knowledge and skills in business finance theory and/or key quantitative methods included in the weekly topics, to identify and explain the most appropriate answer.

Description

The exam requires written answers to a range of short-medium length questions. There may be some multiple-choice questions or true/false questions. This course has a **RESTRICTED OPEN BOOK** examination. A memory aid is permitted. The memory aid is a single double sided A4 sheet of handwritten or typed notes for use during the examination. Note: memory aids must be left on the examination table and cannot be removed from the examination venue.

Weighting

50%

Length

120 minutes

Due Date

Formal Exam Period

Submission Method

Formal Examination

Assessment Criteria

The final exam will involve theoretical and practical components requiring written answers and is intended to assess your comprehension and abilities surrounding the course objectives and subject matter. You will be assessed upon the relevance, clarity and accuracy of your answers. All topics are examinable, even if they were included in the earlier quizzes or tests. All textbook reading materials, in-class materials and CANVAS course materials are examinable.

Return Method

Not Returned

Feedback Provided

No Feedback. Examination scripts will not be returned to students. Final examination scripts will be made available for review by students, upon request, in a controlled and monitored setting. Students are required to make requests, directly to the relevant course coordinator. Completed examination scripts are kept by the Newcastle Business School for a period of six (6) months only, from the relevant fully graded date. Requests made after the six (6) month period **cannot** be considered.

SYLLABUS

Course Content

Topics in the course include but are not limited to the following:

1. Consideration of the goals of organisations and investors
2. Investment evaluation techniques
3. Valuation of equity and debt securities
4. Computation of weighted average cost of capital
5. Effect of dividend policies
6. Relationship between risk and return
7. Portfolio theory
8. Asset pricing models

Course Materials

Required Text:

Ross, S.A., Westerfield, R.W., Jaffe, J. and Jordan, B.D. (2021) *Corporate Finance*, 13th ed. New York: McGraw Hill

ISBN: 9781265533199

Optional Text:

Peirson, G., Brown, R., Easton, S., Howard, P. and Pinder, S (2015) *Business Finance*, 12th ed. Sydney: McGraw-Hill.

ISBN: 9781743078976

An additional Readings list will be provided on the course CANVAS site.

SCHEDULE

Week	Topic	Class Preparation	Assessment
1	Module 1: Financial Mathematics 1 Discounted CF Valuation	Ross textbook: Chapter 4 (section 4.1 – 4.4), Chapter 8 (section 8.4)	
2	Module 1 (cont.): Financial Mathematics 2 Valuing Stocks and Bonds	Ross textbook: Chapter 8 (Section 8.1. and 8.5.), Chapter 9 (Section 9.1 – 9.4) Peirson textbook: Chapter 4 (Section 4.4)	
3	Module 2: Project Evaluation 1 (Introduction to Net Present Value; NPV and comparing the NPV approach with other methods of project evaluation)	Ross textbook: Chapter 5 (Section 5.1-5.7) Peirson textbook: Chapter 5 (Section 5.5)	
4	Module 2 (cont.): Project Evaluation 2 (A closer look at NPV e.g. comparing projects)	Ross textbook: Chapter 6 (Section 6.1 and 6.4)	
5	Module 2 (cont.) Project Evaluation 3 (A closer look at the confidence in your NVP-based decision)	Ross textbook: Chapter 7 (Section 7.1, 7.2 and 7.4)	
6	No workshop sessions this week Mid -Semester Test (Modules 1 & 2)		Assessment 1 due: Mid Semester Test.
7	Module 3: Modern Investment Theory 1 (Wealth, utility, return and risk)	Ross textbook: Chapter 10 (Section 10.4 and 10.5), Chapter 11 (Section 11.1 -11.3) Peirson textbook: Chapter 7 (Section 7.3)	
8	Module 3 (cont.) Modern Investment Theory 2 (Diversification, systematic risk and introduction to beta)	Ross textbook: Chapter 11 (Section 11.4 – 11.6)	
9	Module 3: (cont.) Modern Investment Theory (the pricing of assets)	Ross textbook: Chapter 11 (Section 11.7 – 11.9), Chapter 12 (Section 12.1-12.2)	
10	Module 4 (cont.) Introduction to Corporate Finance 1 Payout Policy	Ross textbook: Chapter 19 (Section 19.4 – 19.8)	Assessment 2 due: Individual assessment.
11	Module 4 (cont.) Introduction to Corporate Finance 1 (cont.) Payout Policy	Ross textbook: Chapter 13 (Section 13.1- 13.2, 13.5-13.8)	
12	Module 4: Introduction to Corporate Finance 2 Cost of Capital	Ross textbook: Chapter 19 (Section 19.1 – 19.3)	
13	Course and Exam Revision		

CONTACTS

School Offices

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Newcastle Business School – Callaghan, Newcastle City & Online

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ADDITIONAL INFORMATION

Grading Scheme

This course is graded as follows:

Range of Marks	Grade	Description
85-100	High Distinction (HD)	Outstanding standard indicating comprehensive knowledge and understanding of the relevant materials; demonstration of an outstanding level of academic achievement; mastery of skills*; and achievement of all assessment objectives.
75-84	Distinction (D)	Excellent standard indicating a very high level of knowledge and understanding of the relevant materials; demonstration of a very high level of academic ability; sound development of skills*; and achievement of all assessment objectives.
65-74	Credit (C)	Good standard indicating a high level of knowledge and understanding of the relevant materials; demonstration of a high level of academic achievement; reasonable development of skills*; and achievement of all learning outcomes.
50-64	Pass (P)	Satisfactory standard indicating an adequate knowledge and understanding of the relevant materials; demonstration of an adequate level of academic achievement; satisfactory development of skills*; and achievement of all learning outcomes.
0-49	Fail (FF)	Failure to satisfactorily achieve learning outcomes. If all compulsory course components are not completed the mark will be zero. A fail grade may also be awarded following disciplinary action.

*Skills are those identified for the purposes of assessment task(s).

Communication Methods

Communication methods used in this course include:

- CANVAS Course Site: Students will receive communications via the posting of content or announcements on the CANVAS course site.
- Email: Students will receive communications via their student email account.
- Face to Face: Communication will be provided via face to face meetings or supervision.

Course Evaluation

Each year feedback is sought from students and other stakeholders about the courses offered in the University for the purposes of identifying areas of excellence and potential improvement.

Oral Interviews

As part of the evaluation process of any assessment item in this course an oral examination may be conducted. The purpose of the oral examination is to verify the authorship of the material submitted in response to the assessment task. The oral examination will be conducted in accordance with the principles set out in the [Oral Examination Guidelines](#). In cases where the oral examination reveals the assessment item may not be the student's own work the case will be dealt with under the [Student Conduct Rule](#).

Academic Misconduct

All students are required to meet the academic integrity standards of the University. These standards reinforce the importance of integrity and honesty in an academic environment.

**Adverse
Circumstances**

Academic Integrity policies apply to all students of the University in all modes of study and in all locations. For the Student Academic Integrity Policy, refer to <https://policies.newcastle.edu.au/document/view-current.php?id=35>.

The University acknowledges the right of students to seek consideration for the impact of allowable adverse circumstances that may affect their performance in assessment item(s). Applications for special consideration due to adverse circumstances will be made using the online Adverse Circumstances system where:

1. the assessment item is a major assessment item; or
2. the assessment item is a minor assessment item and the Course Co-ordinator has specified in the Course Outline that students may apply the online Adverse Circumstances system;
3. you are requesting a change of placement; or
4. the course has a compulsory attendance requirement.

Before applying you must refer to the Adverse Circumstances Affecting Assessment Items Procedure available at:

<https://policies.newcastle.edu.au/document/view-current.php?id=236>

**Important Policy
Information**

The 'HELP for Students' tab in UoNline contains important information that all students should be familiar with, including various systems, policies and procedures.

This course outline was approved by the Head of School. No alteration of this course outline is permitted without Head of School approval. If a change is approved, students will be notified and an amended course outline will be provided in the same manner as the original.

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