

# MAF101 Fundamentals of Finance

## Semester 2, 2005

### Unit Guide

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#### Unit overview

##### Nature of the unit

This unit aims to provide you with an introductory knowledge of personal and corporate money management. The unit will discuss some major areas of finance such as the time value of money and the concepts of risk and return. Various techniques involved in finance and how these techniques can be used in investment decision making for the share, property and debt markets, in the local and international context will also be covered.

##### Learning objectives

The unit aims to give the students:

- a basic understanding of the dynamic world of domestic and international financial markets
- an understanding of the concepts of risk and return and the interrelationship between the two concepts
- an appreciation of the concept of time value of money and the financial mathematics associated with basic everyday financial decision-making
- knowledge of where different entities, (individuals, and businesses) can access different types of finance for investing decision and for borrowing purposes
- an introduction to different investment areas: stock market, property and the debt market
- an understanding of how foreign exchange markets work
- an understanding of the financial planning process.

##### Prerequisites

There are no unit prerequisites for MAF101.

##### Content

Topics to be addressed in this unit include:

- Introduction to the finance, financial markets, investing decisions and taxation
- Risk and return
- The mathematics involved in financial decision making
- The role of the Financial Services industry and its major participants
- Investing in the three main areas of shares, property and fixed income securities
- Foreign exchange
- An introduction to the process of financial planning.

## The Deakin Advantage

Deakin University aims to ensure that undergraduate courses provide educational experiences designed to develop an appropriate level of expert knowledge of a field of study and the attributes, including skills and personal qualities, that will serve graduates in their lives beyond graduation. The University is progressively accrediting its undergraduate courses to ensure that they explicitly develop and assess (to the extent possible) the attributes of a Deakin graduate, known as the Deakin Advantage:

- an understanding of, and the ability to work with, a systematic body of knowledge in their major field or fields of study, based on the highest standards of scholarship and research, to a level of mastery appropriate to the level of award
- an understanding of the professional, industrial and social contexts at a standard appropriate to the discipline area and level of award
- the ability to identify, gather, retrieve and operate on textual, graphical and numerical information at a standard appropriate to the discipline area and level of award
- a good standard of oral and written communication and presentation
- a capacity for teamwork and collaboration
- an ability for critical thinking, analysis and problem solving
- organisational and personal management skills
- information technological literacy
- a capacity for lifelong learning and an appreciation of its necessity
- an understanding of ethics, social responsibility and cultural sensitivity
- an understanding of international perspectives and competence in a global environment
- an understanding of the principles and applications of sustainable development.

## Learning environments/Learning approach

There are many cohorts of students enrolled in this unit. A significant number of students study this unit 'off campus' and many students attend on campus at Burwood, Geelong and Warrnambool while other students attend classes at twinning partners in Singapore and Malaysia and by special arrangement through a number of TAFE colleges.

For on-campus students there will be weekly lectures and a tutorial, and for off-campus students flexible learning materials will be provided either in print or through electronic resources. All students will communicate electronically with staff and fellow students using the computer mediated conferencing system (DSO).

## Student evaluation and unit changes

At the end of this unit you are strongly encouraged to complete the Student Evaluation form. Information about this is located at [http://www.deakin.edu.au/unit\\_eval/](http://www.deakin.edu.au/unit_eval/). We take your feedback and evaluation very seriously, and as a result of previous feedback a number of changes have been made to this unit: for example the separation of the unit to topics for ease of use on DSO.

## Using DSO while studying MAF101

Using DSO while studying MAF101 may be different to other units that you have studied.

Students attending on campus will have the opportunity to attend face-to-face classes however this unit is run by the unit team in a collaborative manner and all students will communicate electronically with staff and fellow students using the computer mediated conferencing system. There will be a series of folders either campus or topic folders.

If a question relates to your **own campus** please leave the question in the **campus admin folder**.

If the **question relates to the study materials** then please leave the question in the **topic discussion folder**. Questions in the topic discussion folders will be answered by different members of staff, as follows: Topic 1 – Jenny Betts, Topic 2 – Jenny Betts, Topic 3 – Tony Van Eekelen, Topic 4 – Tony Van Eekelen, Topic 5 – Bill Dimovski, Topic 6 – Tony Van Eekelen, Topic 7 – Jenny Betts.

If the **question relates to one of the assessment tasks** then please leave the question in one of the Assignment folders or the Exam folder. There is a folder called “**Test**” for discussion etc. and “**Assignment**” for discussion etc and one called “**Exam**” for discussion etc.. The unit team for MAF101 has adopted an open and transparent process for assessment. This means that all questions regarding assessment must be left in one of the above folders. This will ensure that all students have access to the same information.

We have provided a folder in DSO for Calculator self-help. We are unable to teach you how to use your calculator so if the use of a calculator for the content of topics two and three is new to you, we suggest that you seek out someone to assist you to use your calculator. We have created a “**Calculator Self-help**” folder for student-to-student contact for assistance. This folder will not be monitored by your lecturers.

If your **question relates to a personal matter** you may communicate with your lecturer through **email, telephone or office visit**. Contact details are provided later in this unit outline.

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## Learning resources

### Prescribed textbooks

The prescribed textbook for this unit is:

Ross, SA, Westerfield, RW & Jordan, BD 2004, *Essentials of Corporate Finance*, 4th edn, McGraw-Hill/Irwin, New York.

To order textbooks, reference books, general books and software from Unitexts, you can choose from the following options:

- phone 1800 686 681 (freecall) for fast processing of your order
- email to [unitexts@deakin.edu.au](mailto:unitexts@deakin.edu.au)
- order online from the Unitexts website at <http://www.unitexts.deakin.edu.au>.

Payment by Bankcard, Visa or Mastercard. All orders are processed and sent via fast courier delivery to your door.

If you require further information please phone **(03) 5563 3212**.

## Study Guide/Readings

The Study Guide provides a guide to the unit topic-by-topic or module by module. Readings may be provided for some or all topics.

- Deakin University MAF101 *Fundamentals of Finance* Study Guide

These learning resources are available online in the Resources area in the unit's area in DSO or in printed form from Unitexts.

The materials are provided in hardcopy form to off-campus students. If you do not receive materials provided by Deakin you can contact the Course Materials Hotline:

- phone **1800 242 251** (freecall)
- email to [coursematerials@deakin.edu.au](mailto:coursematerials@deakin.edu.au).

## Suggested answers

All students will have access to solutions to exercises identified in the study guide via the Resources area of DSO.

## Calculator

It is recommended that you have a financial calculator like a Sharp EL 735 which can then also be used in the exam at the end of the semester.

## Further resources

University specifications for online communication and computer standards are listed in the University Handbooks.

## Other resources

- The Deakin Learning Toolkit contains a number of resources that may be useful for this unit:
  - web browsers and other software
  - information about the Library.
- Other references:
  - Brealey, R & Myers, S 2003, *Principles of Corporate Finance*, 7th edn, McGraw-Hill, New York.
  - Peirson, CG, Brown, RL, Euston, S & Howard, P 2002, *Business Finance*, 8th edn, McGraw-Hill, Sydney.

Other references such as newspaper and magazine articles, and internet pages will be made available in Deakin Studies Online.

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## Staff and contact details

Students should be encouraged to make telephone, email or facsimile contact only during the staff members nominated consultation times, or by prior arrangement with the staff member. At other times, they should be asked to use DSO as this is the preferred medium for (non-confidential) academic discussion.

### Unit chair

Dr. Bill Dimovski  
Geelong campus  
Telephone: (03) 5227 2560  
email: [wd@deakin.edu.au](mailto:wd@deakin.edu.au)

### Other teaching staff

Mr Tony Van Eekelen  
Room 420, Building D  
Burwood campus  
Telephone: (03) 9244 6174  
email: [tveek@deakin.edu.au](mailto:tveek@deakin.edu.au)

Ms Jenny Betts  
Warrnambool campus  
Telephone (03) 5563 3254  
email: [bettsj@deakin.edu.au](mailto:bettsj@deakin.edu.au)

### Development team

Bill Dimovski (Unit Chair)

Jenny Betts

Kannan Thuraisamy

Antonie Van Eekelen

### Administrative queries

Queries relating to administrative matters should be addressed, in the first instance, to a student adviser, staff at the Faculty Office, Student, Administration Group Manager or the Faculty Registrar. Inquiries can be made via email to:

- [enqblm@deakin.edu.au](mailto:enqblm@deakin.edu.au) (for undergraduate students at Burwood)
- [enqbuslaw-g@deakin.edu.au](mailto:enqbuslaw-g@deakin.edu.au) (for undergraduate students at Geelong)
- [enqblw@deakin.edu.au](mailto:enqblw@deakin.edu.au) (for undergraduate students at Warrnambool)
- [postgrad-students@deakin.edu.au](mailto:postgrad-students@deakin.edu.au) (for all postgraduate students).

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## Assessment

It is very important that you are familiar with the contents of this whole section on 'Assessment'.

### Assessment tasks

Test due (note 1)	Week commencing 29 August 2005	10%
Assignment due (note 2)	Monday 3 October 2005	20%
Final examination (note 3)	Period commencing 31 October 2005	70%

Please refer to the assessment information below and also to Test 1, Assignment 1 and Exam Outline for further information.

#### Note 1:

The test will cover topics 1, 2 and 3. Please see the assessment document for further instructions and dates. This document will be posted on DSO.

#### Note 2:

The assignment will require you to answer questions related to Topic 5. Disted and TMC students will submit this assignment electronically and TAFE students will submit a printed copy. On campus students will submit a paper copy and also submit electronically. This assignment will be prepared in a group.

#### Note 3:

The final exam will be 'closed book' but you will be provided with the formula sheet.

### Determination of final grade

To pass this unit **students must pass the final exam AT A PERCENTAGE TO BE DETERMINED APPROPRIATE by the assessment panel AND achieve a final TOTAL score of at least 50 for ALL items of assessment (out of 100).**

University policy requires that a mark of 45% be recorded where a student has achieved marks totalling 45% or greater in a unit, but has failed to meet a published requirement which is necessary for a pass in the unit. That is, **failure to pass the final exam (at a percentage to be determined appropriate by the unit panel) will result in a mark of 45 and a fail grade** being recorded.

Note that the assessment panel for this unit will endeavour to set assessment tasks that are of an appropriate standard and comparable to the standards set in other offerings of the unit. The faculty has guidelines and procedures to assist assessment panels set appropriate standards of assessment; these allow marks to be rescaled if necessary. Thus, raw marks in the unit may be rescaled so that the overall assessment is at an appropriate standard. Any such rescaling will be carried out for all students in the unit irrespective of their class, location or mode of study and will not alter the rank ordering of students.

## Assignment submission rules

- 1 The assignment is to be submitted online in DSO in an area specified. **YOU MUST ENSURE THAT YOU HAVE SUBMITTED YOUR FILE CORRECTLY.**
- 2 For DISTED and TMC students the assignment must be submitted electronically. Please see the assessment document for details. Students at TAFE colleges cannot submit electronically but must submit a printed copy.
- 3 A copy of the Faculty Assignment Attachment Sheet must be completed and attached with any assignment submitted. This sheet is available from the Faculty offices or online.
  - Hardcopy submissions: A printed copy of the sheet must be attached to the submission form.
  - Off-campus students must attach the sheet provided with their course materials.
  - Electronic submissions: An electronic version of the sheet must be submitted online (instructions will be provided).
- 4 Assignments are on time if they are submitted ONLINE on the DUE date.
  - On-campus students must submit the printed version at the Faculty office by the due date
  - Off-campus students must mail their submission on or before the due date. Assignments must be mailed to:  
  
Assignment Tracking  
AASD  
Deakin University  
Waurn Ponds, VIC., 3217.
- 5 Remote students: A student is classified as remote if they are living in a place where it takes more than three days for mail to reach Deakin University, Geelong, for example overseas in certain locations. If you are a remote student, you may submit your assignment by email or fax. Submission Details:  
  
Email: [award-assign@deakin.edu.au](mailto:award-assign@deakin.edu.au)  
Fax (Aust): 03 5227 2344  
Fax (International): + 61 3 5227 2344.  
  
If you are a remote student and submit via email, you will receive a reply from the Assignment Tracking staff upon receipt of your assignment. Please clearly state your Name, Student ID Number, Unit Code and Assignment Number on the email. It is also recommended that you place this information on your assignment as a Footer or Header. The Assignment Tracking staff will print your assignment and place an Assignment Attachment Form onto your assignment. It will then be tracked and sent to your assessor for marking the same day. When returning the assignment, the assignment will be sent by normal postage and not via email. Please do not post another version in the mail if you email or fax in your assignment.
- 6 No extensions will be considered for assignment submission.
- 7 Assignments submitted late will not be marked.

## Return of marked assignments and requests for reviews

Your assignment will be marked, commented upon and despatched back to you within 15 working days of the submission date.

Please note that before results are returned to you, the teaching team will have applied methods to ensure that the standards by which your work has been assessed are the same for all students enrolled in the unit.

You may request additional information from assessors or checks on addition or recording errors within 15 working days after your results have been returned to you. You can contact the unit chair/coordinator directly, or use the 'Administrative Review of Result' form available from the Faculty office.

You may apply for a review of result using the form available from the faculty campus office at any time up to ten working days after the release of final results for the unit. Such applications are first considered by the Faculty Academic Progress and Disciplinary Committee, and you will be notified within five days of the committee's decision.

## Special consideration

If you consider that your assessment was or is likely to be adversely affected by serious and exceptional circumstances beyond your control, you may apply for special consideration. Grounds can be medical, compassionate or hardship/trauma. A form is available from the Faculty office. Special consideration is not normally intended for assignments and other forms of continuous assessment during the semester—you should apply to the unit chair/coordinator for an extension in such cases.

Applications for special consideration must be made no later than three days after the due date of the assessment task. They are referred to the relevant unit chair or nominee for determination and the outcome is notified within 10 working days of the application or before publication of final results for the unit.

## Plagiarism and other academic offences

Plagiarism is the copying of another person's ideas or expressions without appropriate acknowledgment and presenting these ideas or forms of expression as your own. It includes not only written works such as books or journals but data or images that may be presented in tables, diagrams, designs, plans, photographs, film, music, formulae, web sites and computer programs. Plagiarism also includes the use of the work of lecturers or other students as your own without acknowledgment.

Intention to cheat is irrelevant in determining whether plagiarism has occurred – if you pass off the work of others as your own without acknowledgement, then you have offended, whether you knew you were doing it or not. Even the 'George Harrison defence' is irrelevant in determining if plagiarism has occurred. George's explanation for 'My Sweet Lord' sounding like 'He's So Fine' as recorded by the Chiffons in 1962 was 'I did not knowingly copy another's work—it was just in my head so that I assumed it was original'. George still plagiarised.

Plagiarism is not limited to the direct copying of another person's work. For example, paraphrasing the work of someone else is still considered to be plagiarism if you do not provide appropriate acknowledgment of the source of the ideas.

The University regards plagiarism as an extremely serious academic offence. As detailed in Part 2 of Regulation 4.1(1) Student Discipline, the penalties associated with plagiarism can be one of the following:

- a reprimand
- a fine not exceeding \$500
- a zero mark in the relevant task or such other mark as is appropriate
- a zero mark in the relevant unit or such other mark as is appropriate
- a zero mark in such other units in which the student is enrolled as the Faculty Academic Progress and Discipline Committee may determine
- a suspension from studies for up to one year
- an exclusion for a minimum period of one year.

You should also be aware that there are laws in place to protect the ideas and expressions (i.e. the intellectual property) of individuals and/or groups and their right to be attributed as the authors of their work. These are known as 'copyright' and 'moral rights' and are included in the Copyright Act. Plagiarism offences may also be breaches of the Copyright Act and students may be subject to penalties independent of the University's regulations and procedures.

It is important to realise, however, that it is certainly not an offence to use the work of others in your work. On the contrary—a well-constructed essay or report should normally refer to and build on the work of others for positioning, supporting and strengthening your work and advancing knowledge. Plagiarism occurs when due recognition and acknowledgement of the work of others is not provided. Therefore, whenever you are using another person's research or ideas (whether by direct quotation or by paraphrasing) you must appropriately cite the source. If you are ever in doubt about the most appropriate form of referencing, you should consult your lecturer or Student Life.

Teaching teams will use a variety of methods to detect plagiarism, and some units may require that you submit your work to a system that can check your work for possible plagiarism.

Unauthorised collaboration is a related offence. Unauthorised collaboration involves working with others with the intention of deceiving examiners about who actually completed the work. For example, if a student willingly allows another student to copy their work for an individual assessment task, that would constitute collusion and both students may have committed an academic offence under Regulation 4.1(1). If there has been any collaboration in preparing individual assessment items, this must be disclosed. In the case of group project work, lecturers provide guidelines on what level of collaboration is appropriate and how the work of each participant in the project is to be assessed. If you have any doubt about what constitutes authorised and unauthorised collaboration you should consult your lecturer.

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## **Academic skills—understanding academic requirements**

### **Writing style requirements**

Written assessment tasks can vary from unit to unit and even within one unit. It is important that you understand what is required of a particular writing style to maximise your chances of academic success. Examples of writing styles used for assessment in the Faculty of Business and Law include assignments, essays, case studies and reports.

The following link to the Student Life website provides instruction on all of these different writing styles: <[www.deakin.edu.au/studentlife/academic\\_skills/undergraduate/index.php](http://www.deakin.edu.au/studentlife/academic_skills/undergraduate/index.php)>.

## Referencing requirements

Referencing involves acknowledging original sources of information when producing written work. By referencing correctly, you not only give weight to any arguments or statements made in your work, but also avoid plagiarism.

**Undergraduate and Postgraduate Course Students.** The following links to the Student Life website provides a comprehensive guide on 'How to Reference Your Writing' (downloadable):

<[www.deakin.edu.au/studentlife/academic\\_skills/undergraduate/handouts/reference.php](http://www.deakin.edu.au/studentlife/academic_skills/undergraduate/handouts/reference.php)>

<[www.deakin.edu.au/studentlife/academic\\_skills/postgraduate/handouts/reference.php](http://www.deakin.edu.au/studentlife/academic_skills/postgraduate/handouts/reference.php)>.

The following Library website provides a virtual tutorial on referencing and has an online quiz:

<[www.deakin.edu.au/library/tutorials/smartsearcher/](http://www.deakin.edu.au/library/tutorials/smartsearcher/)>.

## Exam Preparation

Examinations are an important part of assessment for most units in the Faculty of Business and Law. It is imperative that you learn how to prepare for an examination and how to best use your time during an examination so that you can attain academic success.

The following links to the Student Life website provides valuable information about how best to prepare and sit for an examination:

<[www.deakin.edu.au/studentlife/academic\\_skills/undergraduate/handouts/exams.php#](http://www.deakin.edu.au/studentlife/academic_skills/undergraduate/handouts/exams.php#)>

<[www.deakin.edu.au/studentlife/academic\\_skills/postgraduate/handouts/exams.php#](http://www.deakin.edu.au/studentlife/academic_skills/postgraduate/handouts/exams.php#)>.

## Research skills

The library provides many resources to support your research. See

<[www.deakin.edu.au/library/findout/research/](http://www.deakin.edu.au/library/findout/research/)>.

Information about research skills specific for the School of Law can be found at

<[www.law.deakin.edu.au/research/index.htm](http://www.law.deakin.edu.au/research/index.htm)>.

## Further Information

The Division of Student Life provides free on-campus academic skills workshops including: Organising and Time Management Skills; English Language Class; How to Avoid Plagiarism; Working in Groups; Your First Assignment; Lectures and Tutorials; and Writing University Assignments. See the following website for further details and dates of workshops:

<[www.deakin.edu.au/studentlife/academic\\_skills/oncampus\\_workshops/index.php](http://www.deakin.edu.au/studentlife/academic_skills/oncampus_workshops/index.php)>.

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## Unit planner and lecture schedule

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Week commencing	Topic no.	Tutorial number*	Lecture/Topic title
18 July	1	No tutes	Introduction to Finance
25 July	2	1	Financial Mathematics
1 Aug	2	2	Financial Mathematics
8 Aug	3	3	Risk and Return
15 Aug	3	4	Risk and Return
22 Aug	5	5	Investing–Shares & Property
29 Aug		Revision	TEST to be conducted during this week
5 Sept	5	6	Investing–Fixed income and managed funds
12 Sept	4	7	Financial Services Industry - Banking
19 Sept	4	8	Financial Services Industry - Insurance
26 Sept			Intra Semester Break
3 Oct	6	9	Foreign Exchange
10 Oct	7	10	Financial Planning
17 Oct		11	Revision
24 Oct			Study period
31 Oct			Examinations commence

\* For tutorial number please see next table.

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## Tutorial program

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Tutorial	Topic	Questions to be attempted by students	Questions likely to be discussed
Tutorial 1	Topic 1	Q1.1 to Q1.13	1.1a, 1.3, 1.4, 1.5, 1.6, 1.10, 1.11, 1.12
Tutorial 2	Topic 2 (Part I)	Q 2.1 to Q 2.27	2.1c, 2.5, 2.8, 2.15, 2.16b, 2.20, 2.24, 2.27
Tutorial 3	Topic 2 (Part II)	Q 2.28 to Q 2.44	2.28, 2.31, 2.33, 2.34, 2.36, 2.39, 2.43, 2.44
Tutorial 4	Topic 3 (Part I)	Q 3.1 to Q 3.4	3.1, 3.3, 3.4,
Tutorial 5	Topic 3 (Part II)	Q 3.5 to Q 3.9	3.5, 3.6, 3.7, 3.8, 3.9
Tutorial 6	Topic 5 (Part I)	Q 5.1 to Q 5.13	5.1,5.2, 5.5, 5.6, 5.9, 5.10, 5.11, 5.12, 5.13
Tutorial 7	Topic 5 (Part II)	Q 5.14 to Q 5.17Q 5.18 to Q 5.23	5.14, 5.15, 5.16, 5.17, 5.18, 5.19, 5.20, 5.21, 5.22, 5.23.
Tutorial 8	Topic 4 (Part I)	Q 4.1 to Q 4.11	4.4, 4.5, 4.6, 4.7, 4.8,
Tutorial 9	Topic 4 (Part II)	Q 4.12 to Q 4.15 & Review Qs	4.12, 4.13, R4.4, R4.6, R4.7, R4.8, R4.9
Tutorial 10	Topic 6 (Part I)	Q 6.1 to Q 6.10	6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8
Tutorial 11	Topic 7 (Part I)	RQ 7.1 to RQ7.8	7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8

**Note: ALL students are expected to attempt ALL questions. The selection above will be covered in class time. ALL questions are of equal importance however for students studying on campus, it is not possible to cover all questions in a one-hour class**