

Finance

Second year

In addition to the individual subject prerequisites, students must have completed or gained credit for at least 75 level-1 points before they will be permitted to enrol in any of the level-2 (second year) subjects listed below.

333-201 Business Finance

Note: During the Summer Semester, this subject is only offered on a fee-paying basis. See your home faculty for a fee schedule.

Credit points: 12.5

HECS-band: 2

Coordinator: Mr I O'Connor

Prerequisites: 306-104 Accounting 1B or 306-102 Accounting Concepts, and 316-130 Quantitative Methods 1.

Contact: Semester 1 and 2: Two 1-hour lectures and a 1-hour tutorial per week; Summer Semester: One 2-hour lecture and a 2-hour tutorial/workshop two days per week for four weeks (*Semester 1, repeat 2, Summer*).

Description: Topics include basic institutional knowledge of the Australian finance sector and an introduction to the theory of pricing of risky assets, focusing on the Capital Asset Pricing Model; fundamentals of capital budgeting, including methods of allowing for inflation, the term structure of interest rates, and the treatment of risk; instruments of corporate funding; the theory and practice of capital structure and dividend policy decisions; and an introduction to complex financial instruments such as options and futures.

Assessment: A 3-hour end-of-semester examination (70%), a 1-hour mid-semester test (20%) and weekly tutorial assignments totalling not more than 1500 words (10%).

Prescribed texts: G Peirson, R Brown, S Easton and P Howard, *Business Finance*, McGraw-Hill, 8th edn, 2002.

333-202 Management of Financial Institutions

Note: Students may not gain credit for both 333-202 Management of Financial Institutions and 333-305 Management of Financial Institutions or 306-305 Management of Financial Institutions.

Credit points: 12.5

HECS-band: 2

Coordinator: Ms R Brown

Prerequisites: 333-201 Business Finance

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: This subject aims to develop an understanding of the unique nature of financial institutions and their role in the financial system. Topics covered include measuring performance, products and pricing, regulation, the existence or non-existence of economics of scale and scope, the risks faced by financial institutions and risk management techniques used. Topical issues such as mergers between banks are discussed.

Assessment: A 3-hour end-of-semester examination (70%) and internal assessment which may consist of an assignment and mid-semester test (30%). To pass the subject students must pass the end-of-semester examination.

333-203 Personal Financial Management

Note: Students may not gain credit for both 333-203 Personal Financial Management and either 333-312 Personal Financial Management or 306-312 Personal Financial Management.

Credit points: 12.5

HECS-band: 2

Coordinator: Mr C Scott

Prerequisites: 333-201 Business Finance

Contact: One 2-hour lecture and a 1-hour tutorial per week (*Semester 2*).

Description: This subject is aimed at students envisaging a career as a financial adviser, and also provides a basis for future personal financial decision making. The role of the human life cycle upon personal financial requirements; the role of financial advisers in constructing an appropriate personal financial policy. Alternative investment options and sources of finance (including analysis of risk and effective return), with particular attention to retirement planning and the impact of taxes and government incentives.

Assessment: A 3-hour end-of-semester examination (80%) and assignments totalling not more than 2000 words (20%).

Third year

In addition to the individual subject prerequisites, students must have completed or gained credit for at least 175 level-1 and level-2 points before they will be permitted to enrol in any of the level-3 (third year) subjects listed below.

333-301 Investments

Note: Students may not gain credit for both 333-301 Investments and either 306-331 Investments or 300-334 Financial Mathematics III.

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised

Prerequisites: 333-201 Business Finance and one of 316-205 Introductory Econometrics, 316-206 Quantitative Methods 2 or 620-202 Statistics.

Contact: Three hours per week (*Semester 1, repeat 2*).

Description: This subject is an introduction to investment analysis, with emphasis on equity securities and fixed interest securities. The topics covered focus on issues fundamental to financial managers, money managers, risk managers, financial advisers and regulators. These topics include fundamental ideas in asset pricing; modern portfolio theory and its applications; equilibrium theories of asset pricing; portfolio performance evaluation, empirical evidence on security returns; key issues in pricing fixed interest securities, including credit risk; theories of the term structure of interest rates; techniques in fixed interest portfolio management and the pricing of swaps and its applications.

Assessment: A 3-hour end-of-semester examination (80%) and either assignments totalling not more than 2000 words or a 1-hour mid-semester test as advised by the lecturer in charge at the beginning of semester (20%).

333-302 Corporate Finance

Note:

- During the Summer Semester, this subject is only offered on a fee-paying basis.
- Students may not gain credit for both 333-302 Corporate Finance and 306-309 Corporate Finance.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr S Pinder

Prerequisites: 333-201 Business Finance and one of 316-205 Introductory Econometrics, 316-206 Quantitative Methods 2 or 620-202 Statistics.

Contact: Three hours per week (*Semester 1, repeat 2, Summer*).

Description: This subject extends the analysis of capital budgeting, capital structure, dividend policy and corporate risk management to the treatment in Business Finance. Topics include the effect of the dividend imputation system of taxation on dividend policy, capital structure and capital budgeting; a comprehensive analysis of corporate acquisitions and restructuring; a detailed examination of alternative funding mechanisms including leases and hybrid securities; and a discussion of current issues of interest in Australian corporate finance.

Assessment: A 3-hour end-of-semester examination (80%) and a 1-hour mid-semester test (20%).

333-303 International Finance

Note: Students may not gain credit for both 333-303 International Finance and 306-311 International Finance.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr I Otchere

Prerequisites: 333-201 Business Finance and one of 316-205 Introductory Econometrics, 316-206 Quantitative Methods 2 or 620-202 Statistics.

Contact: Two 1-hour lectures and one 1-hour tutorial per week (*Semester 1*).

Description: Topics include concepts, operation and terminology of foreign exchange markets: international investment decision-making; sources of and approaches to dealing with foreign exchange exposure; political risk; and international funding mechanisms and decision making in multinational business organisations.

Assessment: A 3-hour end-of-semester examination (80%) and assignment(s) totalling not more than 2000 words (20%). Satisfactory completion of this subject requires a 50% pass in the end-of-semester examination.

333-304 Asian Capital Markets

Note: Students may not gain credit for both 333-304 Asian Capital Markets and 306-314 Asian Capital Markets.

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor K Sawyer

Prerequisites: 333-201 Business Finance and one of 316-205 Introductory Econometrics, 316-206 Quantitative Methods 2 or 620-202 Statistics.

Contact: One 3-hour seminar per week (*Semester 2*).

Description: This subject introduces the study of exchange, equity, derivative and bond markets, macroeconomic settings and corporate valuations across the Asia region with specific reference to individual countries. Some seminar presentations will be given.

Assessment: A 3-hour end-of-semester examination (70%) and assignments totalling not more than 3000 words (30%).

333-307 Real Estate Finance

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor G Schwann

Prerequisites: 333-201 Business Finance.

Contact: Three hours per week (*Semester 2*).

Description: Real estate is the largest asset class in the investment universe. It consists of everything from the single-family home to real estate-backed derivative products. This course introduces the specialised economic and financial principles needed for portfolio and investment decision-making for this diverse asset class. Potential topics include techniques in real estate financing, the choice of discount rates, capital structure in residential and commercial real estate markets, innovations in real estate financing, the microstructure issues in real estate markets, contingent claims and real options in real estate markets, lease contracts and the valuation of options imbedded in leases.

Assessment: A 3-hour end-of-semester examination (70%) and assignments totalling not more than 5000 words (30%).

333-308 Finance for New Ventures

Credit points: 12.5

HECS-band: 2

Coordinator: Dr A Gyga

Prerequisites: 333-201 Business Finance

Contact: Three hours of lectures/seminars per week (*Semester 1*).

Description: Issues associated with financing entrepreneurial ventures, and the valuation and investment issues associated with new ventures. Major topics include investment analysis, financing the new venture, harvesting, and renewal in the entrepreneurial firm. The course covers entrepreneurial finance, venture capital and general principles of investing in high (biotechnology, information technology, e-business) and low technology.

Assessment: A 3-hour end-of-semester examination (70%) and written assignments totalling not more than 3000 words (30%).

333-309 Derivatives Securities

Credit points: 12.5

HECS-band: 2

Coordinator: Dr J Handley

Prerequisites: 333-201 Business Finance and one of 316-205 Introductory Econometrics, 316-206 Quantitative Methods 2 or 620-202 Statistics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: Futures and forwards: the mechanics of trading, price determination, hedging strategies. Swaps: definition and valuation. Options: payoffs, arbitrage bounds, trading strategies, the binomial model, the Black-Scholes model and its relationship to the binomial, hedging, American options and dividends, options on futures, limitations of the binomial and Black-Scholes Models.

Assessment: A 3-hour end-of-semester examination (70%) and a 1-hour mid-semester test (30%).

Prescribed texts: J C Hull, *Fundamentals of Futures and Options Markets*, 4th edn.

Fourth-year honours

The following subjects are available only to those admitted to the honours degree unless special approval is granted by the Head of the Department of Finance.

333-401 Advanced Corporate Finance

Note: Students may not gain credit for both 333-401 Advanced Corporate Finance and 306-401 Financial Management.

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised

Prerequisites: 333-302 Corporate Finance.

Contact: One 3-hour seminar per week (*Semester 2*).

Description: This subject introduces a study of recent literature in a number of areas of financial management. Topics include real options, mergers and acquisitions, capital structure decisions, dividend policy, security analysis and design, and corporate hedging.

Assessment: A 3-hour end-of-semester examination (70%) and assignments totalling not more than 3000 words (30%).

333-402 Advanced Investments

Note: Students may not gain credit for both 333-402 Advanced Investments and 306-463 Advanced Finance.

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised

Prerequisites: 333-301 Investments

Contact: Three hours of lectures and seminars per week (*Semester 1*).

Description: The principles and techniques of security pricing with particular emphasis on the latest research are examined. Topics include valuation, market microstructure, funds performance, initial public offerings, and asset pricing.

Assessment: A 3-hour end-of-semester examination (70%), assignments totalling not more than 5000 words and seminar presentations (30%).

333-403 Numerical Techniques in Finance

Note: Students may not gain credit for both 333-403 Numerical Techniques in Finance and 306-468 Numerical Techniques in Finance.

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised.

Prerequisites: 333-301 Investments.

Contact: Three hours of lectures and workshops per week (*Semester 1*).

Description: Topics include the use of Microsoft *Excel* at an advanced level, including the use of inbuilt functions and data modelling tools such as Goalseek and Solver; programming in Microsoft *Visual Basic for Applications*, including the writing of functions and subroutines, interface design and output generation; computer accuracy, stability and convergence; interpolation and approximation procedures; methods of numerical search, Monte Carlo methods; numerical integration techniques; and solution methods for systems of equations. Applications include models of the term structure of interest rates, option pricing, valuation of bond options, implied option volatility, the dynamics of portfolio insurance programmes, portfolio simulation, portfolio optimisation, the composition of stock plus warrant packages of known value, determination of internal rates of return, and capital budgeting.

Assessment: A 3-hour end-of-semester examination (50%) and computer oriented assignments (50%).

333-404 Research Methods in Finance

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised

Prerequisites: 333-302 Corporate Finance and 333-301 Investments.

Contact: One 3-hour seminar per week (*Semester 1*).

Description: This course provides students with an understanding of issues involved in the design and conduct of empirical research in finance (including the application of statistical and econometric techniques) by examination of recent seminal published work in selected areas of the finance discipline. In doing so, it aims to help students develop a critical perspective on the development of the academic finance discipline and its contribution to the practice of finance.

Assessment: A 3-hour end-of-semester examination (60%) and written assignments totalling not more than 4000 words (40%).

333-410 Finance Research Essay

Credit points: 25

HECS-band: 2

Coordinator: To be advised.

Semester: Research

Description: The topic must be approved by the Head of the Department of Finance. The length of the essay, which must be determined in part by the subject matter, should not exceed 10 000 words.

Assessment: The research essay itself is examined. A draft is due for submission on the second Monday of October, the final version on the second Monday of November.