FINM2001
Corporate Finance

This course is an introductory course in financial management. It builds upon the basic concepts introduced in the Foundations of Finance (FINM1001) and stresses the modern fundamentals of corporate financial decision making with special reference to investment, financing and dividend distribution. While building upon introductory courses in accounting, economics and quantitative analysis the course develops distinctive conceptual frameworks and specialised tools for solving real world financial problems at both the individual and corporate level. The course is a blend of theory and practice. While diligent practice will make you competent in financial techniques, a good grasp of theory will help you think systematically about ways to solve a problem for which no existing technique is suitable or available.

Specific topics to be covered include: financial mathematics, security valuation, techniques for capital investment decisions, financial decision making, corporate capital structure, cost of capital, dividend decision and policy, leasing decision and the analysis of mergers and acquisitions.

<table>
<thead>
<tr>
<th>Mode of Delivery</th>
<th>On campus, blended, online</th>
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<tbody>
<tr>
<td>Prerequisites</td>
<td>FINM1001 and STAT1008</td>
</tr>
<tr>
<td>Incompatible Courses</td>
<td>N/A</td>
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<tr>
<td>Course Convener:</td>
<td>Takeshi Yamada</td>
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</tr>
<tr>
<td>Office hours for student consultation:</td>
<td>By appointment</td>
</tr>
<tr>
<td>Research Interests</td>
<td>Asset pricing and corporate finance, particularly focusing on Asian financial markets and institutions.</td>
</tr>
<tr>
<td>Relevant administrator</td>
<td>Patty Penm</td>
</tr>
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<td>Phone:</td>
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SEMESTER 1
2016

COURSE OVERVIEW

Learning Outcomes
By the end of this course, you should have developed basic knowledge and skills in analysing a range of real-life financial situation using the concepts, frameworks and theories learned throughout the course. These decisions problems include:

1. consumption and investment decision under certainty;
2. valuation of corporate securities;
3. capital budgeting under certainty;
4. capital budgeting under uncertainty;
5. investment decisions;
6. corporate capital structure decisions;
7. dividend decisions and policy;
8. capital raising decisions;
9. leasing decisions;
10. analysis of takeovers and mergers.

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Online Quizzes</td>
<td>15%</td>
<td>Online access per week</td>
</tr>
<tr>
<td>2. Mid-Semester Exam</td>
<td>20%, Redeemable</td>
<td>Week 7</td>
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<tr>
<td>3. Final Exam</td>
<td>65%</td>
<td>TBA</td>
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</table>

Research-Led Teaching
While students are not directly engaged in the research as part of the learning process, the course will cover significant materials including conference papers and journal articles that reflect the cutting edge research in the area of Corporate Finance. My aim is to integrate and emphasise how academic research can influence industry practice and policy making, and through these research works, students would be encouraged to think outside of the box. The course will also include parts which involve students in critical analysis of industry-based problems such as valuation, capital budgeting and risk assessments.

Feedback
Staff Feedback
Online feedback will be given for weekly online quiz. Feedback on midterm exam will be given in class with either verbal or written comments to the class.

Student Feedback
ANU is committed to the demonstration of educational excellence and regularly seeks feedback from students. One of the key formal ways students have to provide feedback is through Student Experience of Learning Support (SELS) surveys. The feedback given in these surveys is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching, and opportunities for improvement.

For more information on student surveys at ANU and reports on the feedback provided on ANU courses, go to

http://unistats.anu.edu.au/surveys/selt/students/ and
http://unistats.anu.edu.au/surveys/selt/results/learning/
Policies
ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: http://policies.anu.edu.au/

Students are expected to have read the Academic Misconduct Rules 2014 before the commencement of their course.

Other key policies include:
- Student Assessment (Coursework)
- Student Surveys and Evaluations

Examination material or equipment
Scientific calculator

Recommended Resources

The code for the online connection to weekly homework will be provided upon enrolment.

Additional reading materials including journal articles, newspaper articles will be available on WATTLE.

COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Summary of Activities</th>
<th>Required student preparation</th>
<th>Online Assessment</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to corporate finance</td>
<td>Lecture Notes, Ch. 1-2</td>
<td></td>
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<tr>
<td>2</td>
<td>Time value of money, share and bond valuation</td>
<td>Lecture Notes, Ch. 3-4</td>
<td>Quiz 1 Ch. 3-4</td>
</tr>
<tr>
<td>3</td>
<td>Project evaluation: principles and methods</td>
<td>Lecture Notes, Ch. 5</td>
<td>Quiz 2 Ch 5</td>
</tr>
<tr>
<td>4</td>
<td>Application of project evaluation methods</td>
<td>Lecture Notes, Ch. 6</td>
<td>Quiz 3 Ch 6</td>
</tr>
<tr>
<td>5</td>
<td>Sources of finance: equity &amp; debt I</td>
<td>Lecture Notes, Ch. 9</td>
<td>Quiz 4 Ch 9</td>
</tr>
<tr>
<td>6</td>
<td>Sources of finance: equity &amp; debt II</td>
<td>Lecture Notes, Ch. 10</td>
<td>Quiz 5 Ch 10</td>
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<tr>
<td>7</td>
<td>Portfolio theory and asset pricing</td>
<td>Lecture Notes, Ch. 7 &amp; Additional readings</td>
<td>Mid-semester Exam</td>
</tr>
<tr>
<td>8</td>
<td>Dividends and share buyback decisions</td>
<td>Lecture Notes, Ch. 11 &amp; Additional readings</td>
<td>Quiz 6 Ch 7 &amp; 11</td>
</tr>
<tr>
<td>9</td>
<td>Principles of capital structure and capital structure decisions</td>
<td>Lecture Notes, Ch. 12-13</td>
<td>Quiz 7 Ch 12-13</td>
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<tr>
<td>10</td>
<td>Cost of capital and taxation issues in project evaluation</td>
<td>Lecture Notes, Ch. 14</td>
<td>Quiz 8 Ch 14</td>
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<tr>
<td>11</td>
<td>Leasing decisions</td>
<td>Lecture Notes, Ch. 15</td>
<td>Quiz 9 Ch 15</td>
</tr>
<tr>
<td>12</td>
<td>Mergers and Acquisitions</td>
<td>Lecture Notes, Ch. 19 &amp; Additional readings</td>
<td>Quiz 10 Ch 19</td>
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Mid-Semester Break:
ASSESSMENT REQUIREMENTS

The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University's approach to managing Academic Integrity. For additional information regarding Turnitin please visit the ANU Online website.

Students may choose not to submit assessment items through Turnitin. In this instance you will be required to submit, alongside the assessment item itself, copies of all references included in the assessment item.

Assessment Tasks

Assessment Task: Online quizzes 45 minutes. Total Weighting 10×2% = 20%

Details of task: Students are required to sit 10 online quizzes. Each online quiz (Quizzes 1-10) will be available on WATTLE each week for a limited duration. Students should login sometime during this period to complete the quiz. Once started, students must continue until completed, as each quiz allows ONLY TWO ATTEMPTS PER STUDENT. If students attempt the quiz twice, only the highest quiz grade will be considered. There is a time limit of 45 minutes for each quiz. The format is open-book, so students may make use of course materials and textbooks while taking any quiz. Calculators are permitted. These quizzes will be open for access for 48 hours (to be specified later when timetable is finalized) on the website provided by the textbook publisher McGraw-Hill Education called “CONNECT”. To access the quizzes, all enrolled students must go to the following webpage and register CONNECT: (Link will be provided later)

A step-by-step registration guide can be found on WATTLE. Note that students must enter their student ID in the first name column and their last name in the last name column.

An Optional Quiz will be available on WATTLE in Week 13. The Optional Quiz is designed to give students who have completed all 10 online quizzes an opportunity to improve their overall quiz grade; the lowest quiz grade will be dropped. The questions in the Optional Quiz may refer to any topic covered in the course, i.e. Weeks 1-12. The format will be the same as that for the four online quizzes.

Students who miss any of the 10 online quizzes, for whatever reason, MUST take the Optional Quiz.

No quiz can be taken after it has closed. Failure to complete any of the 10 online quizzes will result in a zero grade for that quiz. Special consideration will not be allowed.

Examination(s)

Mid-semester Examination – 1.5 hours (Date: TBA, but will be in Week 7)

Total weighting: 0% if the mid-semester exam is not attempted or it is redeemed in the final, or 20% if the exam is not redeemed in the final.

The mid-semester is optional and redeemable. Specifically, if a student sits the mid-semester exam, but gets a higher mark in the final exam, the final exam mark will count for 85% of the assessment, and the lower mid-semester exam mark will not count. More specific details regarding the time and location of the exam will be provided once they have been confirmed. The exam will test topics covered in Week 1 to Week 5 (inclusive).

This is a closed book exam. Formula sheet will be provided.

A mixture of theory and practical (numerical) questions will be asked. The marking criteria will be based on model solutions and answers prepared by the lecturer.
The mid-semester exam is designed to: (i) measure how well students have synthesized the concepts learned in class; (ii) provide an opportunity to review the first five weeks of material which is critical for the remainder of the course; and (iii) provide feedback for lecturer and student on their progress for the course.

There will be **no special examination** for the mid-semester exam. Instead the weighting will be moved to the final exam.

**Final Examination** – 3 hours (Date: TBA)

Total weighting; 85% if the mid-semester exam is redeemed, or 65% the mid-semester exam is not redeemed.

This is a closed book exam with formula sheet. A mixture of theory and practical (numerical) questions will be asked. Students will need to review and revise all materials (weeks 1-13) pertaining to the course. Students will be provided with further details regarding the exam as it approaches. The marking criteria will be based on model solutions and answers prepared by the lecturer.

**Extensions and penalties**

Extensions and late submission of assessment pieces are covered by the Student Assessment (Coursework) Policy and Procedure.

The Course Convener may grant extensions for assessment pieces that are not examinations or take-home examinations. If you need an extension, you must request it in writing on or before the due date. If you have documented and appropriate medical evidence that demonstrates you were not able to request an extension on or before the due date, you may be able to request it after the due date.

**Scaling**

Your final mark for the course will be based on the raw marks allocated for each of your assessment items. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed the scaled mark of that student), and may be either up or down.

**Tutorial and /or Seminar Registration**

Enrolment in tutorials will be completed online using the CBE Electronic Teaching Assistant (ETA). To enrol, follow these instructions:

1. Go to http://eta.fec.anu.edu.au
2. You will see the Student Login page. To log into the system, enter your University ID (your student number) and password (your ISIS password) in the appropriate fields and hit the Login button.
3. Read any news items or announcements.
4. Select "Sign Up!" from the left-hand navigation bar.
5. Select your courses from the list. To select multiple courses, hold down the control key. On PCs, this is the Ctrl key; on Macs, it is the ⌘ key. Hold this key down while selecting courses with the mouse. Once courses are selected, hit the SUBMIT button.
6. A confirmation of class enrolments will be displayed. In addition, an email confirmation of class enrolments will be sent to your student account.

7. For security purposes, please ensure that you click the LOGOUT link on the confirmation page, or close the browser window when you have finished your selections.

8. If you experience any difficulties, please contact the School Office (see page 1 for contact details).

9. Students will have until 5pm February 25 to finalise their enrolment in tutorials. After this time, students will be unable to change their tutorial enrolment.

SUPPORT FOR STUDENTS
The University offers a number of support services for students. Information on these is available online from http://students.anu.edu.au/studentlife/