FINM7007
Applied Corporate Finance

Course Description
This course focuses on tools and techniques used in modern financial management. Material in the course has an applied focus and is designed to provide students with the knowledge and skills required for understanding, exploring and analysing financial management issues. The course draws upon topical material in order to contextualise theoretical discussion, and present students with examples in practice. Detailed syllabus topics: Financial maths applications, Risk, Capital budgeting, Cost of capital, Asset pricing, Valuation, Leverage, Capital raising, Financing tools and Financial Derivatives.

Mode of Delivery
On campus lectures, workshops and tutorials

Prerequisites
Have completed or enrol in STAT7055, and completed FINM7006, and have completed BUSN7008 or BUSN8181

Incompatible Courses
FINM2001

Co-taught Courses
None

Course Convener
Dr. Xiaoting Wei
Phone
02 61250401
Email
Xiaoting.Wei@anu.edu.au
Office hours for student consultation
Wednesday 3pm-4pm
Friday 2-3pm

Research Interests
Banking and corporate finance

Relevant administrator
Maria Lander

Tutors
Tutor information will be provided on Wattle

Learning Outcomes
Upon successful completion of the requirements for this course, students will be able to:

- attain basic knowledge of some of the key issues facing financial managers;
- develop proficiency in the areas of asset valuation and project evaluation and;
- deepen their understanding of the finance theory underlying financial management.
## Assessment Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Value</th>
<th>Due Date</th>
<th>Date for Return of Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Online test</td>
<td>0% (for practice only)</td>
<td>Week 6</td>
<td>Week 6</td>
</tr>
<tr>
<td>2</td>
<td>Mid-term test (optional and redeemable)</td>
<td>25% (or 0% if not attempted/redeemed)</td>
<td>Week 6/7</td>
<td>Within 2 weeks of submission</td>
</tr>
<tr>
<td>3</td>
<td>Group assignment</td>
<td>25%</td>
<td>Week 9</td>
<td>Within 3 weeks of submission</td>
</tr>
<tr>
<td>4</td>
<td>Final exam</td>
<td>50% (or 75% if mid-term not attempted/redeemed)</td>
<td>TBA</td>
<td>NA</td>
</tr>
</tbody>
</table>

### Research-Led Teaching

Students undertaking this course will be imparted with the necessary skills for industry based research. This will include involving students in critical analysis of industry based problems such as valuation, capital budgeting and risk assessment.

### Feedback

#### Staff Feedback

Students will be given feedback in the following forms in this course:
- in tutorials through interactions with tutors and discussions with other students;
- through assessments where tutors will provide specific feedback;
- through consulting teaching staff during their consultation time.

#### 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/results/learning/](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/](http://policies.anu.edu.au/)

Students are expected to have read the [Academic Misconduct Rule](http://policies.anu.edu.au/) before the commencement of their course.

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

**Required Resources**

**Prescribed textbook**

**Additional course costs**

The assignment may involve the use of a PC or Mac computer. You need to be familiar with MS Office Suite.

**Examination material or equipment**

A non-programmable scientific calculator is a necessity for every enrolled student in this course.

**Course Schedule**

**Lecture:** Wednesday, 16:00-18:00, Location: COOMBST

**Workshop:** Friday, 14:00-15:00, Location: COOMBST

<table>
<thead>
<tr>
<th>Week</th>
<th>Summary of Activities</th>
<th>Readings</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Feb 20)</td>
<td>Introduction and Revision of Assumed Knowledge</td>
<td>Lecture notes 1, Ch. 1, 3-6, 9, 11</td>
<td>No tutorial/workshop</td>
</tr>
<tr>
<td>2 (Feb 27)</td>
<td>Investment Decision Rules</td>
<td>Lecture notes 2, Ch. 7</td>
<td></td>
</tr>
<tr>
<td>3 (Mar 6)</td>
<td>Capital Budgeting: Fundamentals</td>
<td>Lecture notes 3, Ch. 8-9</td>
<td></td>
</tr>
<tr>
<td>4 (Mar 13)</td>
<td>Equity and Debt Financing</td>
<td>Lecture notes 4, Ch. 23-24</td>
<td></td>
</tr>
<tr>
<td>5 (Mar 20)</td>
<td>Cost of Capital</td>
<td>Lecture notes 5, Ch. 10-12</td>
<td></td>
</tr>
<tr>
<td>6 (Mar 27)</td>
<td>Capital Structure I: MM Theory and Taxes</td>
<td>Lecture notes 6, Ch. 14,15</td>
<td>Mid-term *</td>
</tr>
</tbody>
</table>

**Mid-semester break: 3 Apr - 16 Apr inclusive**

<table>
<thead>
<tr>
<th>Week</th>
<th>Summary of Activities</th>
<th>Readings</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 (Arp 17)</td>
<td>Capital Structure II: Financial Distress and Agency Cost</td>
<td>Lecture notes 7, Ch. 16</td>
<td>Mid-term *</td>
</tr>
<tr>
<td>8 (Arp 24)</td>
<td>Capital Structure III: Trade-off Theory, Information, and Application</td>
<td>Lecture notes 8, Ch. 16</td>
<td></td>
</tr>
<tr>
<td>9 (May 1)</td>
<td>Payout Policy</td>
<td>Lecture notes 9, Ch. 17</td>
<td></td>
</tr>
<tr>
<td>10 (May 8)</td>
<td>Capital Budgeting: Extensions</td>
<td>Lecture notes 10, Ch. 18</td>
<td></td>
</tr>
<tr>
<td>11 (May 15)</td>
<td>M&amp;A; Corporate Governance</td>
<td>Lecture notes 11, Ch.28-29</td>
<td></td>
</tr>
<tr>
<td>12 (May 22)</td>
<td>Revision</td>
<td>Lecture notes 12</td>
<td>No workshop</td>
</tr>
</tbody>
</table>

**Examination period**

* The date and time of the mid-term test is allocated by the university. Students will be informed of the details of the test once the university finishes the allocation, which is normally two weeks before the test.
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 1: Online Test (0%)
Duration – 0.5 hours
This test does not count towards students’ final grade. It is for practice only.

Assessment 2: Mid-Term Test (25% or 0%)
Duration – 1.5 hours (Date: TBA)

The mid-term test is optional and redeemable. Specifically, if a student takes the mid-term test, and gets a higher mark in the final exam, then the final grade for the student will be 75% of the final exam mark plus 25% of the assignment mark. Otherwise, the final grade for the student will include 50% of the final exam mark, 25% of the mid-term test, and 25% of the assignment mark. No alternative mid-term test will be arranged in cases where students cannot sit in the test. 75% of the final exam mark will be used automatically to calculate the final grade for that student. The mid-term test will be held in week 6 or week 7.

The test is a closed-book test with no formula sheet and will cover lecture topics 1 to 5. More details regarding the test will be provided as it approaches.

Assessment 3: Group Assignment (25%)

It allows the opportunity for team work and tests the students’ understanding of the knowledge. Students can form their groups (3-4 members) voluntarily and students are expected to collaborate with other group members to work on the assignment. More details on the assignment will be provided later.

- Extensions and penalties

No submission of assessment tasks without an extension after the due date will be permitted. If an assessment task is not submitted by the due date, a mark of 0 will be awarded.

Assignments will be returned to students via Turnitin, from where students can find comments provided by their tutors.

Assessment 4: Final Examination (50% or 75%)
Duration – 3 hours (Date: TBA)

This is a closed-book exam and no formula sheet is allowed. The final exam is worth 50% (or 75% if the mid-term exam is not attempted/redeemed). A mixture of
theoretical and practical (numerical) questions will be included. All topics covered in this course will be examined. Students will be provided with more details regarding the exam as it approaches.

**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 or be the same as the scaled mark of that student), and may be either up or down.

**Communication**

If necessary, the lecturers and tutors for this course will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services' office will also be sent to this email address. Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures or tutorials will be posted on the door of the relevant room.

**Privacy Notice**

The ANU has made a number of third party, online, databases available for students to use. Use of each online database is conditional on student end users first agreeing to the database licensor's terms of service and/or privacy policy. Students should read these carefully.

In some cases student end users will be required to register an account with the database licensor and submit personal information, including their: first name; last name; ANU email address; and other information.

In cases where student end users are asked to submit ‘content’ to a database, such as an assignment or short answers, the database licensor may only use the student’s ‘content’ in accordance with the terms of service – including any (copyright) licence the student grants to the database licensor.

Any personal information or content a student submits may be stored by the licensor, potentially offshore, and will be used to process the database service in accordance with the licensors terms of service and/or privacy policy.

If any student chooses not to agree to the database licensor’s terms of service or privacy policy, the student will not be able to access and use the database. In these circumstances students should contact their lecturer to enquire about alternative arrangements that are available.

**Tutorial Seminar Registration**

Tutorial signup for this course will be done via the Wattle website. Detailed information about signup times will be provided on Wattle or during your first lecture. When tutorials are available for enrolment, follow these steps:
1. Log on to Wattle, and go to the course site
2. Click on the link “Tutorial enrolment”
3. On the right of the screen, click on the tab “Become Member of…..” for the tutorial class you wish to enter
4. Confirm your choice
   If you need to change your enrolment, you will be able to do so by clicking on the tab “Leave group…..” and then re-enrol in another group. You will not be able to enrol in groups that have reached their maximum number. Please note that enrolment in ISIS must be finalised for you to have access to Wattle.

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/