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</th>
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<tbody>
<tr>
<td><strong>Prerequisites</strong></td>
<td>FINM1001 and STAT1008</td>
</tr>
<tr>
<td><strong>Course Convener:</strong></td>
<td>Takeshi Yamada</td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>6125 7816</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:takeshi.yamada@anu.edu.au">takeshi.yamada@anu.edu.au</a></td>
</tr>
<tr>
<td><strong>Office hours for student consultation:</strong></td>
<td>TBA</td>
</tr>
<tr>
<td><strong>Research Interests</strong></td>
<td>Asset pricing and corporate finance, particularly focusing on Asian financial markets and institutions.</td>
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<tr>
<td><strong>Student administrator</strong></td>
<td><a href="mailto:enquiries.rsfas@anu.edu.au">enquiries.rsfas@anu.edu.au</a></td>
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<td><strong>Phone:</strong></td>
<td>TBA</td>
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<tr>
<td><strong>Tutors</strong></td>
<td>TBA</td>
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SEMESTER 1, 2018
COURSE OVERVIEW

Course Description

Learning Outcomes
Developed basic knowledge and skills in analysing a range of real-life financial situations using the concepts, frameworks and theories learned throughout the course. These decisions problems include:

1. Capital budgeting
2. Investment decisions
3. Corporate capital structure decisions
4. Dividend decisions and policy
5. Capital raising decisions;
6. Leasing decisions;
7. Analysis of takeovers and mergers.
8. Corporate governance

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>1. Quizzes (In class)</td>
<td>33% (Best 2 of 3)</td>
<td>Week 3, 6, 9</td>
</tr>
<tr>
<td>2. Final Exam</td>
<td>67%</td>
<td>TBA</td>
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Recommended Resources


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

Research-Led Teaching

While students are not directly engaged in the research as part of the learning process, the course will cover materials that reflect the cutting-edge research around Corporate Finance. My aim is to integrate and emphasise how academic research can influence industry practice and policy making, through which 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 in valuation, capital budgeting and risk assessments.

COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Summary of Activities</th>
<th>Quiz and final exam</th>
<th>Tutorial</th>
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<tbody>
<tr>
<td>1</td>
<td>Introduction (Ch 1, 3)</td>
<td></td>
<td>No tutorial</td>
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<tr>
<td></td>
<td>Review of time value of money and interest rates (Ch 4, 5)</td>
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<tr>
<td>2</td>
<td>Project evaluation: principles and methods (Ch 7)</td>
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Assessment

Quiz – 0.5 hour (Week 3, 6 and 9)
Total weighting; 33%

The quiz is closed book with formula sheet. **Duration will be 30 minutes each. (The venue to be announced later.)** A mixture of theory and practical (numerical) questions will be asked. For the quiz in week (3, 6 and 9) covers materials from week (1 to 2, 3 to 5 and 6 to 8, respectively). **Your TWO BEST scores will be automatically considered for the grade. Also, the quiz grades are redeemable. (See below for details.)** Students will be provided with further details regarding the quiz as it approaches. The marking criteria will be based on model solutions and answers prepared by the lecturer.

Final Examination – 3 hours (Date: TBA)
Total weighting; 67%.

This is a closed book exam with formula sheet. A mixture of theory and practical (numerical) questions will be asked. The exam will cover materials for weeks 1 to 12. Students will be provided with further details regarding the exam as it approaches.

**Examination material or equipment**

Scientific (or financial) calculator
Redemption of quizzes

The quiz marks are computed automatically using the following formula where Q1, Q2, Q3 and F are marks for quiz 1, quiz 2, quiz 3 and final exam, respectively:

\[
\text{Max} \left[ 0.33 \times \text{Max} \left[ \frac{(Q1+Q2)}{2}, \frac{(Q1+Q3)}{2}, \frac{(Q2+Q3)}{2} \right], 0.67 \times F \right], F
\]

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 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.

Feedback

Staff Feedback

General feedbacks on most matters will be posted on Wattle. Feedback on quizzes will be given in tutorials class with either verbal or written comments.

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 Rule before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework)
- Student Surveys and Evaluations

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.

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/