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.

<table>
<thead>
<tr>
<th>Mode of Delivery</th>
<th>On campus lectures, workshops and tutorials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prerequisites</td>
<td>Completed or enrol in STA7055 and FINM7006; completed BUSN7008 or BUSN8181</td>
</tr>
<tr>
<td>Incompatible Courses</td>
<td>To enrol in this course you must have completed or enrol in STAT7055 and completed FINM7006 and completed BUSN7008 or BUSN8181. Students of M. Actuarial Studies, M. Actuarial Practice and M. Statistics only need to complete FINM7006 and BUSN7008 to enrol in this course. You are not able to enrol in this course if you have completed FINM2001.</td>
</tr>
<tr>
<td>Course Convener:</td>
<td>Dr. Xin (Kelly) Liu</td>
</tr>
<tr>
<td>Phone:</td>
<td>57530</td>
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<tr>
<td>Email:</td>
<td><a href="mailto:Xin.liu@anu.edu.au">Xin.liu@anu.edu.au</a></td>
</tr>
<tr>
<td>Office hours for student consultation:</td>
<td>TBA</td>
</tr>
<tr>
<td>Research Interests</td>
<td>Banking, Information Economics, Corporate Finance and China Research</td>
</tr>
<tr>
<td>Relevant administrator</td>
<td>Ms. Maria Lander</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Maria.lander@anu.edu.au">Maria.lander@anu.edu.au</a></td>
</tr>
</tbody>
</table>

Semester 1

2018
COURSE OVERVIEW

Course Description (optional)

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.

Learning Outcomes

Upon successful completion of the requirements for this course, students will be able to:
- Attain basic knowledge of some the key issues facing financial managers
- Develop proficiency in the areas of asset valuation and project evaluation and;
- Deepen their understanding of finance theory underlying financial management.

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
<th>Date for Return of Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quiz</td>
<td>15%</td>
<td>Week 4, 9, 11</td>
<td>Within 1 week</td>
</tr>
<tr>
<td>Mid-term exam</td>
<td>30% (or 0% if not attempted/redeemed)</td>
<td>Week 7</td>
<td>Week 8/9</td>
</tr>
<tr>
<td>Final exam</td>
<td>55% (or 85% if midterm not attempted/redeemed)</td>
<td>TBA</td>
<td>N/A</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

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.

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

Required Resources

Prescribed textbook


Additional course costs

The course 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:** Monday, 1pm–3pm, Location: Coombs  
**Workshop:** Friday, 10am-11am, Location: COP T

<table>
<thead>
<tr>
<th>Week/Session</th>
<th>Summary of Activities</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction and revision of assumed knowledge</td>
<td>No tutorial/workshop</td>
</tr>
<tr>
<td>2</td>
<td>Investment decision rules</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Capital budgeting: Fundamentals</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Equity and debt financing</td>
<td>Quiz 1</td>
</tr>
<tr>
<td>5</td>
<td>Cost of capital</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Capital structure I: MM theory, taxes and financial distress</td>
<td></td>
</tr>
</tbody>
</table>

**Mid-semester break**

- 7 Capital structure II: Agency cost, trade-off theory, and asymmetric information  
  Mid-term*

<table>
<thead>
<tr>
<th>Week/Session</th>
<th>Summary of Activities</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Payout policy</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Capital budgeting: extensions</td>
<td>Quiz 2</td>
</tr>
<tr>
<td>10</td>
<td>Merger &amp; acquisition</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Corporate governance</td>
<td>Quiz 3</td>
</tr>
<tr>
<td>12</td>
<td>Revision</td>
<td>No workshop</td>
</tr>
</tbody>
</table>

**Examination period**

Workshop and tutorials commence in week 2.
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: Quiz
Weight: 15%
Duration: 20 Minutes
Time: Week 4, 9, 11

Three tutorial quizzes are counted towards the final grade and all quizzes are of equal value (5%). Quizzes will be closed book and held at the end of the tutorial (see course schedule). Quizzes may be a combination of multiple choice, short answer concept questions and/or numerical problems where you must show all working. The quizzes are designed to: (i) measure how well students have synthesized the concepts learned in class; (ii) keep students up to date; (iii) provide feedback for lecturer and student on their progress for the course. Bring your pencils and calculator to each quiz. The material in your text and on Wattle is subject to examination. The marking criteria will be based on model solutions and answers prepared by the lecturer and will be made available to students after the last quiz in the week is held. If a student misses a tutorial in which a quiz is held then they will not be able to make up the quiz and will be awarded a zero for that quiz.

Assessment 2: Mid-Term Exam
Weight: 30% or 0%
Duration: 1.5 hour
Time: Week 7

The mid-term exam is optional and redeemable. Specifically, if a student takes the mid-term exam, but gets a higher mark in the final exam, then the final mark will count for 85% of the assessment, while the lower mid-term exam mark will not be counted. The mid-term exam will be held in week 7. The exam is a closed-book exam with no formula sheet provided and will cover topics from week 1 to week 6. More details regarding the exam will be provided as the exam approaches. No alternative mid-term exam will be arranged in cases where students cannot sit in the exam.

Assessment 3: Final Examination
Weight: 55% or 85%
Duration: 3 hours
Time: examination period

This is a close book exam and no formula sheet is allowed. The final exam is worth 55% (or 85% if the mid-term exam is redeemed). A mixture of theory and practical (numerical) questions will be asked. Students will need to review and revise all material (weeks 1-12) 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. The final exam is designed to: (i) test the students’ understanding and comprehension of the course material; (ii) ensure they have obtained the learning objectives of the course.

**Results and Examinations**
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 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.

**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 licensor’s 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/