

FINS5511

CORPORATE FINANCE

Course Outline

Semester 2, 2017

Course-Specific Information

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Position	Name	Email	Room	Phone
Lecturer-in-charge	Dr. Zhian Chen	zhianchen@unsw.edu.au	ASB 359C	9385 5878

Communication with Staff

- General enquiries should be directed to course coordinator, Dr. Zhian Chen.
- Specific enquiries regarding course materials should be directed to the lecturer teaching each section of the course.
- Announcements will be made periodically on Moodle.
- Posting course specific inquiries on Moodle is also highly encouraged rather than by email or phone.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Three streams of lectures are offered in Week 1 to Week 12 in S2 2017:

Lecture time:	Lecture location:
Wednesday, 2 PM – 5 PM	Ainsworth 102
Wednesday, 6 PM – 9 PM	Chemical Sc M10
Thursday, 3 PM – 6 PM	Ainsworth 102

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

This course is an introductory course in financial management. It 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 under uncertainty (portfolio theory and capital market theory), corporate capital structure, cost of capital, dividend decision and policy.

2.4 Course Aims and Relationship to Other Courses

This course is designed to introduce essential aspects of financial decision-making in business. It aims to provide basic techniques which cover investment decisions, financing decisions and dividend decisions. This course is a core requirement for those who undertake Master of Professional Accounting and the prerequisite/corequisite courses are ACCT5930 and ECON5103. For those who undertake Master of Commerce,

the corequisite courses are COMM5001, COMM5002 and COMM5003. This course is closely related to FINS5516 but it has a strong focus on the Australian capital market.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. 'be an effective team player'). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. 'participate collaboratively and responsibly in teams').

For more information on Program Learning Goals and Outcomes, see the School's Course Outlines Policies webpage available at <https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business postgraduate coursework students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Have fundamental understanding of corporate finance, and apply skills in corporate financial decision making.	Workshop Problems In-class Tests Exam
2	Critical thinking and problem solving	Use the standard models of corporate finance to interpret and analyse real problems	Workshop Problems In-class Tests Exam
3a	Written communication	Construct written work which is logically and professionally presented.	In-class Tests
3b	Oral communication	Communicate ideas in a succinct and clear manner.	Not specifically assessed
4	Teamwork	Work collaboratively to complete a task.	Not specifically assessed
5a.	Ethical, social and environmental responsibility	Identify and understand ethical, environmental and sustainability responsibility as a financial manager.	Exam
5b.	Social and cultural awareness	Not specifically addressed in this course.	Not specifically assessed

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

Our teaching philosophy is to equip students with skills to learn and think critically. We believe that an effective approach to teach is to inspire students through engaging their interest and enthusiasm and help them to actively engage in the learning process. To achieve this, we introduce in-class exercises, and classroom materials are brought to the realm of real-world practice as students see the relevance of their studies to professional, disciplinary and personal contexts.

We encourage students to form small groups to discuss questions, problems, and issues surrounding each topic. Learning cooperatively with peers rather than in an individualistic or competitive way always helps students to develop interpersonal, professional and cognitive skills to a higher level.

3.2 Learning Activities and Teaching Strategies

Lectures are conducted in 3-hour blocks with approximately 2 hours on the lecture and 1 hour workshop working through suggested problems and questions.

Students are required to attempt suggested problems and questions prior to the lecture. We will distribute additional exercises in the class and students are required to complete them and submit them by the end of the lecture. Outside the lecture, we encourage students to form study groups to engage in interactive discussion. Students are also encouraged to use the online discussion forum on the Moodle as a venue to engage in discussion.

4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below);

4.2 Assessment Details

Assessment in this course is based on 1. four workshop quizzes (40%) and 2. the final examination (60%). The assessment is designed to reinforce our stated learning objectives. Students must attend both the quizzes and the final examination to pass the course.

Assessment Task	Weighting	Length	Due Date
Quiz 1	10%	20 mins	16 th / 17 th August
Quiz 2	10%	20 mins	30 th / 31 st August
Quiz 3	10%	20 mins	13 th / 14 th September
Quiz 4	10%	20 mins	11 th / 12 th October
Final Exam	60%	2 hours	TBA

4.3 Assessment Format

In-class Quizzes (40%)

You will be evaluated on your response to four 20 minute WRITTEN short answer tests during the semester, worth 10 marks each. You will be given these quizzes during the session and the marks will be totalled for the quiz mark out of 40. There will be NO negotiation of these grades or of the quizzes. Students who miss a quiz will receive a grade of 0 for that quiz. The time of the quizzes has been released on the course outline already, and these quizzes will be announced again during a prior lecture. In general, you may expect them to be used as a means of providing early feedback and continued interest in later material. Questions will be based on the LECTURE MATERIAL presented over the PREVIOUS FORTNIGHT. For example, if your workshop quiz occurs in Week 4, this will cover lecture material from weeks 2 and 3 inclusive. This statement is quite clear; it means that you may be asked a question which relates to the material from the workshop work to be covered on the day of the quiz.

Formal Examination Component (60%)

Final examination: Time and Venue to be announced in University timetable

The final examination is a 2-hour closed book examination covering all course material. It consists of questions and problems in a multiple-choice format.

If you fail to sit the examination at the scheduled time, there is NO guarantee that a supplementary examination will be provided. Poor class attendance (less than 80%) is sufficient justification for the refusal of final assessment.

Note: No exceptions to the scheduled examination dates and times will be permitted. Those students making end-of-session travel plans must conform to the University timetable in making their arrangements. You must be available for the entirety of the final examination period from 3 Nov. through 20 Nov. 2017

Your Responsibility to Notify Employers

You should notify employers of the requirement to attend examinations. Note that there are NO acceptable grounds for failure to complete any of the assessment components.

Student Identification Required for All Examinations

Your student ID should be visible at all times during the examination. Students without photographic ID may not be allowed to sit the examination. Assessment Format

4.4 Assignment Submission Procedure

There is no assignment in this course.

4.5 Special Consideration, Late Submission and Penalties

For information on Special Consideration please refer to the Business School's Course Outlines Policies webpage at <https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5 COURSE RESOURCES

Textbook

Peirson, G., Brown, R., Easton, S., Howard, P. & Pinder S. Business Finance, McGraw-Hill, 12th edition, 2014. (The book is available at the UNSW bookshop.)

Other Texts worth Consulting (Recommended Text List)

Brigham, E. F and Huston J. F. Fundamentals of Financial Management, Concise 7th edition, South Western, 2011.

Brealey, R., Myers, S., and Allen, F., Principles of Corporate Finance, McGraw-Hill, 10th edition, 2011.

Required Readings

It is useful to read the stated chapters of the text: Peirson et. al's Business Finance and other references or readings, before lectures. This material, as well as the lectures and tutorials, essentially defines the examinable content of the course. In addition to the assigned reading, you should keep informed of business and financial matters by reading the Australian Financial Review, Business Review Weekly, Australian Business and Personal Investment, during the session. Business Sunday broadcast on Channel 9 Sunday morning may also be of interest. This exposure should help you appreciate how finance theory can be applied to practical issues.

Web Site

The course web site is a primary source of information for you in this course. It can be reached at <http://moodle.telt.unsw.edu.au>.

The site will provide information on any timetable changes, lecture notes, practical problems and solutions and other information. You should check it regularly.

World Wide Web Resources

With the proliferation of information technology you should also check out information available in the world wild web. This course outline, questions and other materials to be distributed in future will be available in the web site of the course. The address is <http://moodle.telt.unsw.edu.au>.

The following sites should also interest you in finance,
Regulators

Australian Securities & Investments Commission www.asic.gov.au

U.S. Securities Exchange Commission www.sec.gov

Newspapers, Magazines and Journals

Australian Financial Review www.afr.com.au

Business Review Weekly www.brw.com.au

Wall Street Journal www.wsj.com

Business Week www.businessweek.com

CNN Financial Network
Journal of Finance
Exchanges

www.cnnfn.com

www.cob.ohio-state.edu/~fin/journal/jof.htm

Australian Stock Exchange
Sydney Futures Exchange
New York Stock Exchanges
Chicago Board of Trade
Chicago Mercantile Exchange

www.asx.com.au

www.sfe.com.au

www.nyse.com

www.cbot.com

www.cme.com

Popular Books

Finance does not have to be dry; you can learn a lot about finance by reading some biographies and exciting books. A few are listed here but visit a professional bookstore, and you will find a lot more. The Education of a Speculator, Buffet, Alchemy of Finance, Liars' Poker, Predators' Ball, Den of Thieves, F.I.A.S.C.O., The Bold Riders and Corporate Collapses. For example:

The website for this course is on Moodle at:

<http://moodle.telt.unsw.edu.au>

6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through the end of semester.

7 COURSE SCHEDULE

COURSE SCHEDULE				
Week	Lecture Topic	Workshop Topic	References	Other Activities/ Assessment
Week 1 24 Jul.	Introduction and Basic Concepts	No Workshop	Peirson et al. Chapter 1	
Week 2 31 Jul.	Financial Mathematics	Introduction and Basic Concepts	Peirson et al. Chapter 3	
Week 3 7 Aug.	Security Valuation	Financial Mathematics	Peirson et al. Chapter 4	
Week 4 14 Aug.	Introduction of Project Evaluation	No Workshop	Peirson et al. Chapter 5	Quiz One
Week 5 21 Aug.	Application of Project Evaluation	Introduction of Project Evaluation	Peirson et al. Chapter 6	
Week 6 28 Aug.	Sources of Finance	No Workshop	Peirson et al. Chapter 9 & 10	Quiz Two
Week 7 4 Sep.	Portfolio Theory and Asset Pricing	No Workshop	Peirson et al. Chapter 7	
Week 8 11 Sep.	Cost of Capital	Portfolio Theory and Asset Pricing	Peirson et al. Chapter 14	Quiz Three
Week 9 18 Sep.	Capital Structure – Theory & Evidence	No Workshop	Peirson et al. Chapter 12 & 13	
Mid-semester break: 23 Sep. – 2 Oct. inclusive				
Week 10 3 Oct.	Dividend Policy – Theory & Evidence	Capital Structure – Theory & Evidence	Peirson et al. Chapter 11	
Week 11 9 Oct.	Capital Market Efficiency	No Workshop	Peirson et al. Chapter 16	Quiz Four
Week 12 16 Oct.	Revision	No Workshop		