



THE UNIVERSITY OF
NEW SOUTH WALES
SYDNEY • 2052 • AUSTRALIA

SCHOOL OF BANKING AND FINANCE

FINS 3625 Applied Corporate Finance S1, 2003

Introduction and Learning Outcomes

This course provides an intermediate treatment of some major issues in corporate finance. As a second course in corporate finance, it is problem and issue oriented. It seeks to develop students' financial problem solving and presentation skills. Students are expected to keep abreast of current developments in the financial markets, as they are relevant to the topics of the course. Websites of Sydney Morning Herald, The Australian Financial Review and CNNFN should be visited regularly. There will be extensive use of MS Excel for modeling and solving financial problems.

Instructors

Dr. Kingsley Fong	Lecturer-in-charge	Q3023A	x4932 k.fong@unsw.edu.au
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Assessment Structure

Class participation	10%
Excel skill test	10%
Mid-session test	40% (30%)
Final examination	40% (30%)
Optional Assignment	(20%)

Format

Lectures

Thursday 14:00-16:00 CLB 7

Lectures are organized around the mini case studies of the chapters to be covered. The focus is on the application of financial theory to solve common problems in practice. Relevant spreadsheet models will be illustrated. Lectures will be followed by detailed discussion of the Beginning-of-Chapter questions, which students should have prepared their own answers.

Tutorials

Students **MUST** enroll in a tutorial stream. Please consult the School of Banking and Finance website for the locations and times of the available tutorial streams. The Tutorial Allocation System (TAS) will be available on Monday and Tuesday of Week 1 to enable changes, additions and deletions (please consult the Faculty of Commerce and Economics). After the TAS system has closed, changes will be made **ONLY** for documented University conflicts.

Important to Note: Students will only receive class participation credit for the tutorial they are officially enrolled in. It is up to the individual student to ensure that they are officially enrolled in the tutorial they are attending.

The objective of tutorials is to allow student to practice problem solving and presentation skills. Students are expected to complete the assigned End-of-Chapter questions and problems before attending tutorials. Tutors will discuss these questions and might request students to present their response. Questions on the practicality and accuracy of specific techniques should be raised. The quality of student participation as a discussant or presenter would form the basis of the 10% tutorial assessment mark.

Computer laboratories have been requested for this subject. Certain tutorials might be held in laboratory to clarify questions on Excel applications. Excel problems will be covered during Lab sessions or demonstrated in lectures. There will be a laboratory skill test that accounts for 10% of your total assessment.

Mid-Session and Final Examination

A Mid-Session Examination will be held. Details will follow shortly. It will cover lecture materials and the corresponding tutorials. Attendance is compulsory. Please see note on supplementary examination and application for special consideration. The supplementary examination for the mid-session examination, if any, will be held during the supplementary examination period for the first semester. **Please note that there will be no lectures or tutorials during the week of the mid-semester examination. Nevertheless, students are expected to prepare the solutions to the tutorial questions assigned for this week in their own time!** The final exam will be based on the remaining weeks' topics. Details regarding the mid-session exam will be posted on the subject website shortly.

Optional Assignment

Students may choose to undertake an optional assignment component in groups of no more than two students per group. The assignment will be a live case study of a top 100 ASX listed company covering the major topics of corporate finance, i.e., estimation of cost of capital, forecasting, capital structure, dividend policy and valuation. More information will be provided on the subject web page. This assignment is due in Week 11 at the beginning of lecture. Students interested in taking this component will need to contact the LIC via email to confirm their commitment by Wednesday Week 3. No switching in assessment structure is permitted after this day.

Special Consideration

All requests for special consideration must be submitted to the Registrar with supporting documentation within seven days of the related examination or the due date of the related assignment. A copy of the application form and its supporting documentation must also be submitted to the **lecturer-in-charge**. Requests on medical grounds will not be considered unless Section B of the application form is duly stamped and signed by a registered medical practitioner and with clearly visible contact phone number. In accordance with the “note” on page 30 of the *Student Guide*, **students will not be granted supplementary assessment if they have attained a pass or better from completed assignments**. Supplementary examination will only be granted in exceptional cases. Specifically, the student must be able to demonstrate a serious illness or a serious accident injury evidenced by a medical certificate indicating physical inability to attend. Students being considered for special consideration are responsible for checking on the progress of the application. The students for whom supplementary assessment has been granted are responsible for learning the time and location of that assessment.

Textbook

Brigham, E. F. and P. R. Daves, 2002, *Intermediate Financial Management*, 7th edition, South Western.

Reference

Damodaran, A., 1999, *Applied Corporate Finance A User’s Manual*, John Wiley.

Grinblatt, M., and S. Titman, 2002, *Financial Markets and Corporate Strategy*, 2nd ed, McGraw-Hill Irwin.

Journal articles to be advised

Teaching Schedule

Week	Topic	Chapter
1	Risk and Return I Risk and Return II	2 3
2	Bond Valuation Stock Valuation Tutorial Q 2.3-5 P 2.13-14,17, 3.4	4 5
3	Financial Statement Analysis and Forecasting Tutorial Q 4.4-6, 5.2-4 P 4.13,16,19, 5.19-20, 22	7
4	Determining the Cost of Capital Tutorial Q 7.10 P 7.15-17	9
5	Corporate Value Tutorial Q 9.3 P 9.15-18	10
6	Capital Budgeting Tutorial Q 10.2-5 P 10.10-11	12
7	Real Options Tutorial Q 12.3-7 P 12.5,7,9,11	13
8	Mid-Session Examination [Lecture Time – CLB 7]	
9	Capital Structure Tutorial Q 13.3-5 P 13.4,6,10	15
10	Distributions to Shareholders Tutorial Q 15.1-5 P 15.5-7	16
11	Initial Public Offerings Tutorial Q 16.8-12 P 16.3-7,10	17

12	Bankruptcy, Reorganization and Liquidation Tutorial Q 17.2-7 P 17.3-4	24
13	Mergers and Divestitures Tutorial Q 24.1-7 P24.1-2	25
14	Review and Final Exam Information Tutorial Q 25.4-5 P 25.1-2,4	