

# 7905AFE

## Corporate Finance

### Semester 1 2009

Academic Organisation:	Department of Accounting, Finance and Economics
Faculty:	Griffith Business School
Credit point value:	10
Student Contribution Band:	Band 3A
Course level:	Postgraduate
Campus/Location/Learning Mode:	South Bank / On Campus / In Person
Convenor/s:	Dr Malcolm Johnson (South Bank)
Enrolment Restrictions:	Restricted: Course must be listed in Program
This document was last updated:	15 December 2008

#### **BRIEF COURSE DESCRIPTION**

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This course aims to provide a broad introduction to the study of corporate finance. In keeping with the central role of finance in corporate management it is a foundation core subject for all students undertaking the Master of Business Administration degree. An understanding of corporate finance is essential for a mastery of business administration and for the effective performance of a senior management role regardless of specific function. It is also essential prerequisite knowledge for those students who wish to undertake further studies in finance.

All students are expected to begin studies at the first designated lecture for each course of their program in week one. Students who cannot attend must gain written approval from the MBA Director to continue in that semester.

Incompatible: 7005GSM Corporate Finance, 7211AFE Corporate Finance

This course is a restricted course. Enrolment is for MBA students only. Admittance by other graduate students enrolled in other graduate degrees requires approval by the MBA Director.

## **SECTION A – TEACHING, LEARNING AND ASSESSMENT**

### **COURSE AIMS**

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This course aims to provide a broad introduction to the study of corporate finance. In keeping with the central role of finance in corporate management, it is a foundation core course for all students undertaking the Master of Business Administration degree. An understanding of corporate finance is essential for a mastery of business administration and for the effective performance of a senior management role regardless of specific function. Sustainability issues from a corporate finance perspective will also be examined pertaining to resource productivity, risk management, as well as aspects that contribute to a more informed consideration of corporate governance, corporate social responsibility, the impact of emissions trading scheme and Kaplan's triple bottom line. Corporate finance is an essential prerequisite knowledge for those students who wish to undertake further studies in finance.

By the end of the course, students should possess a clear understanding of how, through the process of taking investment, financing and distribution decisions, managers acquire, allocate and monitor the use of financial resources available to them. Students should also be in a position to understand why ethics and sustainability are important issues for modern corporations.

### **LEARNING OUTCOMES**

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At the end of this course, students would be expected to understand the role of the financial manager within an organisation. They will have a basic understanding of what investments should be made, how to finance these investments and how to allocate funds once they have been acquired. In addition they will have acquired the necessary foundations to understand the financially sustainable management of companies, both domestic and international, financial institutions and markets and the management of investments.

Expected cognitive outcomes include the development and demonstration of a high level of skill in:

- written communication
- problem solving
- analysis and critical evaluation
- information literacy
- ability to assume responsibility and make decisions.

### **CONTENT, ORGANISATION AND TEACHING STRATEGIES**

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The course will be presented in a lecture/workshop format during the semester. This format will involve the presentation of material by the lecturer, throughout which student participation and involvement is encouraged. Depending on the nature of the topic, students will also be given the opportunity in the workshop to work through selected problems both individually and in groups.

The topics for each week will be presented as lecture sessions following the period devoted to the review of the previous sessions' topic. Students are expected to read the recommended/required reading for each session in advance of the topic. Prior to attending each workshop, it is expected that students will have considered any discussion issues or completed any set exercises/cases. To achieve the required level of competency in this course it is important that students attend all scheduled lectures and workshops.

## CONTENT SUMMARY

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Southbank Campus

Topic	Lecture Content	Readings
1	The Nature of Corporate Finance, Financial Markets and Sustainability	Chapter 1 pp1-23 Skim Chapters 15, 16, 17 & 18
2	Fundamentals of Financial Mathematics (the time value of money)	Chapter 5
3	Debt Valuation	Chapter 5
4	Equity Valuation	Chapter 6
5	Capital Budgeting (NPV & Investment Criteria)	Chapters 7
6	Capital Budgeting (Cash Flow Principles)	Chapters 8
7	Mid-Semester Exam	
8	Risk & Return	Chapters 10 & 11
9	Long-term Financing and Issuing Securities to the Public	Chapter 15 & 16
10	The Cost of Capital (WACC)	Chapter 17
11	Dividends and Dividend Policy	Chapter 18
12	Options and Futures	Chapter 20
13	International Finance	Chapter 22

**Please note:** This is a proposed schedule only. It may be varied at the discretion of the Course Convenor to give a greater or lesser degree of emphasis to particular topics. For example, some topics may require more than one full lecture to cover, others less than one full lecture. Students should consult the course website and any handouts at classes for final scheduling and any variations.

## ASSESSMENT

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### Summary of Assessment

Item	Assessment Task	Length	Weighting	Total Marks	Relevant Learning Outcomes	Due Day and Time
1.	Mid-Term Exam	1.5 hours	40%	40	All	To be announced
2.	Final exam	2 hours	60%	60	All	During final exam period

### Assessment Details

All components of the above assessment are compulsory, and must be completed in order to obtain a pass grade. Students must attempt all assessment items at the campus at which they are enrolled.

Assessment Item No. 1 is a 1.5 hour closed book multiple choice examination designed to test the student's grasp of financial management fundamentals and to provide students with early feedback. It is proposed this will cover the first six topics. Exact scheduling is subject to the availability of suitable facilities.

The final examination will be a 2 hour closed book examination requiring students to answer questions which will test both students understanding of concepts and their ability to solve practical problems. It is proposed that this exam will cover all topics in the course.

### Notification of Availability of Feedback on Assessment

Feedback regarding assessment item No. 1 will be provided one week following the assessment date. Feedback regarding assessment item No. 2 will be provided by the University.

## **GRADUATE SKILLS**

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<b>Graduate Skills</b>	<b>Taught</b>	<b>Practised</b>	<b>Assessed</b>
Effective communication (written)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Effective communication (oral)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Effective communication (interpersonal)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Information literacy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Problem solving	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Critical evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Work autonomously	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Work in teams	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Creativity and innovation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ethical behaviour in social / professional / work environments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Responsible, effective citizenship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## TEACHING TEAM

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### Course Convenor

Convenor Details	Southbank
Campus Convenor	Dr Malcolm Johnson
Email	Malcolm.johnson@griffith.edu.au
Office Location	Macrossan (Nathan Campus) N16 Level 1.18
Phone	373 57598
Fax	373 53719
Consultation times	Details will be advised on the Course's Learning@Griffith website

### Additional teaching team members

See details on the course's [Learning@Griffith](#) website.

## COURSE COMMUNICATIONS

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Students should contact the Lecturer during class time or by email. The Lecturer will be available either before or after each lecture.

Students will be advised of appropriate consultation times for the convenor during the first lecture. The convenor will, if and when required, post notices on the course's Blackboard website. Students should regularly check the notice board for any messages.

### Flexible Learning

This course is offered in Mode B - Web Dependent. That is, the lecture notes for each topic will be published on the course website. However, these notes are not exhaustive of all material that will be covered in lectures. The notes published on the course website are meant to simply aid the student's comprehension and to form a basis of the learning required for this course. Students will also find supplementary material on the course website relating to the assessment items. Such information will be advised in class, but students are advised to also check the course website Noticeboard each week.

## TEXTS AND SUPPORTING MATERIALS

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### PRESCRIBED TEXTBOOK:

**Ross, Thompson, Christensen, Westerfield and Jordan. (2007) FUNDAMENTALS OF CORPORATE FINANCE. (4th ed). McGraw-Hill, Sydney.**

## SECTION B – ADDITIONAL COURSE INFORMATION

The Department of Accounting, Finance and Economics administers this course.

### 1.0 Rules

Enrolment in this course is undertaken on the basis that prior assumed knowledge has been gained by the attainment of a grade of "P" (pass) or above in the prerequisite course/s (if

applicable). Failure to adhere to this recommendation may result in you having difficulty with the course and not being able to successfully complete it. Any additional support or special assistance cannot be expected or requested if you have not completed the recommended prerequisite course/s.

To be eligible to pass, students must demonstrate a reasonable degree of competence in the required course objectives as examined in each form of assessment.

Non submission of a piece of assessment will incur a fail grade.

Students are expected to spend time outside of supervised class periods developing skills and knowledge.

Any dishonest assignments will be dealt with under the rules applying in "The Process of Assessment, Grading and Dissemination of Results" and Status 8.2 - Student Good Order as defined in the University Calendar.

"Dishonest assignment" includes:

- deliberate copying or attempting to copy the work of other students;
- use of or attempting to use information prohibited from use in that form of assessment;
- submitting the work of another as your own;
- plagiarism (i.e. taking and using as your own, the thoughts and writings of another with the intent to claim the work as your own);
- any student found knowingly to have helped another student to produce an assignment dishonestly will incur the same penalty awarded to that student.

Full and detailed acknowledgement (e.g. notation, and/or bibliography) must be provided if contributions are drawn from the literature in preparation of reports and assignments.

## **2.0 Submission and processing of assignments**

There will be no assignments for submission in this course.

## **3.0 Notification of Results**

Results will be posted on the [Learning@Griffith](mailto:Learning@Griffith) website at the course convenor's discretion. Results will be by student number only. Final grades will be posted on eNABLE.

Students are encouraged to discuss with academic staff their performance in assessment items during a course. Where a student believes that an error has been made or an injustice done in respect of the grade awarded for a course. The student may request a review of the grade. Details of university policy on this matter are available at: [Assessment Policy](#)

# **SECTION C – KEY UNIVERSITY INFORMATION**

## **ACADEMIC MISCONDUCT**

Students must conduct their studies at the University honestly, ethically and in accordance with accepted standards of academic conduct. Any form of academic conduct that is contrary to these standards is academic misconduct and is unacceptable.

Some students engage deliberately in academic misconduct, with intent to deceive. This conscious, pre-mediated form of cheating is one of the worst forms of fraudulent academic behaviour, for which the University has zero tolerance and for which penalties, including exclusion from the University, will be applied.

However the University recognises many students commit academic misconduct without intent to deceive. These students may be required to undertake additional educational activities to remediate their behaviour.

Specifically it is academic misconduct for a student to:

- **Cheat in examinations and tests** by communicating, or attempting to communicate, with a fellow individual who is neither an invigilator or member of staff; by copying, or attempting to copy from a fellow candidate; attempting to introduce or consult during the examination, any unauthorised printed or written material, or electronic calculating or information storage device; or mobile phones or other communication device, or impersonates another.
- **Fabricate results** by claiming to have carried out tests, experiments or observations that have not taken place or by presenting results not supported by the evidence with the object of obtaining an unfair advantage.
- **Misrepresent themselves** by presenting an untrue statement or not disclosing where there is a duty to disclose in order to create a false appearance or identity.
- **Plagiarise** by representing the work of another as their own original work, without appropriate acknowledgement of the author or the source. This category of cheating includes the following:
  1. collusion, where a piece of work prepared by a group is represented as if it were the student's own;
  2. acquiring or commissioning a piece of work, which is not his/her own and representing it as if it were, by
    - purchasing a paper from a commercial service, including internet sites, whether pre-written or specially prepared for the student concerned
    - submitting a paper written by another person, either by a fellow student or a person who is not a member of the University;
  3. duplication of the same or almost identical work for more than one assessment item;
  4. copying ideas, concepts, research data, images, sounds or text;
  5. paraphrasing a paper from a source text, whether in manuscript, printed or electronic form, without appropriate acknowledgement;
  6. cutting or pasting statements from multiple sources or piecing together work of others and representing them as original work;
  7. submitting, as one own work, all or part of another student's work, even with the student's knowledge or consent.

A student who willingly assists another student to plagiarise (for example by willingly giving them their own work to copy from) is also breaching academic integrity, and may be subject to disciplinary action.

Visit the University's Institutional Framework for Promoting Academic Integrity Among Students for further details.

## **PLAGIARISM DETECTION SOFTWARE**

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The University uses plagiarism detection software. Students should be aware that your Course Convenor may use this software to check submitted assignments. If this is the case your Course Convenor will provide more detailed information about how the detection software will be used for individual assessment items.

## **HEALTH AND SAFETY**

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Griffith University is committed to providing a safe work and study environment, however all students, staff and visitors have an obligation to ensure the safety of themselves and those whose safety may be affected by their actions. Staff in control of learning activities will ensure as far as reasonably practical, that those activities are safe and that all safety obligations are being met. Students are required to comply with all safety instructions and are requested to report safety concerns to the University.

General health and safety information can be obtained from [http://www.griffith.edu.au/hrm/health\\_and\\_safety/](http://www.griffith.edu.au/hrm/health_and_safety/)

Information about Laboratory safety can be obtained from [http://www.griffith.edu.au/ots/secure/health/content\\_labsafety.html](http://www.griffith.edu.au/ots/secure/health/content_labsafety.html)

## **KEY STUDENT-RELATED POLICIES**

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All University policy documents are accessible to students via the University's Policy Library website at: [www.griffith.edu.au/policylibrary](http://www.griffith.edu.au/policylibrary). Links to key policy documents are included below for easy reference:

[Academic Calendar](#)

[Academic Standing, Progression and Exclusion Policy](#)

[Assessment Policy](#)

[Examinations Timetabling Policy and Procedures](#)

[Guideline on Student E-Mail](#)

[Health and Safety Policy](#)

[Institutional Framework for Promoting Academic Integrity Among Students](#)

[Policy on Student Grievances and Appeals](#)

[Student Administration Policy](#)

[Student Charter](#)

## **UNIVERSITY SUPPORT RESOURCES**

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The University provides many facilities and support services to assist students in their studies. Links to information about University support resources available to students are included below for easy reference:

[Learning Centres](#) - the University provides access to common use computing facilities for educational purposes. For details visit [www.griffith.edu.au/cuse](http://www.griffith.edu.au/cuse)

[Learning@Griffith](#) - there is a dedicated website for this course via the Learning@Griffith student portal.

[Student Services](#) facilitate student access to and success at their academic studies. Student Services includes: Careers and Employment Service; Chaplaincy; Counselling Service; Health Service; Student Equity Services (incorporating the Disabilities Service); and the Welfare Office.

[Learning Services](#) within the Division of Information Services provides learning support in three skill areas: computing skills; library skills; and academic skills. The study skills resources on the website include self-help tasks focusing on critical thinking, exam skills, note taking, preparing presentations, referencing, writing, proof reading, and time management.