Description: Corporate Finance

<table>
<thead>
<tr>
<th>Subject</th>
<th>Cat-nbr</th>
<th>Class</th>
<th>Term</th>
<th>Mode</th>
<th>Units</th>
<th>Campus</th>
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<tbody>
<tr>
<td>FIN</td>
<td>8101</td>
<td>62204</td>
<td>1, 2007</td>
<td>WEB</td>
<td>1.00</td>
<td>Toowoomba</td>
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**Academic group:** FOBUS  
**Academic org:** FOB009  
**Student contribution band:** 2  
**ASCED code:** 081101

**STAFFING**
Examiner: Taiji Watanabe  
Moderator: Martin Hovey

**REQUISITES**
Co-requisite: ACC5202 or ACC5502 or ACC8101 or ECO5000 or FIN8102

**OTHER REQUISITES**
Students are required to have access to a personal computer, e-mail capabilities and Internet access to USQConnect. Current details of computer requirements can be found at http://www.usq.edu.au/handbook/current/busgeninfo.html

**SYNOPSIS**
Financial management is one of the major functional areas within a corporation. Sound financial management is crucial to a corporation’s solvency and long-term profitability. This course aims to introduce students to the basic responsibilities of a corporate financial manager. Coverage includes evaluation of investment and financing alternatives, working capital management, and determination of capital structure and dividend policy. Emphasis is placed on the analytical aspects of the decision making process to enable students to form their own judgment in the dynamic business world.

**OBJECTIVES**
The course objectives define the student learning outcomes for a course. The assessment item/s that may be used to assess student achievement of an objective is/are shown in parentheses after each objective. On successful completion of this course, students should be able to:

1. Understand the role of managerial finance within an organization and the relationship between financial institutions, the markets and the businesses. (Assignment, Examination)
2. Identify the purpose and components of financial statements and understand the effect of taxes, depreciation and cash flows. (Assignment, Examination)
3. Evaluate a firm's liquidity, activities, debt and profitability with the use of financial statement analysis. (Assignment, Examination)
4. Understand the important concept of the time-value of money in finance and the use of calculations to assist in their application. (Assignment, Examination)
5. Understand the meaning of risk and explain the risk-return relationship. Apply the procedures for assessing and measuring the risk of single asset portfolios (Assignment, Examination)
6. Describe the key elements used in the valuation process and apply valuation models to bonds and shares. (Assignment, Examination)
7. Understand capital budgeting and cash flow principles. (Assignment, Examination)
8. Apply the net present value and internal rate of return techniques for capital budgeting and be able to interpret the results of your analyses. (Assignment, Examination)
9. Identify and describe the sources of long-term finance. Understand the concepts that underlie the cost of capital in a firm. Calculate the cost of long-term debt, preference shares, ordinary shares and the weighted average cost of capital. (Examination)
10. Discuss dividend payment procedures and the formulation of dividend policies. (Examination)
11. Understand operating, financial and total leverage and explain optimal capital structure. (Examination)
12. Understand working capital and discuss the sources of short-term financing. (Examination)
13. Discuss the motives and strategies for holding cash and marketable securities. (Examination)
14. Provide a framework for making corporate financial decisions in an international context. (Examination)

**TOPICS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Weighting (%)</th>
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<tbody>
<tr>
<td>1. Objectives and roles of financial managers</td>
<td>9.00</td>
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<tr>
<td>2. Financial mathematics</td>
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<td>3. Risk and return</td>
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<tr>
<td>4. Cost of capital</td>
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<td>5. Investment evaluation techniques</td>
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<td>6. Short-term financing and current asset management</td>
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<td>7. Financial analysis and forecasting</td>
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<tr>
<td>8. Long-term financing</td>
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<tr>
<td>9. Dividends and internal financing</td>
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<tr>
<td>10. Capital structure</td>
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<tr>
<td>11. Corporate financial decisions in an international context</td>
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</tr>
</tbody>
</table>

**TEXT and MATERIALS required to be PURCHASED or ACCESSED**

ALL textbooks and materials are available for purchase from USQ BOOKSHOP (unless otherwise stated). Orders may be placed via secure internet, free fax 1800642453, phone 07 46312742 (within Australia), or mail. Overseas students should fax +61 7 46311743, or phone +61 7 46312742. For
costs, further details, and internet ordering, use the 'Textbook Search' facility at http://bookshop.usq.edu.au click 'Semester', then enter your 'Course Code' (no spaces).

It is compulsory that students have a non-programmable financial or scientific calculator without text storage capacity for the subject. Examples may be a Sharp EL750 or a Casio Financial Consultant.


**REFERENCE MATERIALS**

Reference materials are materials that, if accessed by students, may improve their knowledge and understanding of the material in the course and enrich their learning experience.

It is not necessary to obtain these titles. However, if available they will provide useful supplementary material to the set text.


(3rd Australian edn)

**STUDENT WORKLOAD REQUIREMENTS**

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>HOURS</th>
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<tbody>
<tr>
<td>Assessment</td>
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<tr>
<td>Directed Study</td>
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<td>Private Study</td>
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ASSESSMENT DETAILS

<table>
<thead>
<tr>
<th>Description</th>
<th>Marks out of</th>
<th>Wtg(%)</th>
<th>Due date</th>
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<tbody>
<tr>
<td>ASSIGNMENT</td>
<td>100.00</td>
<td>20.00</td>
<td>14 May 2007</td>
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<tr>
<td>EXAM A (MULTI-CHOICE)</td>
<td>45.00</td>
<td>36.00</td>
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<tr>
<td>EXAM B &amp; C (THEORY &amp; PROBLEMS)</td>
<td>55.00</td>
<td>44.00</td>
<td>END S1</td>
</tr>
</tbody>
</table>

NOTES
1. The examination is scheduled to be held in the end-of-semester examination period. Students will be advised of the official examination date for Exam (A, B and C) after the timetable has been finalised. The total working time for Exam (A, B and C) is 3 hours.

IMPORTANT ASSESSMENT INFORMATION

1. Attendance requirements:
   There are no attendance requirements for this course. However, it is the students' responsibility to study all material provided to them or required to be accessed by them to maximise their chance of meeting the objectives of the course and to be informed of course-related activities and administration.

2. Requirements for students to complete each assessment item satisfactorily:
   To satisfactorily complete an individual assessment item a student must achieve at least 50% of the marks. (Depending upon the requirements in Statement 4 below, students may not have to satisfactorily complete each assessment item to receive a passing grade in this course.)

3. Penalties for late submission of required work:
   If students submit assignments after the due date without prior approval then a penalty of 20% of the total marks gained by the student for the assignment will apply for each working day late.

4. Requirements for student to be awarded a passing grade in the course:
   To be assured of receiving a passing grade a student must submit all of the assessment items, achieve at least 50% for the examination and at least 50% of the total weighted marks available for the course.

5. Method used to combine assessment results to attain final grade:
   The final grades for students will be assigned on the basis of the aggregate of the weighted marks obtained for each of the summative assessment items in the course.

6. Examination information:
   This is a restricted examination. The only materials that candidates may use during this examination are: writing materials (non-electronic and free from material which could give the student an unfair advantage in the examination); calculators which cannot hold textual information (students must indicate on their examination paper the make and model of any calculator(s) they use during the examination).

7. Examination period when Deferred/Supplementary examinations will be held:
   Any Deferred or Supplementary examinations for this course will be held during the next examination period.

8. University Regulations:
Students should read USQ Regulations 5.1 Definitions, 5.6. Assessment, and 5.10 Academic Misconduct for further information and to avoid actions which might contravene University Regulations. These regulations can be found at the URL http://www.usq.edu.au/corporateservices/calendar/part5.htm. Students should also read the Faculty of Business Guide to Policies and Procedures of the Faculty which can be found at the URL http://www.usq.edu.au/handbook/current/buspolproc.html.

ASSESSMENT NOTES

1 Assignments: (i) The due date for an assignment is the date by which a student must despatch the assignment to the USQ. The onus is on the student to provide proof of the despatch date, if requested by the examiner. (ii) The examiner may grant an extension of the due date of an assignment in extenuating circumstances. Extenuating circumstances should be interpreted as circumstances which are unanticipated and cannot be planned ahead. Heavy work and/or family commitments and travelling on the due date are normally not considered as extenuating circumstances. All applications of extension must be accompanied by supporting documents to substantiate the claims of students. In all circumstances, no assignments will be accepted two calendar weeks after the due date. (iii) If requested, students will be required to provide a copy of an assignment submitted for assessment purposes. This should be despatched to the USQ within 24 hours of receipt of a request being made. (iv) The examiner will not accept submission of assignments by facsimile. (v) In the event that a due date for an assignment falls on a local public holiday in their area, such as a show holiday, the due date for the assignment will be the next day. Students are to note on the assignment cover the date of the public holiday for the examiner's convenience.

2 Course weightings: Course weightings of topics should not be interpreted as applying to the number of marks allocated to questions testing those topics in an examination paper. The examination may test material already tested in assignments.

3 Dishonest actions: (i) Any student who is alleged to have performed a dishonest action relating to any assessment in the course will have a course of action taken against him/her as outlined in the academic regulations. (ii) Pieces of assessment should be the work of individual students. Joint pieces of assessment are not permitted unless written approval has been obtained from the examiner. (iii) Dishonest action in relation to assessment includes: copying or attempting to copy the work of others; use of or attempting to use information prohibited from use in that form of assessment; submitting the work of another as your own; consciously committing acts of plagiarism, that is, taking and using another's thoughts or writings as one's own with intent to deceive, which occurs when paragraphs, sentences, a single sentence or significant parts of a sentence which are copied directly, are not enclosed in quotation marks and appropriately referenced in the text; direct quotations are not used, but text is paraphrased or summarised, and the source of the material is not acknowledged by footnoting or other reference in the text.

OTHER REQUIREMENTS

1 Learning resources: Prescribed texts and materials (see above); recommended reference materials (see above); and course Website accessible via USQConnect.