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| <b>Course Code:</b>        | 2201AFE                                 |
| <b>Course Name:</b>        | Corporate Finance                       |
| <b>Trimester:</b>          | Trimester 3, 2017                       |
| <b>Program:</b>            | Associate Degree in Commerce & Business |
| <b>Credit Points:</b>      | 10                                      |
| <b>Course Coordinator:</b> | Sonja Kobinger                          |
| <b>Document modified:</b>  | 23 October 2017                         |

## Teaching Team

Your lecturer/tutor can be contacted via the email system on the portal.

Sonja Kobinger: [sonja.kobinger@staff.griffithcollege.edu.au](mailto:sonja.kobinger@staff.griffithcollege.edu.au)

Michael Howard: [michael.howard@staff.griffithcollege.edu.au](mailto:michael.howard@staff.griffithcollege.edu.au)

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## Staff Consultation

Your lecturer/tutor is available each week for consultation outside of normal class times. Times that your lecturer/tutor will be available for consultation will be given in the first week of lectures. A list of times and rooms will be published on the Griffith College Portal under the “myTimetable” link.

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## **Prerequisites**

To successfully enrol in this Course, you must provide evidence that you have completed the following Courses:

- 1101AFE - Accounting Principles; or
  - 1102AFE - Accounting for Decision Making
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## **Brief Course Description**

Corporate Finance is a 10 Credit Point course within the Associate Degree in Commerce and Business. The course is situated within the second year of the program. The Associate Degree in Commerce and Business is designed to provide students with a pathway to:

- further university studies in Commerce, Business and related degrees or
- direct employment

This course constructs a theoretical framework to view financial management decisions. It progresses from the acknowledgement that the financial dimension of decision making is only one area of concern, to develop a theory of capital asset pricing which describes a fundamental trade-off between risk and return.

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## **Rationale**

This course will provide students with an understanding of the role of a financial manager as well as the decisions they make regarding investments, financing and dividends. This course will also provide students with an understanding of the operations of financial institutions and markets and investments which are essential in order for financial managers to acquire funds and to allocate these funds once they have been acquired. Students will also develop knowledge of how financial managers answer questions such as:

- What investments should be take on?;
  - Where will the financing to pay for the investment come from?;
  - When the business is successful, how will the funds be distributed to shareholders?
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## **Aims**

The course deals with the practical and theoretical aspects of economic decision making so that students can decide when an investment project is profitable and students are able to access the value of debt, equity in a firm. Students will learn the basic function of financial markets, the importance of cash flows, how to calculate future and present values, effective interest rates, investment projects, risk and return, and the role of debt in firm.

These skills are important for the understanding of accounting, marketing and management, as well as for students' individual economic decisions regarding matters like buying a car or a house, planning for children, retirement or starting up a firm.

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## Learning Outcomes

Upon successful completion of this course you will be able to:

1. Demonstrate understanding and application of the basic fundamental concepts and principles of modern finance;
2. Critically analyse whether a proposed corporate transaction is in the best interests of the firm's shareholders;
3. Demonstrate comprehensive understanding of the assumptions that underlie financial models;
4. Apply problem solving skills and logical, critical and creative thinking to a range of problems in corporate finance;
5. Use the basic valuation model in finance and understand its application in valuing securities and projects.

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## Texts and Supporting Materials

Course material such as tutorial questions, lecture notes and course announcements will be made available through the course notes section of the Griffith College portal.

Required Text:

- Ross, S., Drew, M., Walk, A., Westerfield, R., & Jordan, B. (2017). Fundamentals of Corporate Finance (7th ed.). McGraw-Hill.

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## Organisation and Teaching Strategies

The course will be conducted over a 12 week period through a combination of 2 hour lectures and 2 hour tutorial and workshop sessions. During **lectures** you will be presented with basic concepts and shown how they are relevant to finance. **Tutorials** will give you the opportunity to consider further the material covered in the lecture and apply this material in a problem-solving environment. The **workshop** sessions will provide you with the opportunity to develop a range of skills that will support learning objectives and foster certain generic skills that are helpful to your professional development.

## Class Contact Summary

All students are reminded that satisfactory Program Progression requires that attendance in classes is maintained at equal to or greater than 80%, and that GPA is maintained at equal to or greater than 3.5 with passing grades achieved in more than 50% of courses in any trimester [please see Griffith College Policy Library - Program Progression Policy - for more information].

Throughout the trimester you are also expected to:

- Read the relevant course material prior to lectures
- Complete relevant tutorial assignments prior to group sessions and tutorials.
- Participate in tutorials as this is a vital part of your learning and allows your tutor to address problems you may be encountering.

## Independent Study

You are expected to reinforce your learning gained during class time by undertaking sufficient independent study. For this 10 CP course, you will need to spend at least 10 hours per week engaged in activities that will help your learning and fulfil the course objectives. Thus, provided you have well used the 4 hours per week of formal contact, you would then complete at least 6 hours per week of independent study.

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## Content Schedule

### Weekly Teaching Schedule

| Week | Topic   | Activity | Readings   |
|------|---|----------|------------|
| 1    | Introduction & Financial Ratios                 | Lecture  | Ch 1,2 & 3 |
| 2    | The Time Value of Money                         | Lecture  | Ch 5       |
| 3    | Valuing Shares and Bonds                        | Lecture  | Ch 6       |
| 4    | Net Present Value and other Investment Criteria | Lecture  | Ch 7       |
| 5    | Mid Trimester Exam Revision                     | Lecture  |            |
| 6    | Making Capital Investment Decisions             | Lecture  | Ch 8,9     |
| 7    | Lessons from Capital Market History             | Lecture  | Ch 10      |
| 8    | Return, Risk and the Security Market Line       | Lecture  | Ch 11      |
| 9    | Cost of Capital                                 | Lecture  | Ch 17      |
| 10   | Capital Structure                               | Lecture  | Ch 19      |
| 11   | Dividend Policy                                 | Lecture  | Ch 18      |

|    |                         |         |  |
|----|-------------------------|---------|--|
| 12 | Revision for Final Exam | Lecture |  |
|----|-------------------------|---------|--|

## Assessment

This section sets out the assessment requirements for this course.

### Summary of Assessment

| Item | Assessment Task     | Weighting | Relevant Learning Outcomes | Due Date      |
|------|---------------------|-----------|----------------------------|---------------|
| 1    | In-Class Tests (x4) | 20%       | 1,2,3,4,5                  | 3, 6, 10 & 12 |
| 2    | Mid-Trimester Exam  | 30%       | 1,2,3,4,5                  | 7             |
| 3    | Final Exam          | 50%       | 1,2,3,4,5                  | Exam Period   |

## Assessment Details

### In-Class Tests:

Students will be required to complete four (4) in-class tests, each worth 5%. This assessment item will be worth 20% and details will be provided in class. Test 1 will be held in week 3 and cover chapters 1,2,3 and 5. Test 2 will be held in week 6 and will cover chapters 6, 7 and 8. Test 3 will be held in week 11 and will cover chapters 9,10 and 11. Test 4 will be held in week 13 and will cover chapter 17,18 and 19. You will have 1 hour to complete each test. There will be no opportunity to undertake deferred tests if for any reason you are unable to sit the test during the scheduled class time.

### Mid-Trimester Exam:

The exam has a duration of 1.5hours with a perusal time of 10minutes, during which you can write on the exam paper. It consists of 30 multiple-choice questions that are both theory and calculation, and it tests the material covered in Chapters 1,2,3,5,6,7,8.

### Final Examination:

The final exam is conducted during the formal examination period at the end of trimester. It will be of 2.5 hours duration with a 10 minute perusal during which you can write on the exam paper only. The examination content will cover the whole course, while paying more attention to the concepts covered after mid trimester exam, in particular Chapters 9 to 11 and 17 to 20. It consists of 6 questions, each having multiple problem-solving and short-answer questions that may or may not be related to each other. Question 1 is compulsory and all students are required to answer this. Then only answer 3 questions out of the remaining 5.

## Submission and Return of Assessment Items

Normally you will be able to collect your assignments in class within fourteen [14] days of the due date for submission of the assignment.

### Retention of Originals

You must be able to produce a copy of all work submitted if so requested. Copies should be retained until after the release of final results for the course.

### Extensions

To apply for an extension of time for an assignment, you must submit an Application for Extension of Assignment form to your teacher at least 24 hours before the date the assignment is due. Grounds for extensions are usually: serious illness, accident, disability, bereavement or other compassionate circumstances and must be able to be substantiated with relevant documentation [e.g. Griffith College Medical Certificate]. Please refer to the Griffith College website - Policy Library - for guidelines regarding extensions and deferred assessment.

### Assessment Feedback

Marks awarded for in-trimester assessment items, except those being moderated externally with Griffith University, will be available on the Student Portal within fourteen [14] days of the due date. This does not apply to the final assessment item in this course (marks for this item will be provided with the final course result).

### Generic Skills

Griffith College aims to develop graduates who have an open and critical approach to learning and a capacity for lifelong learning. Through engagement in their studies, students are provided with opportunities to begin the development of these and other generic skills.

Studies in this course will give you opportunities to begin to develop the following skills:

| Generic Skills                   | Taught | Practised | Assessed |
|----------------------------------|--------|-----------|----------|
| Written Communication            |        | Yes       | Yes      |
| Oral Communication               |        | Yes       |          |
| Information Literacy             |        | Yes       |          |
| Secondary Research               |        |           |          |
| Critical and Innovative Thinking |        | Yes       | Yes      |
| Academic Integrity               | Yes    | Yes       | Yes      |
| Self Directed Learning           |        | Yes       |          |
| Team Work                        |        |           |          |

|                              |  |     |  |
|------------------------------|--|-----|--|
| Cultural Intelligence        |  | Yes |  |
| English Language Proficiency |  | Yes |  |

## **Additional Course Generic Skills**

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## **Additional Course Information**

In addition to formal contact hours, you are provided with extra support through individual consultation with teaching staff, tutorials in English language, and self-access computer laboratories.

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## **Academic Integrity**

Griffith College is committed to maintaining high academic standards to protect the value of its qualifications. Academic integrity means acting with the values of honesty, trust, fairness, respect and responsibility in learning, teaching and research. It is important for students, teachers, researchers and all staff to act in an honest way, be responsible for their actions, and show fairness in every part of their work. Academic integrity is important for an individual's and the College's reputation.

All staff and students of the College are responsible for academic integrity. As a student, you are expected to conduct your studies honestly, ethically and in accordance with accepted standards of academic conduct. Any form of academic conduct that is contrary to these standards is considered a breach of academic integrity and is unacceptable.

Some students deliberately breach academic integrity standards with intent to deceive. This conscious, pre-meditated form of cheating is considered to be one of the most serious forms of fraudulent academic behaviour, for which the College has zero tolerance and for which penalties, including exclusion from the College, will be applied.

However, Griffith College also recognises many students breach academic integrity standards without intent to deceive. In these cases, students may be required to undertake additional educational activities to remediate their behaviour and may also be provided appropriate advice by academic staff.

As you undertake your studies at Griffith College, your lecturers, tutors and academic advisors will provide you with guidance to understand and maintain academic integrity; however, it is also your responsibility to seek out guidance if and when you are unsure about appropriate academic conduct.

Please ensure that you are familiar with the [Griffith College Academic Integrity Policy](#); this policy provides an overview of some of the behaviours that are considered breaches of academic integrity, as well as the penalties and processes involved when a breach is identified.

For further information please refer to the Academic Integrity Policy on the Griffith College website – Policy Library.

### **Risk Assessment Statement**

There are no out of the ordinary risks associated with this course.

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