



UNSW Course Outline

FINS5514 Capital Budgeting and Financial Decisions - 2024

Published on the 28 Jan 2024

General Course Information

Course Code : FINS5514

Year : 2024

Term : Term 1

Teaching Period : T1

Is a multi-term course? : No

Faculty : UNSW Business School

Academic Unit : School of Banking and Finance

Delivery Mode : In Person

Delivery Format : Standard

Delivery Location : Kensington

Campus : Sydney

Study Level : Postgraduate

Units of Credit : 6

Useful Links

[Handbook Class Timetable](#)

Course Details & Outcomes

Course Description

Capital budgeting and financial decisions is primarily concerned with the major financial decisions faced by the firm. These decisions can be broadly classified as the investment decision, the financing decision, the dividend decision and the restructuring decision. This

course will examine the main theories and empirical evidence surrounding these decisions and to use this knowledge to help solve typical 'real' finance problems.

Course Aims

The course aims to provide students with an understanding of the basic theories of corporate finance decision making and the ability to apply these theories to numerical problems.

Relationship to Other Courses

The two main aims of this course are:

- To provide students with an understanding of the basic theories of corporate finance decision making
- To provide students with the ability to apply these theories to numerical problems

Masters of Commerce / Masters of Commerce (Extension) (programs 8404 and 8417) FINS5514 is a Required Specialisation Course for students specialising in Finance and in Banking on these programs. Students on these programs who are taking the Economics and Finance specialisation may take this course or choose another specialisation course and should consult the Postgraduate Handbook for details. Students on these programs are required to have COMM5005 or COMM5011 or ECON5248 or FINS5511 or FINS5513 as a prerequisite for FINS5514. It is the responsibility of each student to ensure that these criteria have been met prior to the commencement of this course. Masters of Financial Analysis (program 8413) FINS5514 is an elective (List B) course for students specialising in Finance on this program. Masters of Actuarial Studies / Masters of Actuarial Studies (Extension) (programs 8411 and 8416) FINS5514 is an elective (approved subject) for students on these programs. Masters of Finance (program 8406) Students enrolled in the Master of Finance are prohibited from taking FINS5514.

Course Learning Outcomes

Course Learning Outcomes	Program learning outcomes
CLO1 : Infer and interpret the basic theories of corporate finance decision making.	• PL01 : Business Knowledge
CLO2 : Apply current knowledge of corporate finance theories to local or global businesses.	• PL01 : Business Knowledge
CLO3 : Use the standard models of capital budgeting, capital structure, dividend policy, and restructuring to identify, interpret, and analyse real problems in corporate finance.	• PL02 : Problem Solving

Course Learning Outcomes	Assessment Item
CLO1 : Infer and interpret the basic theories of corporate finance decision making.	<ul style="list-style-type: none"> • Assessments • Quizzes • Final Exam
CLO2 : Apply current knowledge of corporate finance theories to local or global businesses.	<ul style="list-style-type: none"> • Assessments • Quizzes • Final Exam
CLO3 : Use the standard models of capital budgeting, capital structure, dividend policy, and restructuring to identify, interpret, and analyse real problems in corporate finance.	<ul style="list-style-type: none"> • Assessments • Quizzes • Final Exam

Learning and Teaching Technologies

Moodle - Learning Management System | Zoom | Echo 360 | McGraw Hill Connect

Learning and Teaching in this course

The course provides the foundations of corporate finance through the explanation of financial theories and their application to numerical problems. The lectures build from the student notes to set out the main ideas, theories and conceptual frameworks for the course. The lectures also include numerical examples to demonstrate the applications of the theory. In addition, the lectures may include some interactive discussion of the application of theory to real world examples and cases. The tutorials provide an opportunity to discuss numerical questions.

Assessments

Assessment Structure

Assessment Item	Weight	Relevant Dates	Program learning outcomes
Assessments Assessment Format: Individual	20%	Start Date: See Detailed assessment description Due Date: See Detailed assessment description	<ul style="list-style-type: none"> • PLO1 : Business Knowledge • PLO2 : Problem Solving
Quizzes Assessment Format: Individual	30%	Start Date: 20/10/2023 04:00 PM Due Date: 20/10/2023 05:00 PM	<ul style="list-style-type: none"> • PLO2 : Problem Solving • PLO1 : Business Knowledge
Final Exam Assessment Format: Individual	50%	Start Date: See Detailed assessment description Due Date: See Detailed assessment description	<ul style="list-style-type: none"> • PLO1 : Business Knowledge • PLO2 : Problem Solving

Assessment Details

Assessments

Assessment Overview

The assessments assess the financial knowledge and skills learnt in the course.

Assesses: PL01, PL02, PL03

Course Learning Outcomes

- CL01 : Infer and interpret the basic theories of corporate finance decision making.
- CL02 : Apply current knowledge of corporate finance theories to local or global businesses.
- CL03 : Use the standard models of capital budgeting, capital structure, dividend policy, and restructuring to identify, interpret, and analyse real problems in corporate finance.

Detailed Assessment Description

Weight	Assessment Name	Assessment Due Date / Timing
5%	Class Contribution	Ongoing, Weeks 2-10
10%	Online Self-Assessment Exercises	On-going, weeks 2-10
5%	Application Based Assessment	Week 9-10

Class Contribution (5%) Student engagement is crucial for learning. 5% of the grade is allocated to your contributions to the class and your learning community. Students are required to contribute to the online forums in Moodle in a meaningful way throughout the term.

Online Self-Assessment Exercises (10%) Self-assessment exercises are designed to help students assess their understanding of the material covered each week and will be conducted online. There will be a total of 5 exercises. Each exercise will be for 2 marks consisting of 4-6 questions. Students will be allowed 2 attempts for each exercise and the maximum mark of the two attempts will be used for grading purposes. Every other week, the online exercise will be available from Friday 6 pm to Sunday 11 pm of the following week (approx. 9 days). Each exercise will be based on the material covered during the last two weeks. The first self-assessment exercise based on week 1 and 2 material will be available from Friday of week 2.

Application Based Assessment (5%)

The Application based Assessment aims to improve critical thinking skills and allows students to

apply the concepts learned in the course to real-world scenarios. This will be in an online quiz setting.

Each Assessment component will be discussed in detail in the first lecture. Students are encourage to ask questions and clarify any confusions they may have regarding any of the assessment component at this time.

Submission notes

See Detailed assessment description

Assignment submission Turnitin type

Not Applicable

Quizzes

Assessment Overview

The quizzes assess student understanding of key course concepts and ability to apply these to numerical problems.

Assesses: PLO1, PLO2

Course Learning Outcomes

- CL01 : Infer and interpret the basic theories of corporate finance decision making.
- CL02 : Apply current knowledge of corporate finance theories to local or global businesses.
- CL03 : Use the standard models of capital budgeting, capital structure, dividend policy, and restructuring to identify, interpret, and analyse real problems in corporate finance.

Detailed Assessment Description

Weight	Assessment Name	Assessment Due Date / Timing
30%	Quiz	Week 6, See Moodle for details

Quiz (30%) The online quiz will be in Week 6 and will cover all the material from week 1-5.

Submission notes

See Detailed assessment description

Assignment submission Turnitin type

Not Applicable

Final Exam

Assessment Overview

The final examination assesses understanding of basic theories of corporate finance decision making and ability to identify, interpret and analyse real problems in corporate finance.

Assesses: PLO1, PLO2

Course Learning Outcomes

- CLO1 : Infer and interpret the basic theories of corporate finance decision making.
- CLO2 : Apply current knowledge of corporate finance theories to local or global businesses.
- CLO3 : Use the standard models of capital budgeting, capital structure, dividend policy, and restructuring to identify, interpret, and analyse real problems in corporate finance.

Detailed Assessment Description

Weight	Assessment Name	Assessment Due Date / Timing
50%	Final exam	Final Exam Period

Final Exam (50%) The final exam will be held as per the University Exam Schedule.

Submission notes

See Detailed assessment description

Assignment submission Turnitin type

Not Applicable

General Assessment Information

As a student at UNSW you are expected to display [academic integrity](#) in your work and interactions. Where a student breaches the [UNSW Student Code](#) with respect to academic integrity, the University may take disciplinary action under the Student Misconduct Procedure. To assure academic integrity, you may be required to demonstrate reasoning, research and the process of constructing work submitted for assessment.

To assist you in understanding what academic integrity means, and how to ensure that you do comply with the UNSW Student Code, it is strongly recommended that you complete the [Working with Academic Integrity](#) module before submitting your first assessment task. It is a free, online self-paced Moodle module that should take about one hour to complete.

Grading Basis

Standard

Requirements to pass course

In order to pass this course students must:

- Achieve a composite mark of at least 50 out of 100
- Engage actively in course learning activities and attempt ALL assessment requirements
- Meet any additional requirements specified in the assessment details
- Meet the specified attendance requirements of the course (see Schedule section)

Course Schedule

Teaching Week/Module	Activity Type	Content
Week 1 : 12 February - 18 February	Lecture	Course Overview + Agency Theory Pre-lecture readings: • RWJ Chapter 1 • Palepu, K. G. and P. M. Healy, (2003), 'The Fall of Enron', Journal of Economic Perspectives, Vol. 17, 3-26. • Friedman, H. and L. Friedman (2009), 'The Global Financial Crisis of 2008: What Went Wrong?', Available at SSRN: http://ssrn.com/abstract=1356193
Week 2 : 19 February - 25 February	Lecture	Investment Decision-I Tutorial on Week 1 material Online Self-Assessment Exercise 1 Pre-lecture readings: • RWJ Chapters 5 & 6
Week 3 : 26 February - 3 March	Lecture	Investment Decision -II: Investment Criteria and Project Cash Flows Tutorial on Week 2 material Pre-lecture readings: • RWJ Chapter 9 & 10
Week 4 : 4 March - 10 March	Lecture	The Investment Decision -III: Project Cash Flows II and Estimating Risk Tutorial on Week 3 material Online Self-Assessment Exercise 2 Pre-lecture readings: • RWJ Chapters 10 & 11
Week 5 : 11 March - 17 March	Lecture	Cost of Capital and Raising Capital Tutorial on Week 4 material Pre-lecture readings: • RWJ Chapters 14 & 15
Week 6 : 18 March - 24 March	Lecture	The Financing Decision I Tutorial on Week 5 material Online Self Assessment Exercise 3 Online Quiz on 22nd March Pre-lecture readings: • RWJ Chapter 16 • Myers, S. (2001), 'Capital Structure', Journal of Economic Perspectives, Vol. 15, 81-102.
Week 7 : 25 March - 31 March	Lecture	The Financing Decision II Tutorial on Week 6 material Pre-lecture readings: • RWJ Chapter 16 • Graham, J and C. Harvey (2002), How do CFOs make capital budgeting and capital structure decisions?, The Journal of Applied Corporate Finance Vol. 15, 8-23.
Week 8 : 1 April - 7 April	Lecture	The Dividend Decision Tutorial on Week 7 material Online Self-Assessment Exercise 4 Pre-lecture readings: • RWJ Chapter 17
Week 9 : 8 April - 14 April	Lecture	The Restructuring Decision (Mergers and Acquisitions) I Tutorial on Week 8 material Pre-lecture readings: • RWJ Chapter 26 • Holmstrom, B. and S. Kaplan, (2001), 'Corporate Governance and Merger Activity in the United States: Making Sense of the 1980s and 1990s', Journal of Economic Perspectives, Vol. 15, 121-144
Week 11 : 22 April - 28 April	Lecture	The Restructuring Decision (Mergers and Acquisitions) II Tutorial on Week 9 material Application Based Assessment Pre-lecture readings: • RWJ Chapter 26

Attendance Requirements

Students are strongly encouraged to attend all classes and review lecture recordings.

Course Resources

Prescribed Resources

Prescribed textbook

Ross, S. A., R. W. Westerfield, and B. D. Jordan (RWJ), "Fundamentals of Corporate Finance", 13th Edition (International Edition), McGraw-Hill, 2022.

Moodle

Moodle is used to disseminate lecture notes, tutorial problems and selected answers/solutions, assessment details, journal articles, and announcements. This is the only place where these resources can be accessed. Students should make a point of checking this site regularly. The website for this course is Moodle.

MH Connect via <https://connect.mheducation.com/> is used for online assessments. Students are required to register, setup, and troubleshoot the platform following the instructions on Moodle.

Course Evaluation and Development

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the myExperience survey, which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

Staff Details

Position	Name	Email	Location	Phone	Availability	Equitable Learning Services Contact	Primary Contact
Convenor	Faiza Majid					No	Yes
Lecturer	Peter Kavalam thara					No	No

Other Useful Information

Academic Information

COURSE POLICIES AND SUPPORT

The Business School expects that you are familiar with the contents of this course outline and the UNSW and Business School learning expectations, rules, policies and support services as listed below:

- Program Learning Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Protocol for Viewing Final Exam Scripts
- Student Learning Support Services

Further information is provided on the [key policies and support](#) page.

Students may not circulate or post online any course materials such as handouts, exams, syllabi or similar resources from their courses without the written permission of their instructor.

STUDENT LEARNING OUTCOMES

The Course Learning Outcomes (CLOs) – under the Outcomes tab – are what you should be able to demonstrate by the end of this course, if you participate fully in learning activities and successfully complete the assessment items.

CLOs also contribute to your achievement of the Program Learning Outcomes (PLOs), which are developed across the duration of a program. PLOs are, in turn, directly linked to [UNSW graduate capabilities](#). More information on Coursework PLOs is available on the [key policies and support](#) page. For PG Research PLOs, including MPDBS, please refer to the [UNSW HDR Learning Outcomes](#).

Academic Honesty and Plagiarism

As a student at UNSW you are expected to display [academic integrity](#) in your work and interactions. Where a student breaches the [UNSW Student Code](#) with respect to academic integrity, the University may take disciplinary action under the Student Misconduct Procedure. To

assure academic integrity, you may be required to demonstrate reasoning, research and the process of constructing work submitted for assessment.

To assist you in understanding what academic integrity means, and how to ensure that you do comply with the UNSW Student Code, it is strongly recommended that you complete the [Working with Academic Integrity](#) module before submitting your first assessment task. It is a free, online self-paced Moodle module that should take about one hour to complete.

Submission of Assessment Tasks

SPECIAL CONSIDERATION

You can apply for special consideration when illness or other circumstances beyond your control interfere with your performance in a specific assessment task or tasks, including online exams. Students studying remotely who have exams scheduled between 10pm and 7am local time, are also able to apply for special consideration to sit a supplementary exam at a time outside of these hours.

Special consideration is primarily intended to provide you with an extra opportunity to demonstrate the level of performance of which you are capable. To apply, and for further information, see Special Consideration on the UNSW [Current Students](#) page.

Special consideration applications will be assessed centrally by the Case Review Team, who will update the online application with the outcome and add any relevant comments. The change to the status of the application immediately sends an email to the student and to the assessor with the outcome of the application.

Please note the following:

1. Applications can only be made through Online Services in myUNSW (see the UNSW [Current Students](#) page). Applications will not be accepted by teaching staff. The lecturer-in-charge/course coordinator will be automatically notified when your application is processed.
2. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.
3. If you experience illness or misadventure in the lead up to an exam or assessment, you must submit an application for special consideration, either prior to the examination taking place, or prior to the assessment submission deadline, except where illness or misadventure prevent you from doing so.
4. If your circumstances stop you from applying before your exam or assessment due date, you

must apply within 3 working days of the assessment or the period covered by your supporting documentation.

5. Under the UNSW Fit To Sit/Submit rule, if you sit the exam/submit an assignment, you are declaring yourself well enough to do so and are cannot subsequently apply for special consideration.
6. If you become unwell on the day of – or during – an exam, you must stop working on your exam, advise your course coordinator or tutor and provide a medical certificate dated within 24 hours of the exam, with your special consideration application. For online exams, you must contact your course coordinator or tutor immediately via email, Moodle or chat and advise them you are unwell and submit screenshots of your conversation along with your medical certificate and application.
7. Special consideration requests do not allow the awarding of additional marks to students.

Further information on Business School policy and procedure can be found under “Special Consideration” on the [key policies and support](#) page.

LATE SUBMISSION PENALTIES

For assessments other than examinations, late submission will incur a penalty of 5% per day or part thereof (including weekends) from the due date and time. An assessment will not be accepted after 5 days (120 hours) of the original deadline unless special consideration has been approved. An assignment is considered late if the requested format, such as hard copy or electronic copy, has not been submitted on time or where the ‘wrong’ assignment has been submitted.

For assessments which account for 10% or less of the overall course grade, and where answers are immediately discussed or debriefed, the LIC may stipulate a different penalty. Details of such late penalties will be available on the course Moodle page.

FEEDBACK ON YOUR ASSESSMENT TASK PERFORMANCE

Feedback on student performance from formative and summative assessment tasks will be provided to students in a timely manner. Assessment tasks completed within the teaching period of a course, other than a final assessment, will be assessed and students provided with feedback, with or without a provisional result, within 10 working days of submission, under normal circumstances. Feedback on continuous assessment tasks (e.g. laboratory and studio-based, workplace-based, weekly quizzes) will be provided prior to the midpoint of the course.

Faculty-specific Information

PROTOCOL FOR VIEWING FINAL EXAM SCRIPTS

UNSW students have the right to view their final exam scripts, subject to a small number of very specific exemptions. The UNSW Business School has set a [protocol](#) under which students may view their final exam script. Individual schools within the Faculty may also set up additional local processes for viewing final exam scripts, so it is important that you check with your School.

If you are completing courses from the following schools, please note the additional school-specific information:

- Students in the **School of Accounting, Auditing & Taxation** who wish to view their final examination script should also refer to [this page](#).
- Students in the **School of Banking & Finance** should also refer to [this page](#).
- Students in the **School of Information Systems & Technology Management** should also refer to [this page](#).

COURSE EVALUATION AND DEVELOPMENT

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the [myExperience survey](#), which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

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.

TEACHING TIMES AND LOCATIONS

Please note that teaching times and locations are subject to change. Students are strongly

advised to refer to the [Class Timetable website](#) for the most up-to-date teaching times and locations.