

**Corporate Finance**  
**MNGT 4621**  
(Core)

**Kevin Clarke**

**Session 3, 2006**

**Class Dates: 14-17; 19-22 October**  
**Examination: 22 November 2006**  
**Payment Due: 15 September 2006**

**Course aims / objectives:**

This course introduces you to how corporations make financial decisions. There are two types of such decisions:

- How much, and in what specific assets, should the firm invest?
- How should the cash required for the investment be raised?

The answer to the first question is the investment or capital budgeting decision. The answer to the second is its financing decision. The course provides the basic frameworks used in dealing with these questions and their answers. Once these decisions have resulted in assets in place, the firm must consider if and how it may protect their values from fluctuations of economic prices, such as interest rates and exchange rates. We consider a number of methods of risk management, including the use of options.

**Assessment:**

Group assignment:	45%
Final examination (open book, three hours):	55%

**Course details / modules:**

The course will be taught in daytime and evening sessions over the period 14–22 October 2006 inclusive. Each session includes an introduction to the topic, then proceeds with activities such as discussion, exercises and case analyses.

**Day 1: Saturday, 14 October 2006 (2.00pm – 8.00pm)**

- Introduction – Basic Principles
- Present Value

**Day 2: Sunday, 15 October 2006 (10.00am – 7.00pm)**

- Applications of NPV

**Day 3: Monday, 16 October 2006 (7:00pm – 10:15pm)**

- Risk and Return

**Day 4: Tuesday, 17 October 2006 (7:00pm – 10:15pm)**

- Risk and Return (continued)

**Day 5: Thursday, 19 October 2006 (7:00pm – 10:15pm)**

- Managing Risk

**Day 6: Friday, 20 October 2006 (7.00pm – 10:15pm)**

- Managing Risk (continued)

**Day 7: Saturday, 21 October 2006 (2.00pm – 8.00pm)**

- Capital Structure

- Course Review

### **Course materials and text/s:**

A set of course notes will be provided.

### **Other references:**

The course is taught as a general introduction to Finance, with broad coverage of the discipline. Students who do not intend to specialize in the area can take it as a stand-alone course. The course also provides the (prerequisite) “gateway” to the advanced Finance electives for students who wish to pursue careers as corporate finance managers, portfolio managers, bankers, investment bankers or consultants.

### **Instructor details:**

Kevin Clarke  
AGSM, Room 248  
University of New South Wales  
SYDNEY, NSW, 2052

Tel: +61 2 9931 9297  
Fax: +61 2 9931 99519  
Email: [kevinc@agsm.edu.au](mailto:kevinc@agsm.edu.au)