

School of Economics and Finance

## **MOFI 301 CORPORATE FINANCE**

Trimester Two 2006

### **COURSE OUTLINE**

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#### **Contact Details**

Luke Geldermans	Lecturer	RH315	8571	<a href="mailto:luke.geldermans@vuw.ac.nz">luke.geldermans@vuw.ac.nz</a>
Graeme Guthrie	Coordinator	RH326	5763	<a href="mailto:graeme.guthrie@vuw.ac.nz">graeme.guthrie@vuw.ac.nz</a>
Helen Huang	Lecturer	RH329	6918	<a href="mailto:helen.huang@vuw.ac.nz">helen.huang@vuw.ac.nz</a>

#### **Class Times and Room Numbers**

Lectures	Tuesday, Wednesday and Friday	3:40 - 4:30	RH LT2
Tutorials	Wednesday	1:40 - 2:30	RLWY 125
	Wednesday	2:40 - 3:30	RLWY 125
	Wednesday	4:40 - 5:30	RLWY 125
	Thursday	1:40 - 2:30	RLWY 125
	Thursday	2:40 - 3:30	RLWY 125
	Thursday	4:40 - 5:30	RLWY 126

The final exam for the course will be held during the final exam period (Thursday, 19 Oct. to Saturday, 11 Nov.).

Attendance at tutorials is recommended but not compulsory. Enrol in a tutorial by completing the online form at [http://la-tuque-rouge.vuw.ac.nz/tutorial\\_signup/student/](http://la-tuque-rouge.vuw.ac.nz/tutorial_signup/student/). This form will be available from the beginning of Wednesday 12 July until the end of Thursday 13 July. If you are limited in the tutorial times you can do you should select a tutorial early. Tutorials start in week 2.

Because the first test is on the Tuesday of week 3, the tutorials for just that week have been moved forward to the Monday. That is, on Monday 24 July we will cover tutorial 2 on derivative pricing. For these tutorials a sign-up sheet will be posted on the mezzanine floor noticeboard of Rutherford House. These spaces are allocated on a first-come-first-served-basis. There will be no tutorials on the Wednesday or Thursday of week 3.

Students are expected to come to tutorials having attempted the tutorial questions, and to actively partake in the tutorial discussion.

#### **Course Objectives**

Managers of firms must make decisions regarding which investment projects to undertake (capital budgeting decisions) and how to finance them (capital structure decisions). We analyze both types of decisions in MOFI 301. The first part of the course focuses exclusively

on capital budgeting decisions, extending the material in MOFI 201 to projects with embedded options. The second part of the course concentrates on capital structure, extending the treatment of Modigliani and Miller in MOFI 201. The third part of the course examines the interactions between capital budgeting and capital structure decisions.

### **Course Content**

Traditional capital budgeting  
Derivative pricing  
Real options  
Modigliani and Miller  
Financial decisions and investment behaviour  
Managerial incentives and financial decisions  
Information conveyed by financial decisions  
Mergers and acquisitions  
Interest rate risk management

### **Expected Workload**

The workload for MOFI 301 is intended to be similar to that for other 300-level ECON and MOFI courses. The total expected workload is 240 hours, comprising 20 hours per week.

### **Readings**

The textbook is:

Mark Grinblatt and Sheridan Titman, *Financial Markets and Corporate Strategy* (2nd Edition). Boston: Irwin/McGraw-Hill.

This is a good modern source, but aimed at a slightly lower level than this course. It will be supplemented by more mathematical material in lectures.

### **Materials and Equipment**

Nonprogrammable calculators will be allowed in the final exam.

### **Assessment Requirements**

Test One (50 minutes)	20%	6:30pm Tuesday 25 July*	RH LT1
Test Two (50 minutes)	20%	6:30pm Tuesday 15 August*	RH LT1
Examination (3 hours)	60%	During the usual end of year exam period	

\* test dates, times and rooms to be confirmed

### **Mandatory Course Requirements**

None.

### **Communication of Additional Information**

Course documents and other information will be available on the blackboard website: <http://blackboard.vuw.ac.nz>. Announcements will also be posted here. You should familiarise yourself with blackboard and check it regularly, especially prior to the tests and exam when further information will be provided.

### **Faculty of Commerce and Administration Offices**

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general

enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

#### Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

#### **General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar available in hard copy or under 'About Victoria' on the VUW home page at [www.vuw.ac.nz](http://www.vuw.ac.nz).

#### **Student and Staff Conduct**

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps are to be taken if there is a complaint. For information about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor or refer to the statute on the VUW policy website at [www.vuw.ac.nz/policy/studentconduct](http://www.vuw.ac.nz/policy/studentconduct). The Policy on Staff Conduct can be found on the VUW website at [www.vuw.ac.nz/policy/staffconduct](http://www.vuw.ac.nz/policy/staffconduct).

#### **Academic Grievances**

If you have any academic problems with your course you should talk to the tutor or lecturer concerned; class representatives may be able to help you in this. If you are not satisfied with the result of that meeting, see the Head of School or the relevant Associate Dean; VUWSA Education Coordinators are available to assist in this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website at [www.vuw.ac.nz/policy/academicgrievances](http://www.vuw.ac.nz/policy/academicgrievances).

#### **Academic Integrity and Plagiarism**

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. The University defines plagiarism as follows:

*The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other student or staff.*

It is still plagiarism even if you re-structure the material or present it in your own style or words.

*Note: It is however, perfectly acceptable to include the work of others as long as that is acknowledged by appropriate referencing.*

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website at [www.vuw.ac.nz/home/studying/plagiarism.html](http://www.vuw.ac.nz/home/studying/plagiarism.html).

### **Students with Impairments**

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities the same opportunity as other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services (DSS) to discuss your individual needs and the available options and support on a confidential basis. DSS are located on Level 1, Robert Stout Building, telephone (04) 463 6070, email [disability@vuw.ac.nz](mailto:disability@vuw.ac.nz). The name of your School's Disability Liaison Person is in the relevant prospectus or can be obtained from the School Office or DSS.

### **Student Support**

Staff at Victoria want students to have positive learning experiences at the University. Each Faculty has a designated staff member who can either help you directly if your academic progress is causing you concern, or quickly put you in contact with someone who can. Assistance for specific groups is also available from the Kaiwawao Māori, Manaaki Pihipihinga or Victoria International.

In addition, the Student Services Group (email [student-services@vuw.ac.nz](mailto:student-services@vuw.ac.nz)) is available to provide a variety of support and services. Find out more at [www.vuw.ac.nz/st\\_services/](http://www.vuw.ac.nz/st_services/).

VUWSA employs Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and Faculty delegates. The Education Office (tel. (04) 463 6983 or (04) 463 6984, email [education@vuwsa.org.nz](mailto:education@vuwsa.org.nz)) is located on the ground floor, Student Union Building.

**Manaaki Pihipihinga - Māori and Pacific Mentoring Programme (Faculty of Commerce and Administration)**

This is a mentoring service for Māori and Pacific students studying at all levels. Weekly one hour sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade, and Room 210 and 211, Level 2, Railway West Wing. Sessions cover drafting and discussing assignments, essay writing, and any questions that may arise from tutorials and/or lectures. A computer suite networked to Cyber Commons is available for student use.

To register with Manaaki Pihipihinga, please contact one of the following:

Puawai Wereta  
Room 210, Level 2  
Railway West Wing  
Tel. (04) 463 8997  
Email: Puawai.Wereta@vuw.ac.nz

Fa'afai Seiuli  
Room 109 B  
14 Kelburn Parade  
Tel. (04) 463 5842  
Email: Faafai.Seiuli@vuw.ac.nz