

MOFI 301

Corporate Finance
School of Economics and Finance

2007 2/3

Teaching Staff

		office	phone ext.	email
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Timetable

Lectures:	Monday, Wednesday and Thursday	3:40 - 4:30	GB LT2
Tutorials:	Tuesday	10:30 - 11:20	GB G04
	Tuesday	11:30 - 12:20	GB G04
	Tuesday	12:40 - 1:30	GB G04
	Tuesday	1:40 - 2:30	GB G04
	Tuesday	2:40 - 3:30	GB G07
	Tuesday	4:40 - 5:30	GB G04

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 analyse 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.

Assessment

Test One	20%	6:30pm Wednesday 25 July*	in RH LT1
Test Two	20%	6:30pm Thursday 9 August*	in RH LT1
Examination	60%	approx. Fri 19 Oct to Sat 10 Nov	

**test dates, times and rooms to be confirmed*

Reading

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.

Topics

1. Traditional capital budgeting
2. Derivative pricing
3. Real options

4. Modigliani and Miller
5. Financial decisions and investment behaviour
6. Managerial incentives and financial decisions
7. Mergers and acquisitions

Preparation

Students must have passed MOFI 201 or QUAN 371 before they can enrol in MOFI 301. Note that MOFI 201 has prerequisites ECON 140, QUAN 102 and QUAN 103/111. We therefore assume knowledge of the material in ECON 140, MOFI 201, QUAN 102 and QUAN 103/111.

Overall, the pass rate is low relative to other 300 level papers offered by the faculty. The following table summarizes outcomes in the last three years:

	2003	2004	2005	2006
Number enrolled	86	128	156	141
Pass	69	101	104	92
Fail	17	27	52	49
Percentage who passed	80%	79%	67%	65%

Students with a grade of C, C+, or B- in MOFI 201 can expect to find this paper very difficult.

Tutorials

Enrol in a tutorial online at <https://signups.vuw.ac.nz/>. This will be available from 12:30pm Tuesday 10 July until 12:30pm Thursday 12 July. If you are limited in the tutorial times you can do you should select a tutorial early. Attendance is recommended but not compulsory. Tutorials start in week 2.

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

Expected workload

The total expected workload is 240 hours, comprising 18-20 hours per week.

Communication of additional information

On the blackboard website, <https://blackboard.vuw.ac.nz>, course documents and other information will be available. 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 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 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 or go to www.vuw.ac.nz/policy.

For information on the following topics, go to the Faculty's website www.vuw.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

Email manaaki-pihipihinga-programme@vuw.ac.nz or phone 463 5233 ext. 8977 for further information or to register with the programme. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone 463 5842.