

Victoria Management School

MMBA 516 CORPORATE FINANCE

Trimester Two 2008

COURSE OUTLINE

Lecturer and Course Co-ordinator



Martin Turner

B.Com (Hons 1 and University Medal), LLB, MBA

Senior Fellow

Office: RH 712, Pipitea Campus
7th Floor, Rutherford House

Phone: 04 463 6591

Mobile: 021 476 200

E-mail: martin.turner@vuw.ac.nz

Preferred Contact Method: **Email**

Office Hours: By appointment

Martin Turner is your lecturer for the Course. He combines extensive experience as a practitioner ('doing') with being an academic ('thinking'). He is a Senior Fellow in the School of Accounting and Commercial Law and has 20 years experience in investment banking, funds management and private equity. He has been chairman or director of a number of mid-size private companies, including Arthur Ellis (Fairydown/Great Outdoors), Donaghys and Dress-Smart. He is a director of Falcon Private Equity and a past chairman of the New Zealand Venture Capital Association. One of his dreams is to meaningfully support people to develop the intellectual and academic foundations for business.

Programme Administrator

Linda Walker

Office: RH 1004, Pipitea Campus
10th Floor, Rutherford House

Phone: 04 463 5367

E-mail: linda.walker@vuw.ac.nz

Lectures

Day	Time	Room
Wednesday	19.40 – 21.30	GB LT 2

I expect everyone to attend all, or almost all, lectures in the course. Please let me know in advance if you expect to be late or absent to any class. I would like to see our classes develop into an environment where prepared and motivated people come together to learn from and with each other.

Trimester Dates: Monday 7 July to Saturday 8 November 2008

The course has a three-hour final examination. Only calculators that are non-programmable will be permitted in the final examination. 'Students who enrol in courses with examinations should be able to attend an examination at the University at any time during the formal examination period. **Examination dates for trimester two: Friday 17 October to Saturday 8 November 2008**

Course Description

Corporate Finance gives you an opportunity to critically examine some finance concepts and ideas and to see how they might be useful to firms when making investing and financing decisions. While recognising these decisions can be made from the perspective of a range of different people with genuine interests in a firm, we will take the perspective of equity investors. We will also consider the value of these finance concepts and ideas to our capital markets and communities, as well as to ourselves.

The main product to be assessed is a three-hour final examination, which will be held in the examination period. This will give you the opportunity to demonstrate your *understanding* of the key finance concepts and ideas we will discuss in this course and how they are relevant and can be applied to the real world of business. In addition, you will be assessed on your preparation for our classes by completing a series of session preparation assignments (SPA's). You also will be assessed on your completion of a learning portfolio, which will give you an opportunity to reflect on your learning in this course and on how you could support your own learning in your future life, including in your professional life.

Learning Objectives

This section sets out what your lecturer in this course would like you to learn. The actual learning objectives of the course for you will be the objectives *you* have.

In this course you will have the opportunity to understand and remember some key concepts, principles, relationships and facts about corporate finance and how they can be useful in business. However, this course is not essentially about this. This course is about giving you the opportunity to actively search for your own *understanding* and to develop your own *personal meaning* of some key concepts and ideas of finance and to organise these key ideas into a coherent and meaningful whole; and in this way to change the way you think about, see and understand aspects of what *business* is really about.

If you would like to meet me over a coffee in a year's time to give me feedback on what you have taken away (and not taken away) from this course, I will pay for the coffee.

In this course you will most likely need to change the way you view what learning is. You will need to do this right at the *beginning* of the course. Right now. Learning is not about adding new 'facts' and 'concepts' to my memory that come from some 'authoritative' source, such as from my university lecturers or from the writers of a textbook. It is not about adding to my memory 'facts' and 'concepts' which I more than likely have very little understanding of, or even interest in. Rather, learning is about me being personally *transformed* in some way. It is about *change*. Learning about finance is about changing the way I view aspects of what business is about in the light of my own *understanding* of the ideas and concepts of finance. This can be unsettling, challenging and fun. Once started, it is an adventure from which there can be no turning back.

Let's now look at the assessment structure for the course.

Assessment

Final Examination	50%
Seminar Preparation Assignments (SPAs) (5@ 6% each)	30%
Learning Portfolio	<u>20%</u>
Total	100%

All students will have the opportunity in the course to develop questions for the final examination. About three-quarters of the questions in the final examination will be based on those prepared by students in the course. You will also have the opportunity during the course to develop your own 'crib sheet' (a single A4 sheet) which you will be permitted to have with you in the final examination. There are no mandatory course requirements for this course.

Estimated Course Workload

These figures represent my (Martin Turner's) best (maximum) estimates:

1. 24 hours engaging actively in lectures (12 @ 2 hours)
2. 25 hours preparing Session Preparation Assignments (SPA's) (5 @ 5 hours)*
3. 13 hours preparing your Learning Portfolio
4. 30 hours reading, responding to course related Blackboard postings, completing student surveys and other interactions with students (that is, about 2-3 hours per week over 12 weeks)
5. 28 hours preparing for and sitting the Final Examination

Total 120 hours (or 10 hours per week over 12 weeks)

* For students with English as their first language. For students with English as their second language, you could expect to spend a maximum of 8 hours for each SPA.

Note: Since each of us works at an individual pace, the above estimates for 2, 3, 4 and 5 should be considered as rough guidelines only. Many students will no doubt be able to complete this work in less time. Some may take more time for some of these tasks.

This course is a 15 point course. The university says you can generally expect a workload of about 10 hours per point. This would indicate a total workload of 150 hours for this course. It is not expected that any student should need to exceed this amount.

The Course is over 12 weeks, with a 2 week Mid-Trimester Break. It is likely you will need to continue working on this Course during the Mid-Trimester Break.

Student Surveys and Evaluations of Teaching

Your feedback at various stages in this course is important for me to be able to provide the best possible environment for you to learn. You will have a number of opportunities to contribute to group-wide feedback. These are:

Student Survey	When	Due Date
Pre-Course Survey	Week 1	5.00pm Fri 11 July
Course Outline Feedback	Week 1	11.00pm Sun 13 July

Critical Incident Questionnaires	Wks 1- 10	11.00pm Thurs Wks 1-10
Informal Feedback on Learning Environment	Week 5	5.00pm Thurs 7 Aug
Student Survey	When	Due Date
Assessment Experience Questionnaire	Week 11	5.00pm Fri 3 Oct
Post-Course Survey	Week 12	5.00pm Fri 10 Oct

All student surveys are reasonably brief and can be completed by students electronically on Blackboard. All student responses will be anonymous. Whether or not a student has or has not completed each survey will be visible to lecturers.

In addition there will be a Formal Student Evaluation that I expect will be completed by students in class at the beginning of the lecture on Wednesday 24 September in Week 10.

Your individual feedback at any time would be valuable and appreciated. This can be provided directly to me or through your class representative. Your class representative will be appointed in the first week of the Trimester and their contact details will be included on Blackboard.

Readings

Required:

- Brealey, R. A., Myers, S. C. and F. Allen, *Corporate Finance*, 8th ed., International Student Edition, McGraw-Hill Irwin, 2006.
- Course Materials Book: Available from Linda Walker, Room RH1004.

Recommended:

- Graham, B.J. and Dodd, D.L., *Security Analysis: Principles and Technique*, 2nd ed. Mc Graw-Hill Book Company New York and London. 1940.

Call Number: HG4521 G738 S 2ed 2003 (1 copy). The recommended reading is available on 3 Day Closed Reserve in the Commerce Library.

SPAs and Learning Portfolio

Your SPAs and Learning Portfolio are to be lodged electronically on Blackboard. If you have any difficulty with this, please contact Martin Turner for assistance. If you have not electronically lodged assignments through Blackboard before you may find you need some assistance initially. You are strongly advised to plan to submit your SPA#1 at least a few hours before the deadline. This will give you time to seek assistance from Martin Turner if you have difficulty electronically lodging your SPA. Martin will be available on his mobile during the afternoon and evening (up to 11.00pm, but not later please) of Tuesday 15 July. **You may attach your SPA#1 to an email to Martin Turner prior to the deadline if you have difficulty electronically lodging your SPA#1 to avoid any penalty for late submission.** However, if you do this you will still need to electronically lodge your SPA#1 for it to be graded. It is expected all students will have mastered the process of electronically lodging your SPAs by the end of Week 2.

Penalty for late submission of your SPAs and Learning Portfolio:

Up to 1 week late: Deduct 1% from grade.

Between 1 and 2 weeks late: Deduct 2% from grade.

SPAs and Learning Portfolios submitted more than 2 weeks late will not be accepted.

If you have a medical or other reason for late submission of a SPA or your Learning Portfolio please contact Martin Turner by email before the due date.

Feedback on SPAs and Learning Portfolio

Each of your SPAs and your Learning Portfolio will be thoroughly read and reviewed by Martin Turner. You will be given a grade for each of your SPAs and for your Learning Portfolio. You can confidentially access your personal grades on Blackboard and compare them with the average for students in the course.

You will be given individual feedback on each of your SPAs that you submit by the due date. This will be provided electronically on Blackboard and can be accessed through My Grades. If you submit your SPA one or more days **before** the due date, I will undertake to provide you with feedback and your grade within one (1) working day. If you submit your SPA on the due date, I will use my best endeavours to provide you with feedback and your grade within four (4) working days. If you submit your SPA after the due date, I will not provide you with individual feedback on your SPA but will simply provide you with a grade for that SPA. You will be given general written feedback on your SPAs. This will be provided to all students on Blackboard within four (4) working days of the due date for each SPA.

You will be given individual feedback on your Learning Portfolio if you submit it by the due date. This will be provided electronically on Blackboard and can be accessed through My Grades.

Data collected by students for their SPAs and Learning Portfolio may be used for both future teaching and research. Any data used will not be associated with any particular student. The work of students (as a group) will be acknowledged in any future publications using this data. **Only students who give their consent will have data from their SPAs and Learning Portfolio used in this way.** You will be asked to complete a consent form and submit this in Week 1. You will need to submit the consent form in hard copy to Linda Walker, RH 1004, Level 10, Rutherford House. Alternatively, you can give your consent form to Martin Turner directly.

The SPAs and Learning Portfolio are designed to help students to learn specific, useful skills about key concepts and ideas in finance and to help you develop your capacities to learn throughout your working life.

Victoria MBA Grading Standards

Excellent Category

A- (75-79%) to A (80-84%) to A+ (85% and above): The learning is demonstrated to a very high level of proficiency, i.e. it is at a standard that makes it exceptional at Master's level.

Very Good Category

B+ (70-74%): The learning is demonstrated at a high standard. Students have reached a level that clearly exceeds "competency".

Good Category

B (65-69%): The learning is clearly demonstrated without being exceptional in any way. Students can be thought of as fully competent.

Satisfactory Category

B- (60-64%): The learning is demonstrated without being exceptional in any way. Students can be thought of as competent.

Marginal Category

C (50-54%) to C+ (55-59%): The learning is demonstrated to a minimally acceptable level. There may be flaws but these are not serious enough to "fail" the student.

Unsatisfactory / Failure Category

E (0-39%) to D (40-49%): The learning is absent or performed to a very low level, or the performance is seriously flawed.

Programme and Readings

MMBA516 CORPORATE FINANCE COURSE SCHEDULE			
DATES	SESSION TOPICS	READINGS	SUBMISSIONS
WEEK 1			
Wed 9 July 7.40 – 9.30pm	Introduction	Chap 1: BMA	CIQ#1 Due 11.00pm Thurs 10 July
WEEK 2 INVESTING DECISIONS			
Wed 16 July 7.40 – 9.30pm	Net Present Values Are Everything	Chap 2,3: BMA	SPA#1 Due 11.00pm Tues 15 July CIQ#2 Due 11.00pm Thurs 17 July
WEEK 3			
Wed 23 July 7.40 – 9.30pm	Net Present Values Are Not Everything	Chap 5,6: BMA CMB: Reading 1	SPA#2 Due 11.00pm Tues 22 July CIQ#3 Due 11.00pm Thurs 24 July
WEEK 4			
Wed 30 July 7.40 – 9.30pm	Risk	Chap 7: BMA CMB: Reading 2	SPA#3 Due 11.00pm Tues 29 July CIQ#4 Due 11.00pm Thurs 31 July
WEEK 5			
Wed 6 Aug 7.40 – 9.30pm	CAPM	Chap 8: BMA CMB: Reading 3	SPA#4 Due 11.00pm Tues 5 Aug CIQ#5 Due 11.00pm Thurs 7 Aug
WEEK 6			
Wed 13 Aug 7.40 – 9.30pm Thurs 14 Aug 10.30 – 11.30am	CAPM <i>Finance Happy Hour⁽¹⁾</i>		CIQ#6 Due 11.00pm Thurs 14 Aug Interim LP ⁽²⁾ Due 11.00pm Fri 15 Aug

(1) Location: *The Loaded Hog*, Queen's Wharf (I shout coffee).

(2) You may submit your interim Learning Portfolio during the Mid-Trimester Break but prior to 11.00pm Wed 20 August.

Referencing

There are many different styles of referencing and the Faculty of Commerce & Administration at VUW has decided to make APA (American Psychological Association) referencing style the common standard across the Faculty. The Commerce and Central Libraries hold the APA Style Guide. You can also access the information from the online VUW library site (<http://www.vuw.ac.nz/library/resources/virtualref.shtml#style>).

Communication of Additional Information

Additional information and information on any changes will be announced at class and posted on Blackboard for MMBA516. It will be crucial for you to regularly check Blackboard for messages, announcements and materials.

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 on the ground floor (EA005). This counter is the first point of contact for :

- 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 or go to www.victoria.ac.nz/home/about/policy/students.aspx

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

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

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 students or staff.

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

Note: including the work of others will not be considered plagiarism as long as the work 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:

www.victoria.ac.nz/home/studying/plagiarism.html

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.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@yuw.ac.nz or phone (04) 463 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@yuw.ac.nz or phone (04) 463 5842.