

School of Economics and Finance

MOFI 201 - FINANCE

Trimester One 2009

COURSE OUTLINE

Names and Contact Details

Lecturer: Dr Stephen Keef - Course Coordinator
Office: RH 302 - Phone: 463-5239 extn: 5239
Email: Stephen.Keef@vuw.ac.nz

Lecturer: Cushla Thomson
Office: RH 303 – Phone: 463-6855 extn: 6855
Email: Cushla.Thomson@vuw.ac.nz

Administration : Suzanne Freear – RH 327, Phone: 463-5380 extn: 5380
Suzanne.Freear@vuw.ac.nz

Trimester Dates

The trimester starts on Monday 2 March and ends on Wednesday 1 July 2009.

Class Times and Room Numbers

| | | | |
|--------------|-----------|-----------------|-------|
| Stream 770 | Tuesday | 11.30am-12.20am | RHLT2 |
| | Thursday | 11.30am-12.20am | RHLT2 |
| | Friday | 11.30am-12.20am | RHLT2 |
| Stream 11000 | Wednesday | 9.30am-10.20am | RHLT1 |
| | Thursday | 10.30am-11.20am | RHLT1 |
| | Friday | 9.30am-10.20am | RHLT1 |

Withdrawal dates: Information available via

<http://www.victoria.ac.nz/home/admisenrol/payments/withdrawlsrefunds.aspx>

Tutorial Times

Tutorial <https://signups.victoria.ac.nz/login.aspx> . See Blackboard for further information.

Tutorials will be conducted weekly, beginning in the second week of term. Tutorial assignments will be available on Blackboard and written answers must be brought by students to tutorials.

Communication of Additional Information

Course materials, notices and any other new/additional information will be posted on **Blackboard** – <http://blackboard/vuw.ac.nz> Students should always refer to **Blackboard** for information pertaining to this course. Any further queries can be directed to Suzanne Freear.

Course Content

Provisional Lecture Outline

| Week | Topic | Chapter Readings |
|------|------------------------------------|------------------------------|
| 1. | Net Present Value Method | 4 |
| 2. | Valuing Bonds and Shares | 5.1 – 5.4 |
| 3. | Term Structure of Interest Rates | 5A |
| 4. | Alternative Investment Rules | 6 |
| 5. | Portfolio Theory | 9 & 10.1 – 10.6 |
| and | TERMS TEST I | |
| 6. | CML and CAPM models | 10.7 – 10.10 and 12.1 – 12.4 |
| 7. | Efficient Markets Hypothesis (EMH) | 13 |
| and | TERMS TEST II | |
| 8. | Capital Structure Theory | 15 & 16 |
| 9. | Capital Structure Theory | 15 & 16 |
| 10. | Capital Budgeting | 7 & 12 |
| 11. | Capital Budgeting | 17.7 |
| 12. | Foreign Exchange | 31.1 – 31.4 |

Course Learning Objectives

By the end of this course, students should be able to:

- C1 comprehend the theoretical underpinnings, and use of, the net present value method to value bonds, shares and investments, and appreciate that the essential notions are:
 - (i) the time value of money (compounding & discounting);
 - (ii) the use of the market determined risk adjusted discount rate and
 - (iii) the determination of the relevant cash flows
- C2 analyse the theories explaining the term structure of interest rates
- C3 explain the weaknesses of the alternatives to the NPV method
- C4 comprehend the mathematics and logic of portfolio theory and the trade-off between risk and return
- C5 comprehend asset pricing models in the context of undiversified and fully diversified portfolios
- C6 explain the implications of the efficient markets hypothesis for firms and investors
- C7 analyse capital structure theorems and their influence on value and risk
- C8 apply the above skills to determine the value of a proposed investment.

Expected Workload

It is estimated that the workload will average out at approximately 17 hours per week including lectures and tutorials.

Attending all lectures, solving tutorial problems in advance of the tutorial, attending all tutorials and reading the relevant chapters of the textbook are essential to pass the course.

Readings

The prescribed reading should be done prior to the relevant lectures. The course textbook is:

Ross, S. A., Westerfield, R. W., Jaffe, J. & Jordan, B. D. "Modern Financial Management", 8th ed, Irwin, McGraw-Hill, 2008.

Assessment Requirements

50 minute Terms Test – Week 5. 25%

Topics covered: Net Present Value Method, Valuing Bonds and Shares, Term Structure of Interest Rates.

50 minute Terms Test - Week 8. 25%

Topics covered: Alternative Investment Rules, Portfolio Theory, CML and CAPM Models.

Final 2 hour Registry Examination, covering the whole course 50%
(1st trimester examination period between - 12th June and 1st July, 2009.)

If it will benefit the student, overall assessment will be based on performance in the final Registry Examination.

Note: Dates, times and places of Terms Tests to be advised in detailed later on Blackboard. Only non-programmable calculators (those **without** a full set of alphabetic keys) are permitted at examinations. A standard 7th Form calculator (eg an FX-82) will be adequate. Graphing calculators will be permitted.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The examination dates for trimester one will be held during Friday 12 June to Wednesday 1 July 2009 inclusive.

Mandatory Course Requirements

There are no mandatory course requirements.

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.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <<http://www.turnitin.com>>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting mis-referencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. *At the discretion of the Head of School, handwritten work may be copy- typed by the School and subject to checking by Turnitin.* You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

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@vuw.ac.nz or phone (04) 463 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.