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School of Economics and Finance

**FINA 201 INTRODUCTION TO CORPORATE  
FINANCE**

Trimester One 2010

**COURSE OUTLINE**

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**Names and Contact Details**

Lecturer: Dr Stephen Keef - Course Coordinator  
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Lecturer: Tina Wendel  
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**Trimester Dates**

Teaching Period: Monday 1<sup>st</sup> March – Friday 4<sup>th</sup> June 2010  
Easter Period: Good Friday 2 April – Tuesday 6<sup>th</sup> April 2010  
Study Period: Monday 7<sup>th</sup> June – Thursday 10<sup>th</sup> June 2010  
Examination Period Friday 11<sup>th</sup> June – Wednesday 30<sup>th</sup> June 2010 (inclusive)

**Withdrawal from Courses:**

Information available via

**Withdrawal dates: Late withdrawals with Associate Dean (Students) permission**  
(See Section 8: Withdrawals - from the Personal Courses of Study Statute)

<http://policy.vuw.ac.nz/Amphora!~policy.vuw.ac.nz~POLICY~000000001743.pdf>

**Withdrawal dates: refunds:**

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

**Class Times and Room Numbers**

Stream 18176	Tuesday and Thursday	10.30am-11.20am	RHLT1
Stream 18601	Tuesday and Thursday	11.30am-12.20am	RHLT2

## Course Content

Week	Content	Chapter readings
1	NPV	4, 6.1, 6.3, 6.5
2	NPV	8.1, 8.2, 8.4, 9.1
3	Alternative Methods	5
4	Alternative Methods	5
5	CAPM	10, 11.6, 11.9
6	CAPM	13
7	Capital Budgeting -- all equity	6.1 to 6.3, recap 4.1, 4.2, 11.9
8	Capital Structure - no tax	15, 16.1 to 16.4
9	Capital Structure - with tax	16.5
10	Capital Structure - other aspects	17
11	Capital Budgeting - levered firm	18.3, 18.5, 18.7 recap 11.6, 11.9, 13.1, 13.5
12	Dividend Policy, Review of the course	19

## 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 and discounting);
  - ii) the use of the market determined risk adjustment discount rate; and
  - iii) the determination of the relevant cash flows
- C2 explain the weaknesses of the alternatives to the NPV method
- C3 analyse capital structure theorems and their influences on value and risk
- C4 apply the above skills to determine the value of a proposed investment.

## Course Delivery

The course material will be presented in two one-hour lectures per week for the 12 weeks of the semester. There will be a tutorial every other week starting in the second week of the trimester.

Tutorial signups will be offered through <https://signups.victoria.ac.nz/login.aspx> .

The first half of the tutorial will be devoted to Group Discussion and Presentations. The students will be split into three groups (of approximately similar sizes). Each group will be given a question to answer. Approximately 10 minutes will be allowed for the group discussion. One student from each group will be given approximately five minutes to present the answer to the class.

Students must be actively involved in the Group Discussion Sessions. Each student is expected to make one Tutorial Presentation during the course. The names of the students who make a presentation will be recorded by the tutor. Students who do not make a tutorial presentation during the course must explain the reason(s) to the Course Coordinator.

The remaining time will be devoted to the discussion of the tutorial assignments. Tutorial assignments will be available on Blackboard. Students must be sufficiently prepared to be able to discuss these assignments during the tutorial. Model answers for these assignments will be available on Blackboard after Friday noon.

**Expected Workload**

A total of 150 hours of work is expected from students in this course. This consists of 30 hours of classes, 8 hours per week outside classes during teaching weeks spent reading and studying and a further 24 hours revising during the mid-trimester break and study week.

**Readings**

The set text book is

Ross, S.A., Westerfield, R.W., and Jaffe, J. Corporate Finance, 9<sup>th</sup> Edition, 2010, McGraw-Hill.

**Materials and Equipment**

Only silent non-programmable calculators are permitted in the Test and the Final Examination. Graphing calculators are permitted.

**Assessment Requirements**

Test (50 minutes)	30%
Final Examination (2 hours)	70%

or, if it will benefit the student

Final Examination (2 hours)	100%
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The Test will be based on the material covered in the first six weeks of the course. The dates and times of the Test will be advised on Blackboard as soon as possible. It is planned to hold the Test in week 8 of the semester. If you encounter problems with the date and time of the Test, please see the Course Controller as soon as possible.

The link between Course Learning Objectives and Assessment is as follows:

	Assessment Item	
	Test	Final Examination
C1	x	x
C2	x	x
C3		x
C4		x

*Note: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.*

## **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 final examination for this course will be scheduled at some time during the period from **Friday 11<sup>h</sup> June – Wednesday 30<sup>th</sup> June 2010**.

## **Mandatory Course Requirements**

There are not any mandatory course requirements for this course.

## **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details will be available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of the students.

## **Communication of Additional Information**

Blackboard will be used to communicate additional information to the students.

## **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 compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. 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.

**For the following important information follow the links provided:**

### **Academic Integrity and Plagiarism**

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

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

<http://www.victoria.ac.nz/home/about/policy>

### **AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support**

[http://www.victoria.ac.nz/home/about\\_victoria/avcacademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx)

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

<http://www.victoria.ac.nz/fca/studenthelp/>

### **Manaaki Pihipihinga Programme**

[http://www.victoria.ac.nz/st\\_services/mentoring/](http://www.victoria.ac.nz/st_services/mentoring/)