
Victoria Management School

MMBA 516 CORPORATE FINANCE

Trimester Two 2010

COURSE OUTLINE

Lecturer and Course Co-ordinator



Martin Turner

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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 a teacher and academic ('thinking'). He is a Director, Falcon Private Equity, has been a Teaching/Senior Fellow at Victoria University of Wellington 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 also 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

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Trimester Dates:

Teaching Period: Monday 12th July – Friday 15th October 2010

Study Period: Monday 18th October – Thursday 21st October 2010

Examination Period: Friday 22nd October – Saturday 13th November 2010 (inclusive)

Lectures

Day	Time	Room
Wednesday	19.40 – 21.30	RH LT 3

I naturally expect everyone to attend all, or almost all, lectures in the course. Please let me know in advance by email or by text 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.

Final Examination: 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

Friday 22nd October – Saturday 13th November 2010 (inclusive)

Withdrawal from Courses:

Your fees will be refunded if you withdraw from this course on or before **23 July 2010**

The last date for withdrawal from this course (*assuming it has 12 weeks of lectures, otherwise modify accordingly*) is the three-quarter point of the teaching period, i.e. **Friday 24 September**. After that date, permission to withdraw requires the permission of the Associate Dean (Students) as set out in section 8 of the Personal Courses of Study Statute

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

To apply for permission, fill in the Late Withdrawal form available from either of our Student Customer Service Desks.

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 (SPAs). You will also have the opportunity to contribute to the development of questions (and answers) for the final examination and to support learning for understanding by yourself and others in the course (PeerWise).

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.

In this course you may 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 memory ‘facts’ and ‘concepts’. Rather, learning is about being personally *transformed* in some way. It is about *change*. Learning about finance is about changing the aspects of what business is about viewed in the light of the *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@ 9% each)	45%
PeerWise	<u>5%</u>
Total	100%

PeerWise is an opportunity for students in the course to develop questions (and answers) for the final examination and to support learning for understanding by yourself and others in the course. It is anticipated about half of the questions in the final examination will be based on those prepared by students in the course. 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. 30 hours preparing Session Preparation Assignments (SPAs) (5 @ 6 hours)*
3. 12 hours developing and answering questions (PeerWise)
4. 24 hours reading, responding to course related Blackboard postings, completing student surveys and other interactions with students (that is, 2 hours per week over 12 weeks)
5. 30 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 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	10.00pm Fri 16 July
Informal Feedback on Learning Environment	Week 5	10.00pm Thurs 12 Aug
Post-Course Survey	Week 12	10.00pm Fri 15 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 Martin Turner.

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 29 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.

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.

Readings

Required:

- Brealey, R. A., Myers, S. C. and F. Allen, *Corporate Finance*, 9th ed., International Edition, McGraw-Hill Irwin, 2008.
- 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

Your SPAs 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 by email and on his mobile during the afternoon and evening (up to 11.00pm, but not later please) of Tuesday 20 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:

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

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

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

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

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

Individual Work

While the Victoria MBA programme has a tradition of study group collaboration, there are important elements in the assessment process that are strictly individual. Collaboration on individual assignments is not allowed beyond general discussion as to how one might interpret the nature of the assignment question. Please do not work together to formulate a response and do not loan out your completed assignment before it has been marked.

Programme and Readings

MMBA516 CORPORATE FINANCE COURSE SCHEDULE			
DATES	SESSION TOPICS	READINGS	SUBMISSIONS
WEEK 1			
Wed 14 July 7.40 – 9.30pm	Introduction	Chap 1: BMA	
WEEK 2 INVESTING DECISIONS			
Wed 21 July 7.40 – 9.30pm	Net Present Values Are Everything	Chap 2,3: BMA	SPA#1 Due 11.00pm Tues 20 July
WEEK 3			
Wed 28 July 7.40 – 9.30pm	Net Present Values Are Not Everything	Chap 6, 7: BMA CMB: Reading 1	SPA#2 Due 11.00pm Tues 27 July
WEEK 4			
Wed 4 Aug 7.40 – 9.30pm	Risk	Chap 8 BMA CMB: Reading 2	SPA#3 Due 11.00pm Tues 3 Aug
WEEK 5			
Wed 11 Aug 7.40 – 9.30pm	CAPM	Chap 9: BMA CMB: Reading 3	SPA#4 Due 11.00pm Tues 10 Aug
WEEK 6			
Wed 18 Aug 7.40 – 9.30pm	CAPM		

MMBA516 CORPORATE FINANCE COURSE SCHEDULE			
Mid-trimester Break: 24 Aug – 4 Sept			
DATES	SESSION TOPICS	READINGS	SUBMISSIONS
WEEK 7 FINANCING DECISIONS			
Wed 8 Sept 7.40 – 9.30pm Thurs 9 Sept 12.30 – 2.00pm	Market Efficiency <i>Class Lunch⁽¹⁾</i>	Chap 14: BMA CMB: Reading 4	SPA#5 Due 11.00pm Tues 7 Sept
WEEK 8			
Wed 15 Sept 7.40 – 9.30pm Thurs 16 Sept 12.30 – 2.00pm	Market Efficiency <i>Class Lunch⁽¹⁾</i>		
WEEK 9			
Wed 22 Sept 7.40 – 9.30pm	Options	Chap 21: BMA CMB: Reading 2 (pp20-21) Reading 5	
WEEK 10			
Wed 29 Sept 7.40 – 9.30pm	Debt	Chap 18 BMA CMB: Reading 6 Reading 7	
WEEK 11			
Wed 6 Oct 7.40 – 9.30pm	Managing Risk	Chap 27: BMA CMB: Reading 8	
WEEK 12			
Wed 13 Oct 7.40 – 9.30pm	Going Forward Exam Preparation		

(1) Location: *Latitude 41*, Queen's Wharf

BMA: Brealey, R. A., Myers, S. C. and F. Allen, *Corporate Finance*, 9th ed., International Edition, McGraw-Hill Irwin, 2008.

CMB: Course Materials Book.

Penalties

In fairness to other students, work submitted after the deadline will be subject to a penalty of 5% of the total marks available per day of lateness. Assignments more than one week late will not be accepted. A “zero” mark will be applied. In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement), students should discuss waiver of the penalty with the course co-ordinator prior to the deadline date.

Mandatory Course Requirements

Obtaining Terms

To obtain terms to sit the final examination in this course, students are required to attend classes, submit the case study analysis, fully participate in developing and submitting the written marketing project, and achieve at least fifty percent of the total marks available for term work.

Passing the Course

In order to pass this course, students are required to obtain at least forty percent of the final examination marks available, and obtain at least fifty percent of the overall course marks available.

Victoria MBA Grading Standards

Excellent Category

A- (75-79%) to A (80-85%) 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.

Class Representative

A class representative will be elected in the first class. 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 students.

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.

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

Faculty of Commerce and Administration Offices

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

Manaaki Pihipihinga Programme

http://www.victoria.ac.nz/st_services/mentoring/