

School of Management

MMBA 516 CORPORATE FINANCE

Trimester 2, 2014

COURSE OUTLINE

Names and Contact Details

The Course Coordinator and lecturer for the course is Brandon C. Chen, RH316, ext 5131, Brandon.Chen@vuw.ac.nz. The office hour is Wed 14.00-15.00, or by appointment.

Programme Office Details:

SOM-Postexperience@vuw.ac.nz

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RH1004, Rutherford House

Trimester Dates

Teaching Period: Monday 14th July – Friday 17th October

Study Period: Monday 20th October – Thursday 23rd October

Examination Period: Friday 24th October – Saturday 15th November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 25th July 2014.
2. The standard last date for withdrawal from this course is Friday 26th September. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks.

Class Times and Room Numbers

Type	Day	Time	Room
Lecture	Wednesday	19:40 - 21:30	RHLT3

Course Delivery

Course delivery consists of eleven 1 hour and 50 minute lectures (note: a mid-term test will be held during the normal lecture period on Wednesday 11 September).

Group Work

Students are expected to form a group of 5 to work on the valuation of a certain publicly traded company, and the potential ethical issues a research analyst could face. This group assignment accounts for 15% of each student's total mark. Total number of pages should be limited to 8, including references. More information will be released in Week 4 of the course.

Expected Workload

The anticipated workload is about 10 hours per week, comprising 2 hours for lectures, 1 hour for a tutorial, 3 hours to prepare the tutorial assignments and 4 hours for group work and reading.

Prescription

An overview of the theory and practice of Corporate Finance: the opportunity cost of capital, time value of money, risk and return, market efficiency, investment analysis, determination of capital structure, short-term asset management.

Course Learning Objectives

On completion of the course, students should:

1. Understand some of the major theories and concepts underlying corporate finance.
2. Understand the concepts of discounting, present value, future value and discounted cash flow analysis.
3. Be able to utilise NPV analysis and other investment criteria to assess investment projects and financial problems.
4. Understand the key characteristics of bonds and the essentials of bond valuations, bond ratings and issuance.
5. Understand and apply portfolio theory and the capital asset pricing model.
6. Understand the notion of market efficiency, the efficient markets hypothesis and its implications for financial markets.
7. Understand capital structure theory, policy and practise.
8. Understand dividend payout theory, policy and practise.
9. Understand the key characteristics of equity securities and the essentials of equity valuations and issuance.
10. Understand the theory and practise of corporate acquisitions and mergers.

Course Content

Week Beginning	Week	Subject	Textbook chapter
14 July	1	Introduction and Time Value of Money	1, 4
21 July	2	Financial Mathematics and Bond	5, 6
28 July	3	Bond and Equity Valuation	8, 9
4 August	4	Capital Budgeting-Introduction	5
11 August	5	Capital Budgeting-Application	6, 7
18 August	6	In-term Test , Risk and Return	10
8 September	7	CAPM	11-12
15 September	8	Cost of Capital	13
22 September	9	Raising Capital	20
29 September	10	Capital Structure	16
6 October	11	Dividend Policy	19
13 October	12	Derivatives and Course Review	22

Readings

The prescribed text is S. Ross, R. Westerfield and J. Jaffee, *Corporate Finance*, 10th edition, McGraw-Hill Irwin, 2012 (RWJ). The readings for each week are indicated in the Course Content section.

The examinable material constitutes the lecture material and tutorial assignments. The prescribed reading is intended to assist in the comprehension of this. Accordingly it should be read prior to the relevant lectures, and possibly also afterwards as a follow-up.

Materials and Equipment

Students are permitted to use any electronic calculators in the in-term test, but not those built-in on your mobile phones or tablet computers. The policy concerning the use of calculators in the final exam should be in line with the overall school's guidelines.

Assessment

From Trimester 1, 2014, a revised Assessment Handbook will apply to all VUW courses: see <http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C-.

Your mark will be determined in the following way:

Scheme A:

In-term Test	25%	Wednesday 20 August 2014
Group work	15%	Due on Friday 3 October 2014
Final Exam	60%	The date will be scheduled during the University exam period

Scheme B:

In-term Test	0%	Wednesday 20 August 2014
Group work	15%	Due on Friday 3 October 2014
Final Exam	85%	The date will be scheduled during the University exam period

Each student's mark will be calculated based upon the above two schemes and the better one of the two will be chosen as his/her final mark. In other words, his/her final mark = Max (Scheme A, Scheme B).

The 90-min in-term test (in accordance with Objectives C1, C2, C4, and C5) will cover the material presented in the first 5 weeks. The two-hour final exam (in accordance with Objectives C1-C10) will cover the entire course (about 20% comes from the material covered in the first 6 weeks). The group assignment (in accordance with Objectives C1, C2, C3, and C9) should be submitted in hard copy. Page limit of the group assignment is 8.

Penalties

Late submission of the group assignment will result in a 5% discount of the group assignment mark per day (applies to each of the group members).

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 submitted to Turnitin. A copy of submitted materials will be retained 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.

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 following period:

Friday 24th October – Saturday 15th November (inclusive)

Mandatory Course Requirements

None.

If you cannot complete an assignment or sit a test or examination, refer to www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

Class Representative

A class representative will be elected in the first class, and that person's name and contact details made 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.

Communication of Additional Information

Additional information or information on changes will be conveyed to students via Blackboard.

Student feedback

Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback_display.php

Link to general information

For general information about course-related matters, go to <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

Note to Students

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 academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.
