

School of Economics and Finance

MMAF 528 CURRENT TOPICS IN CORPORATE FINANCE

Trimester 1, 2015

COURSE OUTLINE

Names and Contact Details

Michael Keefe (course coordinator)

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Office Hours: by appointment

Debbie Turner (administrator)

Room RH321

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Office Hours: M-F 9am-midday and 1-4pm

Trimester Dates

Teaching Period: Monday 2nd March – Friday 5th June

Study Period: Monday 8th June – Thursday 11th June

Examination Period: Friday 12th June – Wednesday 1st July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 13th March 2015.
2. The standard last date for withdrawal from this course is Friday 15th May. 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 or [online](#).

Class Times and Room Numbers

Lecture Location: RWW 221

Day: Friday*

Time: 9:30 am – 11:20 am

* Due to the holiday on 3 April 2015, I will reschedule that class to a mutually agreed upon time.

Course Delivery

Course delivery takes the form of 12 approximately 1 hour 50 minute lectures.

Expected Workload

The workload for FINA 402 is intended to be similar to that for other 400-level ECON or FINA courses. The total expected workload is 150 hours, comprising 12-13 hours per week.

Prescription

An intensive examination of modern research in corporate finance based on information asymmetries. Topics include agency costs, financial contracting, security issuing, security design, liquidity, and corporate governance.

Course Learning Objectives

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

1. Explain the key question, contribution, set-up, mechanism, and empirical results from the scholarly papers discussed in class;
2. Apply information economics to problems in corporate finance;
3. Formulate empirical tests of finance theory;
4. Interpret the statistical and economic implications of econometric results;
5. Communicate the key implications of modern corporate finance to a non-specialist audience; and
6. Critique current finance research and develop possible extensions.

Course Content

Modern corporate finance is concerned about information and how that information affects incentives. In contrast, classical finance assumes all agents commonly observe and interpret information. Furthermore, classical finance assumes agents act upon a common information set by trading assets in frictionless markets that fully span all future states. In this course, we relax these assumptions and explore the effect on decision making using information economics, which yields new and more realistic insights into the following topic areas:

- The motivation to trade;
- Market frictions and news;
- Agency costs and Initial Public Offerings (IPOs) ;
- Agency costs and capital structure;
- Financial flexibility and cash holdings;
- Institutions; and
- Possible resolutions of the management/stockholder agency problem.

Readings

You will study and present journal articles and emerging scholarly work. Articles will be provided via Blackboard or available through the library.

Much of the theory presented in class is drawn from:

Tirole, Jean The Theory of Corporate Finance. Princeton University Press; Princeton 2006

Materials and Equipment

Non-programmable calculators or ones with the memory cleared will be allowed in the exam.

Assessment

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

Assessment	Date	Learning Objectives	Total Grade Percentage	Time Allowed in Minutes
Class Participation	All	2-6	10%	
Assignment 1	13-Mar-15	2-6	1%	
Assignment 2	20-Mar-15	2-6	1%	
Assignment 3	27-Mar-15	2-6	1%	
Assignment 4	02-Apr-15	2-6	1%	
Assignment 5	24-Apr-15	2-6	1%	
Assignment 6	01-May-15	2-6	1%	
Assignment 7	15-May-15	2-6	1%	
Assignment 8	22-May-15	2-6	1%	
Assignment 9	29-May-15	2-6	1%	
Assignment 10	05-Jun-15	2-6	1%	
Paper Presentation	Various	1 & 5	15%	
Critical Paper Review	08-May-15	1-4 & 6	15%	
Final Exam	tbd	1-4	50%	120
Total			100%	

The final grade will be determined by class participation (10%), ten assignments (10%), class presentation (15%), a **fifteen** page critical paper review (15%), and a two-hour final exam (contributing 50%). Assignments will be collected prior to the start of class.

Penalties

- Students, who do not present their assigned articles on the assigned dates, will receive a mark of zero.
- The Critical Paper Review and all ten assignments are due at the start of class.
 - Assignments not submitted by the start of class will receive a mark of zero.
 - If the Critical Paper Review is not submitted by the start of class on the due date, then it will be marked down by 5% for each day late. One week after the due date, the Critical Paper Review will not be accepted and a grade of zero will be recorded.
- If the student provides a satisfactory medical certificate to the instructor, then the student's
 - Paper presentation will be rescheduled without penalty,
 - Assignment will be given full credit, and
 - The due date of the Critical Paper Review will be extended.

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 12th June – Wednesday 1st July (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

Course documents and other information will be available on Blackboard. Announcements and presentations will be posted there.

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.
