

School of Management

MMBA 516 CORPORATE FINANCE

Trimester 2, 2015

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 14.30--15.30, or by appointment.

The administrator for this course is Nicky McInnes, Room RH1004

Email: nicky.mcinnes@vuw.ac.nz

Phone: 04 463 5367

Trimester Dates

Teaching Period: Monday 13 July – Friday 16 October

Study Period: Monday 19 October – Thursday 22 October

Examination Period: Friday 23 October – Saturday 14 November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 24 July 2015.
2. The standard last date for withdrawal from this course is Friday 25 September 2015. After this date, students 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

Type	Day	Time	Room
Lecture	Wednesday	17:40 – 19:30	RH LT3
Tutorial*	Wednesday	15:30 – 17:30	RH 1024

*Tutorials will start from week 2

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 19 August).

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

Workload expectations for this course are 10 hours per week for the 12 teaching weeks and 30 hours during the mid-trimester break.

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

MMBA 516 Math Workshop and Tutorials:

(a) Math Workshop

These workshops will be held on two Saturdays - 18th and 25th July, 2015.
Each workshop will be for 4 hours from 9.00 am. to 1.00 pm.

(b) Tutorials

The tutorials for this course will be held on Wednesdays, 3.30 pm to 5.30 pm at RH 1024.
It will start from week 2 of the trimester (Wed, 22 July).

The Math workshop and tutorials will be led by Dennis Dawson, Learning Advisor (Maths and Stats) from Student Learning at Victoria University of Wellington. The tutorials will be student centred and will focus on the underlying mathematics and statistics. Students are encouraged to bring their own exercises and problems to work through.

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 prescribed reading is intended to assist in the comprehension of lecture material. 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

The Assessment Handbook will apply to all VUW courses: see

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

Your mark will be determined in the following way:

In-term Test	25%	Wednesday 19 August 2015
Group work	15%	Due on Friday 2 October 2015
Final Exam	60%	The date will be scheduled during the University exam period

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.

Hard copies of the group assignment should be submitted to the School of Management reception, Level 10 in Rutherford House, by 5pm on the due date.

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).

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 23 October – Saturday 14 November (inclusive)

Mandatory Course Requirements

Students must sit the in-term test and final examination.

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 will regularly be placed on the course Blackboard site. You will also receive emails sent to the email address recorded on Student Records. Please check at the start of the course that this is the address you want to use.

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.
