

School of Economics and Finance

FINA 201 INTRODUCTION TO CORPORATE FINANCE

Trimester 1, 2016

COURSE OUTLINE

Prescription

An introduction to the fundamental concepts in corporate finance. Topics include the net present value method, alternative investment rules, capital budgeting, and the theories of capital structure.

Course Learning Objectives

Students who pass this course should be able to:

1. Describe the theoretical underpinnings and use of the net present value method to value bonds, shares and investments, in terms of (i) the time value of money (compounding & discounting), (ii) the use of the market determined risk adjusted discount rate and (iii) the determination of the relevant cash flows;
2. Explain the weaknesses of the alternatives to the NPV method;
3. Analyse capital structure theorems and their influence on value and risk; and
4. Apply the above skills to determine the value of a proposed investment.

Course Content

The course provides an understanding of the fundamental concepts of Corporate Finance. Topics covered include the discounted cash flow valuation, interest rates, investment decision making, the risk and return underpinnings of the cost of capital, capital structure choice and dividends.

Trimester Dates

Teaching Period: Monday 29th February – Friday 3rd June

Study Period: Monday 6th June – Thursday 9th June

Examination Period: Friday 10th June – Wednesday 29th June (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 11th March 2016.
2. The standard last date for withdrawal from this course is Friday 13th May 2016. 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](#).

Names and Contact Details

Michael Keefe (course coordinator)
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Debbie Turner (administrator)
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Office Hours: M-F 9am-midday and 1-4pm

Class Times and Room Numbers

FINA 201 Class Times			
Day	Location	Time	Type
Monday	RH LT1	10:30 am - 11:20 am	Lecture
Thursday	RH LT1	10:30 am - 11:20 am	Lecture

Course Delivery

The delivery of the course includes eight tutorials. Students sign up for tutorials using the MyAllocator system. All tutorials are held on either Tuesday or Wednesday.

Readings

The prescribed text is S. Ross, R. Westerfield and J. Jaffe, *Corporate Finance*, 10th edition, McGraw-Hill Irwin, 2013 (RWJ).

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

Expected Workload

The anticipated workload is about 10 hours per week, comprising two hours for lectures, one hour for a tutorial, three hours to prepare the tutorial assignment and four hours for reading.

Assessment

The Assessment Handbook will apply to all VUW courses: see

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

FINA201 Assessment	Date	Course Learning Objective	Total Grade Percentage	Time Allowed in Minutes
Test 1	10/Mar/16	1	11%	50
Assignment 1	14/Apr/16	1	3%	
Test 2	18/Apr/16	1, 2	15%	50
Assignment 2	18/May/16	1, 2	3%	
Test 3	19/May/16	1, 2, 4	20%	50
Assignment 3	3/Jun/16	1-4	3%	
Final Exam	tbd	1-4	45%	180
Total			100%	

Students should drop assignments into assignment box #86. Assignments will be collected at 4:00PM on the due dates noted above.

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 10th June – Wednesday 29th June (inclusive)

Penalties

Assignments handed in late will not be marked and a score of zero will be recorded. A score of zero will also be recorded for missed tests. If a satisfactory medical certificate is provided, the student will be exempted from the relevant assessment and the marks from the assessment will be shifted proportionally to the other assessments. For example, if a student is excused from Test 1, then the total grade percentage of the final exam increases from 45% to $50.56\% = (.45)(100/89)$. The weights of all other assessments also proportionally increase. For the medical certificate to be deemed satisfactory, the medical professional must have examined the student prior to the date of the assessment and when the student exhibited symptoms.

Materials and Equipment

Non-programmable calculators or ones with the memory cleared are allowed on tests and the exam.

Student feedback

In 2015, FINA201 and FINA211 were taught in the same lecture. In 2016, FINA 201 and FINA211 are taught in different lectures.

Student feedback on University courses may be found at

www.cad.vuw.ac.nz/feedback/feedback_display.php.

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 the course website at <http://blackboard.vuw.ac.nz>. Announcements will also be posted there.

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.
