

School of Accounting and Commercial Law

MMPA 504 FINANCE

Trimester 3, 2015

COURSE OUTLINE

Names and Contact Details

		Office	Telephone
<i>Course Coordinator & Lecturer</i>	Tina Wendel tina.wendel@vuw.ac.nz Office hours: TBA	RH 410	preferred email
<i>Course Administrator</i>	Rebekah Sage rebekah.sage@vuw.ac.nz Office hours: Monday-Friday, 8.30 am-5.00 pm	RH 728	463 6921

Trimester Dates

From the week starting Monday 16th November to the week ending Friday 19th February.

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before 27 November 2015.
2. The standard last date for withdrawal from this course is 26 January 2016.

After the last date stated in #2, 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

Thursdays: 5.40-8.30 pm
Venue: GB LT4 (Government Buildings Lecture Theatre 4), Pipitea Campus

Teaching Format

There will be one class per week for the 12 weeks of the semester. On average, the class will be divided into the following sections: (i) a 50 minutes lecture, (ii) 50 minutes of class discussion and (iii) a 50 minutes tutorial session.

Expected Workload

It is expected that students will work for 150 hours across the course. Lectures account for 36 hours of this time. Accordingly, students are expected to allocate seven hours per week during the teaching weeks (outside of class) to lecture preparation, lecture review, readings, and the mid-trimester test, and a further 30 hours preparing for the final test.

Prescription

Financial decision-making by firms, and the behaviour of financial markets.

Course Learning Objectives

Students who are successful in this course will be able to:

- (a) Explain the concept of value creation and critically analyse business decisions with a focus on value maximisation.
- (b) Analyse the investment appraisal process and apply the main appraisal techniques to projects and explain their advantages and disadvantages. Critically analyse how the theme of value creation is operationalised through the net present value concept.
- (c) Explain the concept of risk and return and critically discuss and apply the capital asset pricing model and the weighted average cost of capital in the context of project appraisals.
- (d) Explain and analyse how capital structure decisions create shareholder value.
- (e) Critically explain the benefits and disadvantages created by leverage in a world with taxes and without taxes.

Course Content

A lecture and reading schedule is provided on the last page of this course outline.

Readings

Required Material

The following textbook and materials are required for this course:

Ross, Westerfield, Jaffe, *Corporate Finance*, 10th ed., 2013, McGraw-Hill Irwin.

Additional Texts and Materials

Further readings for this course may be handed out in class or posted on Blackboard.

Materials and Equipment

Only silent non-programmable calculators or silent programmable calculators with their memories cleared are permitted in the tests.

Assessment

The Assessment Handbook will apply to all VUW courses: see

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

Option One		Option Two (if it will benefit the student)	
Mid-Trimester Test (60 minutes, Closed Book)	30%	Final test (2 hours, Closed book)	100%
Final test (2 hours, Closed book)	70%		

The Mid-Trimester Test will be held on Thursday, 17 December 2015 from 5.45pm to 6.45pm in GB LT4. The Mid-Trimester Test will be based on the material covered in Lectures #1 to #4. This test assesses course learning objectives (a) and (b).

The Final Test will be held on Thursday, 18 February 2016 from 5.45pm to 7.45pm in GB LT1. The Final Test will be based on the material covered in Lectures #1 to #11. This Final Test assesses course learning objectives (a)-(e).

Penalties

Test

Unjustifiable absence from a test will result in a mark of 'zero' for that test.

Students unable to take scheduled tests due to exceptional circumstances, must complete the 'Consideration of Exceptional Personal Circumstances for Tests Application Form' available on Blackboard. Submit this form to MPA Administrator as early as possible, preferably before the test date.

Note: The submission of an application does not mean that the test requirement has been changed or waived. Penalties, as detailed above, will apply if it is not successful.

Exceptional Personal Circumstances include an impairment assessed by Disability Services, illness, bereavement, circumstances involving the health or wellbeing of a relative or close friend, compulsory attendance at court, national or international representative commitments, significant cultural commitments, or activities in which the student is representing the University.

Note: Not being organised or failing to plan ahead are *not* exceptional circumstances.

Mandatory Course Requirements

None.

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 concerning this course will be provided in lectures and posted on Blackboard: <http://blackboard.vuw.ac.nz>. Urgent notices will be circulated by email.

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.

Lecture and Reading Schedule

Week/ Date	Topic	Content	Chapter readings
1 & 2 19 November & 26 November	Financial evaluation of investment opportunities	Introduction, discounted cash flows, compounding, discounting, simplifications and amortisation of loans; Tutorials	4
3 & 4 3 December & 10 December	Financial evaluation of investment opportunities	NPV, incremental cash flows, risk analysis, IRR and other investment rules; Tutorials	5, 6, 7.1
5 17 December	Mid-Trimester Test	Mid-Trimester Test Start of lecture 5: Returns, Statistics, Return and risk for portfolios, CAPM	10, 11
Mid-Trimester Break (Tuesday 22nd December 2015 till Monday 4th January 2016)			
6 7 January	Risk and Return	Continuation from lecture 5	10, 11
7 14 January	Risk and return	Tutorials	
8 & 9 21 January & 28 January	Capital Structure and Cost of Capital	MMI, MMII, Cost of Capital – without taxes and with taxes	11.1, 11.2, 15, 16.1 to 16.5 Recap 2.1, 3.2, 8.1, 13.3
10 4 February	Capital Structure and Cost of Capital	Tutorials	
11 11 February	Capital Structure – other aspects and tutorials	Costs of financial distress	17, 30.1, 30.4
12 18 February	Final Test	Final Test 5.45pm to 7.45pm in GB LT1	
