

School of Accounting and Commercial Law

MMPA 514 ADVANCED FINANCIAL MANAGEMENT

Trimester 3, 2011

COURSE OUTLINE

Names and Contact Details	Office	Telephone
<i>Course Coordinator & Lecturer</i> Tina Wendel Tina.Wendel@vuw.ac.nz Office Hours: Mondays (14 November 2011 to 27 February 2012), 11am-12.00pm	RH 304	463 7515
<i>Course Administrator</i> Pinky Shah Pinky.Shah@vuw.ac.nz Office hours: Monday-Friday, 8.30am-5pm	RH 728	463 6921

Trimester Dates

Teaching Period:
Monday 14 November 2011 to Friday 2 March 2012.

Examination Period:
None.

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before 25 November 2011.
2. The last date for withdrawal from this course is the three-quarter point of the teaching period, i.e. Friday 20 January 2012.

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

Monday: 12.40-3.30pm

Venue: Room 129, Railway West Wing, Pipitea Campus

Course Content

Lecture	Topic	Content
1	Financial performance analysis and short term financial management	Presentations: Financial ratios and funds flow analysis, Operating and cash cycle Case study: Introduction to Butler Lumber Company – Profit rich and cash poor
2	Financial forecasting and short term finance	Case study: Butler Lumber -financial performance analysis Presentations: Financial planning, external required funding, funding approaches of current and permanent current assets
3	Managing growth	Case study: Butler Lumber Company – Financial forecasting and external funding requirements Presentations: Managing growth, sustainable growth rate
4	Valuation of equity; and equity as long term financing option	Presentations: Characteristics of equity, overview valuation methods, equity valuation - Dividend Discount Models, issuing shares of stock, preferred shares
5	Valuation of corporate bonds; and debt as a long term financing options	Presentations: Types and characteristics of bonds, pricing of bonds, yield to maturity, yield curve, credit ratings
6	Mid-Trimester Test	In class test Continuation of lecture 5
7	Financial decision making	Presentations: Financial decision framework FRICTO Case study: Continental Carriers, Debt vs. equity finance
8.a	Evaluating investment decisions	Presentations: Recap Capital budgeting decisions, incremental cash flows and pitfalls, coping with uncertainty
8.b and 9	Discounted Cash flow analysis, Cost of capital and the value of the firm	Presentations: Recap capital structure, value of the firm and cost of capital Company valuations: Discounted cash flow analysis Case study: Nike Inc., Cost of Capital
10	Group presentations	Group presentations as per assignment
11	Wrap up	Overflow and wrap up
12	Final Test	Q&A In class test

Course Learning Objectives

Students who pass this course will be able to:

- (a) Critically analyse and apply a range of financial ratios to assess the financial performance of a firm, to develop financial forecast for assessing future financing needs and to understand the implications of growth on the firm.
- (b) Apply financial techniques for pricing various financial instruments and critically analyse the factors impacting the value of those financial instruments.
- (c) Evaluate various types of financing options available to the firm and critically apply various assessment factors such as flexibility, risk, income, costs and timing associated with each of the financing alternatives.
- (d) Critically analyse and apply a range of capital budgeting techniques to evaluate investment opportunities. Demonstrate how to estimate relevant cash flows and apply risk mitigation techniques.
- (e) Critically analyse issues related to the optimal capital structure and its implications on the firms cost of capital and the value of the firm itself.
- (f) Apply various company valuation approaches to estimate the value of the firm and critically analyse the advantages and limitation of each the valuation approaches.
- (g) Critically apply various financial analysis techniques in real-world financial cases studies.

Course Delivery

The course will consist of lectures, assigned readings, one group assignment and case studies.

Expected Workload

Students will be expected to spend 14 hours each week on this course. There will be one lecture per week (three times 50 minutes). Part of the lecture time will be dedicated to class discussion, case study material or text book tutorial problems. Case study readings and tutorials will be assigned prior to the classes. Students will read and analyse case studies and work through tutorial material.

Readings

The set text book is:

Ross, Westerfield, Jaffe, Corporate Finance, 9th edition, 2010, McGraw-Hill/Irwin

Paper copies of case studies will be handed out in class.

Further readings for this course may be posted on Blackboard.

Assessment Requirements

Mid-Trimester Test 20%; Group assignment 20%; Final Test 60%.

The Mid-Trimester Test (90 minutes) will be held in lecture room (RWW 129) at 12.40 on Monday, 19 December 2011 (week 6). The Test will be based on the material covered in the first five weeks of the course.

Group assignments are due on 3 February 2012. Late submissions will incur a penalty of 5% per day. No assignments will be accepted after 10 February 2012. Group presentations are scheduled on 13 February 2012.

The Final Test (2 hours) will be held in RWW 129 on 27 February 2012.

Only silent non-programmable calculators are permitted in the Tests.

Quality Assurance Note

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

Penalties

Late submissions of the group assignments will incur a penalty of 5% per day. No assignments will be accepted after 10 February 2012.

Mandatory Course Requirements

There are no mandatory course requirements.

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 be available on Blackboard.

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 subject to checking by Turnitin. Turnitin will retain a copy of submitted materials 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.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

Find key dates, explanations of grades and other useful information at www.victoria.ac.nz/home/study

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at www.victoria.ac.nz/home/about/policy, except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Te Putahi Atawhai

Maori and Pacific Mentoring Programme

http://www.victoria.ac.nz/st_services/tpa/index.aspx