

School of Accounting and Commercial Law

MMPA 514 ADVANCED FINANCIAL MANAGEMENT

Trimester 3, 2012

COURSE OUTLINE

Names and Contact Details	Office	Telephone
<i>Course Coordinator & Lecturer</i> Tina Wendel Tina.Wendel@vuw.ac.nz Office Hours: Friday (November-December 2012): 8.30 to 9.20am Thursday (January-February 2013): 4.40 to 5.30pm	RH 304	463 5233 x7515
<i>Course Administrator</i> Pinky Shah Pinky.Shah@vuw.ac.nz Office hours: Monday-Friday, 8.30am-5pm	RH 728	463 6921

Trimester Dates

Monday 19 November 2012 – Thursday 28 February 2013.

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before 30 November.
2. The standard last date for withdrawal from this course is 25 January.

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

Fridays: 9.30am-12.20pm

Venue: GBLT3 (Government Buildings Lecture Theatre 3), Pipitea Campus
Exception: Lecture 5 (on 21 December 2012) will take place in RWW 102

Course Delivery

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

Group Work

Each student is expected to spend 20 hours on a group assignment.

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.

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 firm's 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 limitations of each of the valuation approaches.
- (g) Critically apply various financial analysis techniques in real-world financial cases studies.

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.

Course Content

Lecture	Topic	Content
1 (23 Nov)	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 (30 Nov)	Financial planning 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 (7 Dec)	Managing growth	Case study: Butler Lumber Company – Financial forecasting and external funding requirements Presentations: Managing growth, internal growth rate, sustainable growth rate
4 & 5 (14 Dec & 21 Dec)	Evaluating investment decisions	Presentations: Recap Capital budgeting decision methods, incremental cash flows and pitfalls, coping with uncertainty Case study: Goodyear tires
Mid-Trimester Break (Saturday 22 December 2012 – Sunday 6 January 2013)		
6 (18 Jan)	Mid-Trimester Test	In class test Continuation of lecture 5
7 (25 Jan)	Special topic	Mergers and Acquisitions
8 (1 Feb)	Valuations	Continuation from lecture 6 Presentations: Company valuations – multiples and discounted cash flow valuations
9 (8 Feb)	Cost of capital	Case study Nike Inc.: Cost of capital and intrinsic value of equity
10 (15 Feb)	Financial decision making	Presentations: Recap characteristics and valuation of equity and debt, Financial decision framework FRICTO Case study: Continental Carriers, Debt vs. equity finance
11 (22 Feb)	Group presentations	Group presentations as per assignment
12 (25 Feb)	Final Test	Q&A In class test

Assessment

Item	Weighting	Dates and Deadlines
Mid-Trimester Test* (Closed Book; 90 minutes)	30%	Friday, 18 January 2013 at 9.45am in GBLT3
Group Assignment and Presentation	20%	Assignments are due on Monday, 18 February 2013; Presentations will take place on Friday, 22 February 2013. Each group will prepare a group assignment (80% of the total mark) and make a group presentation (20% of the total mark). The assignment and presentation will be assessed. Each member of the group will receive the same mark.
Final Test (Closed Book; 120 minutes)	50%	Monday, 25 February 2013 at 9am in GBLT3

* The Mid-Trimester Test will be based on the material covered in the first five weeks of the course.

Penalties

Late submissions of the group assignments will incur a penalty of 5% per day. No assignments will be accepted after Thursday, 21 February 2013.

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.

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.

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.
