

School of Accounting and Commercial Law

**MMPA 514 ADVANCED FINANCIAL MANAGEMENT**

Trimester 3, 2013/4

**COURSE OUTLINE**

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Names and Contact Details		Office	Telephone
<i>Course Coordinator &amp; Lecturer</i>	Tina Wendel <a href="mailto:tina.wendel@vuw.ac.nz">tina.wendel@vuw.ac.nz</a> Office hours: TBA	RH 210	463 5233 x7515
<i>Course Administrator</i>	Pinky Shah <a href="mailto:pinky.shah@vuw.ac.nz">pinky.shah@vuw.ac.nz</a> Office hours: Monday-Friday, 9am-5.30pm	RH 728	463 6921

**Trimester Dates**

Monday 18 November 2013 – Friday 28 February 2014

**Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before 29 November 2013.
2. The standard last date for withdrawal from this course is 28 January 2014.

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:** GB LT 3 (Government Buildings Lecture Theatre 3), Pipitea Campus

**Exception:** Lecture 5 on Friday 20 December will take place in RWW 102, 9.30am-12.20pm.

## **Course Delivery**

The course will consist of one three-hour lecture per week, plus assigned readings, and case studies.

## **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 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.

## **Course Content**

The lecture schedule is provided on the page 4.

## **Readings**

The set text book is:

Ross, Westerfield, Jaffe, Corporate Finance (2013), 10<sup>th</sup> edition, McGraw-Hill/Irwin.

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

Further readings for this course may be posted on Blackboard.

## **Materials and Equipment**

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

## Assessment

Option One		Option Two (if it will benefit the student)	
Mid-Trimester Test (90 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 Friday 10 January 2014 at 9.45am to 11.15am in GBLT3. The Mid-Trimester Test will be based on the material covered in Lectures #1 to #5.*

*The Final Test will be held on Friday 21 February 2014 from 9.45am to 11.45am in GBLT3. The Final Test will be based on the material covered in Lectures #1 to #12.*

## 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](http://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 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

Any feedback is considered and followed up on.

Student feedback on University courses may be found at

[www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://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.

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## Lecture Schedule

Wk/Date	Topic	Content
1 22 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 29 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 6 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* (13 Dec & 20 Dec)	Evaluating investment decisions	Presentations: Recap Capital budgeting decision methods, incremental cash flows and pitfalls, coping with uncertainty Case study: Goodyear tires
<b>Mid-Trimester Break (Saturday 21 December 2013 – Sunday 5 January 2014)</b>		
6 10 Jan	Mid-Trimester Test	In class test Presentations: Company valuations – multiples and discounted cash flow valuations
7 17 Jan	Valuations	Continuation from lecture 6 Presentations: Company valuations – multiples and discounted cash flow valuations
8 24 Jan	Cost of capital	Case study Nike Inc.: Cost of capital and intrinsic value of equity
9 31 Jan	Corporate bonds	Presentations: Recap characteristics of equity and debt, Corporate bonds – characteristics and pricing
10 7 Feb	Financial decision making	Presentations: Financial decision framework FRICTO Case study: Continental Carriers, Debt vs. equity finance
11 14 Feb	Special topic	TBA
12 21 Feb	Final test	In class final test

\* Lecture 5 (on Friday 20 December) will take place in RWW 102, 9.30am-12.20pm.