

School of Accounting and Commercial Law

MMPA514 ADVANCED FINANCIAL MANAGEMENT

Trimester 1, 2016

COURSE OUTLINE

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 issues related to the optimal capital structure and its implications on the firms cost of capital and the value of the firm itself.
- (e) Apply various company valuation approaches to estimate the value of the firm and critically analyse the advantages and limitation of each the valuation approaches.
- (f) Critically apply various financial analysis techniques in real-world financial cases studies.

Course Content

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

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

<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

Class Times and Room Numbers

Thursdays: 5.40 – 8.30 p.m.
Venue: RH LT3 (Rutherford House Lecture Theatre 3), Pipitea Campus.

Exception:

- * Lecture 4 will be held in computer labs RWW102 and RWW202.
- ** Lecture 11 will be held in computer labs RWW102 and RWW202.

Course Delivery

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.

Readings

The set textbook is:

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

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

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

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 examination.

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%	Exam (2 hours, Closed book)	100%
Exam (2 hours, Closed book)	70%		

The Mid-Trimester Test will be held on Thursday, 7 April 2016 at 5.45 to 6.45 p.m. in RH LT3. The Mid-Trimester Test will be based on the material covered in Lectures #1 to #5. This test assesses course learning objectives (a) and (f).

The Exam will be held during the exam period. The Exam will be based on the material covered in Lectures #1 to #12. This Exam assesses course learning objectives (a) to (f).

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

Unjustifiable absences from the test will result in a mark of 'zero' for that test and may result in a student not meeting mandatory course requirements.

Students unable to take the scheduled test due to exceptional circumstances, must complete the 'Consideration of Exceptional Personal Circumstances for Tests Application Form' available on Blackboard. Submit this form to the 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.

Materials and Equipment

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

Student feedback

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

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.

Lecture Schedule

Week/Date	Topic	Content
1 3 March	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 10 March	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 17 March	Managing growth	Case study: Butler Lumber Company – Financial forecasting and external funding requirements Presentations: Managing growth, internal growth rate, sustainable growth rate
4* 31 March	Financial planning	Case study: Flash Memory Inc.
5 7 April	Mid-Trimester Test Capital markets – Corporate bonds	Mid-Trimester Test Presentations: Capital markets, Bonds features and pricing
6 14 April	Capital markets – Corporate bonds	Continuation from lecture 5
7 21 April	Capital Markets – Common stock	Presentations: Common stock and Dividend Discount Model valuation
Mid-Trimester Break (Monday 25th April - Sunday 1 May 2016)		
8 5 May	The financing decision	Presentations: Financial decision framework FRICTO Case study: Continental Carriers, Debt vs. equity finance
9 12 May	Company valuations and cost of capital	Presentations: Recap cost of capital, company valuations (multiples and discounted cash flow valuations)
10 19 May	Company valuations and cost of capital	Case study Nike Inc.: Cost of capital and intrinsic value of equity
11** 26 May	Summarising case study	Case study: Flash Memory Inc.: Cost of capital and Capital budgeting analysis
12 2 June	Special topic and spill-over	

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