

School of Accounting and Commercial Law

## **MMPA 514 ADVANCED FINANCIAL MANAGEMENT**

Trimester 3, 2015

### **COURSE OUTLINE**

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#### **Names and Contact Details**

		<b>Office</b>	<b>Telephone</b>
<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 410	preferred per email
<i>Course Administrator</i>	Rebekah Sage <a href="mailto:rebekah.sage@vuw.ac.nz">rebekah.sage@vuw.ac.nz</a> Office hours: Monday-Friday, 8.30 am-5.00 pm	RH 728	463 6921

#### **Trimester Dates**

From the week starting Monday 16<sup>th</sup> November to the week ending Friday 19<sup>th</sup> 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**

Fridays: 11.30 am - 2.20 pm  
Venue: GB LT4 (Government Buildings Lecture Theatre 4), Pipitea Campus.  
Exception: Lectures 4 and 11 will be held in computer labs RWW102 and RWW202

#### **Teaching Format**

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 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**

The lecture 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* (2013), 10<sup>th</sup> ed., McGraw-Hill/Irwin.

#### ***Additional Texts and Materials***

Paper copies of case studies will be handed out in class and further readings for this course may be 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>.

<b>Option One</b>		<b>Option Two (if it will benefit the student)</b>	
Mid-Trimester Test (60 minutes, Closed Book)	30%	Final Test (120 minutes, Closed book)	100%
Final Test (120 minutes, Closed book)	70%		

*The Mid-Trimester Test will be held on Friday, 18 December 2015 from 11.45am to 12.45pm in GBLT4. The Mid-Trimester Test will be based on the material covered in Lectures #1 to #4. This test assesses course learning objectives (a) and (f).*

*The Final Test will be held on Friday 19 February 2016 from 11.45am to 1.45pm in GBLT4. The Final Test will be based on the material covered in Lectures #1 to #11. This test assesses course learning objectives (a) to (f).*

## **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](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.

## Lecture Schedule

Week/Date	Topic	Content
1 20 November	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 27 November	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 4 December	Managing growth	Case study: Butler Lumber Company – Financial forecasting and external funding requirements  Presentations: Managing growth, internal growth rate, sustainable growth rate
4* 11 December	Financial planning	Case study: Flash Memory Inc.
5 18 December	<b>Mid-Trimester Test</b>  Capital markets – Corporate bonds	Mid-Trimester Test  Presentations: Capital markets, Bonds features and pricing
<b>Mid-Trimester Break (Tuesday 22<sup>nd</sup> December 2015 till Monday 4<sup>th</sup> January 2016)</b>		
6 8 January	Capital markets – Corporate bonds	Continuation from lecture 5
7 15 January	Capital Markets – Common stock	Presentations: Common stock and Dividend Discount Model valuation
8 22 January	Company valuations and cost of capital	Presentations: Recap cost of capital, company valuations (multiples and discounted cash flow valuations)
9 29 January	Company valuations and cost of capital	Case study Nike Inc.: Cost of capital and intrinsic value of equity
10 5 February	The financing decision	Presentations: Financial decision framework FRICTO Case study: Continental Carriers, Debt vs. equity finance
11** 12 February	Summarising case study	Case study: Flash Memory Inc.: Cost of capital and Capital budgeting analysis
12 19 February	<b>Final Test</b>	

\* Lecture 4 will be held in computer labs RWW102 and RWW202

\*\* Lecture 11 will be held in computer labs RWW102 and RWW202

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