

**ACCT 5130 P
ADVANCED FINANCE
SUMMER 2024 COURSE OUTLINE**

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Course Schedule
 Office Hours:

Monday/Thursday: 6:00pm-9:00pm: NI 4050
 Mon/Thurs: 5.00pm-6.00pm or by appointment

ACCT 5130 Advanced Finance [0.5 credit]

The impact of the financing decision on the value of the firm, firm valuation, investing and risk management.

Prerequisite: Enrollment in the MAcc Program

Course Description and Objectives:

In this increasingly complex business environment, senior executives in business and public sector organizations require knowledge of financial management. This course builds upon and integrates knowledge previously gained in finance courses taken in an undergraduate program and in the MAcc program. It dives deeper into technical and complex issues, helps develop professional judgement, and focuses on the ability to integrate the various competencies together. It hones the skills required to be a professional accountant.

On successful completion of this course the participant will have mastered the fundamental financial concepts and techniques and acquired the ability to apply the techniques to financial problem-solving and decision-making in a professional manner.

Course calendar description

The impact of financing decision on firm value, firm valuation, investing, and risk management.

Textbooks:

Ross, Westerfield, Jordan, Roberts, Pandes and Holloway, *Fundamentals of Corporate Finance*, 10th Canadian edition, McGraw-Hill Ryerson, 2019 (ISBN-9781259654756).

Supplementary: Aswath Damodaran, *Applied Corporate Finance: A User's Manual* 4th Edition, Wiley, 2015.

Grading Scheme:

Activity	Percentage	Due date
Class participation	5	
In-class Quizzes	10	15/7; 8/8
Individual assignment	15	1/8
Group case analysis	10	see pg 3
Mid-term exam	20	20/7
Final exam	40	18/8
Total	<u>100</u>	

Case Analysis:

The class will be divided into groups, and each group will analysis one case of the cases below. Check Brightspace ('Tools', 'Groups') to see your group number and members. A separate handout on the structure of the cases will be provided on Brightspace.

You can access the cases in Ares (<https://reserves.library.carleton.ca/ares/>)

Cases by group are as follows:

	Cases	Topic
1	Estimating Walmart's Cost of Capital: W19208-Pdf-Eng	Cost of Capital
2	Vakrangee: Anatomy of Stock Valuation, Hbp W20590-PDF-ENG	Valuation
3	Blaine Kitchenware, Inc.: Capital Structure, Hbp 4040-Pdf-Eng	Capital Structure

Late Assignments Policy:

The assignment deadlines are at least one week after the completion of related course material (sometimes more) and as such, the time for the assignment should be sufficient. Yet, sometimes, despite your best efforts, and for good reasons, you may not be able to meet the deadlines. You have two days of grace period that you can apply to missed assignment deadlines. For example, a single assignment may be two days late or two assignments may each be one day late with no penalty. No reason required. That said, I need an email by the deadline indicating you will be late in submitting your assignment. Once the two days have been used, no further lateness will be accepted and any late submissions at that stage will not be accepted.

Final exam: 18th August 2024, 9:00-13:00

The final exam will be comprehensive in nature and will cover the whole course. Only non-programmable calculators (without alpha storage capabilities) will be permitted for use during examinations. Translation dictionaries are allowed as long as they are in print format and do not contain any handwritten notes. Electronic translation dictionaries are not allowed.

Deferred Final Examination:

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the request. Deferred exams are not granted for students who have made travel plans that conflict with the examination schedule.

Contribution to Learning Goals of the Program (MAcc):

Program Learning Goal	Competencies Not Covered	Competencies Introduced (only)	Competencies Taught But Not Assessed	Competencies Taught and Assessed
MA1 Technical Competencies <i>Graduates will possess the technical abilities expected of professional accountants in all functional areas.</i>				X
MA2 Problem-Solving and Decision-Making <i>Graduates will be skilled in problem-solving and decision-making.</i>				X
MA3 Enabling Competencies <i>Graduates will possess the essential skills of a professional accountant including professional and ethical behaviour, communication, self-management, and teamwork and leadership.</i>			X	

Topical Coverage

The topical coverage is based on all knowledge requirements of the CPA Canada Knowledge Supplement. See Appendix A.

COURSE SCHEDULE (TENTATIVE AND SUBJECT TO CHANGE)

<i>Class date (number)</i>	<i>Topic / LO</i>	CPA Competency Map References	Readings (R: Ross et al., D: Damodaran)	Problems / Cases
July 4 (1)	Introduction: The firm, external environment & financial markets.	5.1.1 5.1.2 5.2.3	R: 1.5; 1.6 R: 12.6 D: Ch.2	R: 1-6, 1-13, 1-15, R: Ch.12: critical thinking Q#8, 9, 10 D: 2-1, 2-8, 2-11, 2-15
July 8 (2)	Short-term financing.		R: 18.3; 18.6 R: 20-2 ; 20.8	R: Ch.18: critical thinking Q#4, 5; 18-3, 18-4, 18-13, 18-17 20-5, 20-12, 20-15, 20-21
July 11 (3)	Medium- and long-term financing	5.1.1 5.5.1 5.5.2	R: 7.1; 7.2 R: 8.1; 8.2	R: Ch.7: critical thinking Q#5, 7-16, 7-17; 7-18, 7-22, 7-26 R: Ch.8: 8-1, 8-6, 8-12, 8-16; 8-24
July 15 (4) Quiz 1	Risk and return	5.2.1 5.2.2 5.2.5 5.5.1	R: 13.1; 13.2; 13.4 D: Ch.3	R: Ch.13: critical thinking Q#1, 3 R: 13-4, 13-7, 13-10, 13-17 D: 3-1, 3-4
July 18 (5)	Portfolio analysis	5.2.1 5.2.2 5.2.5 5.5.1	R: 13.5; 13.6; 13.7; 13.8	R: Ch.13: critical thinking Q#6,7 R: 13-19, 13-20, 13-23, 13-25, 13-27
July 20	Midterm Exam (Saturday 10:00-12:00)			
July 22 (6)	Cost of capital	5.1.1 5.1.2 5.2.4 5.2.5	R: 14.2; 14.3; 14.4; 14.5; 14.6 D: Ch.4	R: 14-3, 14-7, 14-8, 14-9, 14-15 D: 4-3, 4-7
July 25 (7)	Capital budgeting	5.1.1 5.1.2 5.3.1 5.6.2	R: 10.1; 10.2; 10.7	R: 10-16, 10-19, 10-21, 10-24, 10-27, 10-31
July 29 (8)	Valuation I	5.2.1 5.2.5 5.4.1 5.4.2	D: Ch.12	D: 12-1, 12-2, 12-4, 12-6, 12-8 Case # 1 due
Aug 1 (9)	Valuation II	5.2.1 5.2.5 5.4.1 5.4.2	D: Ch.12 R: 23.1; 23.4; 23.5; 23.6; 23.9 Other material on Marketability risk & valuation of Minority Interests	D: 12-14, 12-15, 12-18, 12-20
Aug 8 (10) Quiz 2	Analysis of Capital Structure	5.2.3 5.2.4 5.2.5 5.6.2	R: 16.1; 16.2; 16.3; 16.4; 16.5; 16.6; 16.8	R: 16-9, 16-12, 16-13, 16-16, 16-17 Case # 2 due

Aug 12 (11)	Distribution of Earnings & Leasing	5.2.1 5.2.3 5.2.6	R: 17.1; 17.3; 17.5; 17.6; 17.7; 17.8 D: Ch.10 R: 22.1, 22.2, 22.3, 22.4, 22.5, 22.6	R: Ch.17: critical thinking Q#7 R: 17-3, 17-4, 17-13, 17-16 D: 10-6, 10-9, 10-10, 10-11 R: 22-2 to 5
Aug 15 (12)	Corporate Finance Transactions Risk management tools	5.2.3 5.2.5 5.4.2 5.6.1	R: 23.4, 23.5, 23.4, 23.6; 23.9 R: 24.2; 24.3; 24.4; 24.5 R: 25.1; 25.2; 25.7	Problems: R: 23-10, 23-12, 23-15 R: 24-6 R: 25-11, 25-12 Case # 3 due
Aug 18	Final Exam (Saturday 9:00-13:00)			

ADDITIONAL INFORMATION

Course Sharing Websites

Materials created for this course (including posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Policy on Mobile Devices

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

Group Work

The Spratt School of Business encourages group assignments. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of your fellow group members. This information will be used when assigning the grade for the group project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him or herself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that these peer evaluation scores are reasonable and free from personal bias, you will be asked to provide a detailed written explanation for your point allocation.

Note: You do not have to submit the peer evaluation if everyone contributes equally

Letter Grades:

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Academic Regulations:

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<https://calendar.carleton.ca/grad/gradregulations/>

Requests for Academic Accommodation:

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

- **Pregnancy**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Religious Obligations**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. <https://carleton.ca/pmc/>

- **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: <https://carleton.ca/sexual-violence-support/>

- **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable accommodation will be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

- **Drop Course Policy**

The last day for academic withdrawal is August 16th

For more information on academic accommodation, please contact the departmental administrator or visit: <https://students.carleton.ca/course-outline/>

Academic Integrity:

Violations of academic integrity—presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student—are a serious academic offence, weaken the quality of the degree, and will not be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>

Centre for Student Academic Support:

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: <https://carleton.ca/csas/>

Other Important Information:

- Students must always retain a hard copy of all work that is submitted.
- All final grades are subject to the Dean’s approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton cmail account. If you do not have or have yet to activate this account, you can do so by visiting <https://carleton.ca/its/get-started/new-grad-students/>

Appendix A: CPA Canada Finance Knowledge Topics

(Most of the following knowledge topics will be covered in class)

SECTION 5: FINANCE

External Environment and Impact on Finance Decisions/Analysis

- Nature of and accessibility to capital markets (financial markets, public offerings and underwriters, private placements, secondary markets)
- Capital market efficiency (efficient market hypothesis)
- Other factors in market pricing

Financing Decisions and Finance Management

- a) Inputs into determining cash flow needs
- b) Working-capital management
 - Role of liquidity
- c) Sources of short-term financing (trade, factoring, lines of credit)
- d) Credit policy decisions (evaluating credit risk, determining collection policy and credit period, making use of cash discounts, organizing the credit function)
- e) Short-term versus long-term financial planning (objectives and process, forecasting, pro forma financial statements)
- f) Sources of medium- and long-term financing
 - Bank loans
 - Internally generated funds
 - Initial public offerings
 - Venture capital
 - Securitization
 - Government assistance
- g) Asset-based financing
- h) Lease financing (direct lease, sale and leaseback)
- i) Derivative financial instruments
- j) Project financing

Investing and Risk Management

- a) Forms of ownership and extent of ownership (direct, outsourcing, strategic partnerships)
- b) Nature and use of financial instruments
- c) Debt instruments
- d) Equity instruments (common shares, preferred shares, stock rights, warrants)
- e) Derivative financial instruments (options, futures, forwards, swaps, other derivatives)
- f) Convertible securities
- g) Stock-based compensation (options, appreciation rights)
- h) Tools to hedge exposures (e.g., interest rate swap, foreign currency hedge)
- i) Other types of investments
- j) Portfolio diversification and optimal investment decision making
- k) Macro-economic risk assessment

Capital Structure Decisions

- a) Optimal capital structure
- b) Ownership and control considerations
- c) Financial leverage
- d) Tax considerations (tax shield, etc.)
- e) Effects of bankruptcy costs

Distribution of Earnings

- a) Dividend policy
- b) Alternatives to cash dividends (stock dividend, stock split, share repurchase, dividend reinvestment)

Cash Flow/Net Income Estimation

- a) Tax effects
- b) Effects of non-cash items
- c) Discounting

Valuation

- a) Purpose and nature of the valuation
- b) Fair market value concept
- c) Common inputs to valuation techniques (credit risk, market price, marketability, volatility, etc.)

- d) Approaches to valuation (for fixed income securities and/or equity instruments):
- Asset based (adjusted book value, liquidation value, replacement cost)
 - Transaction based (capitalization of earnings, capitalization of cash flows, discounted earnings, discounted cash flow)
 - Market based (multiples)
- e) Approaches to the valuation of intangible assets

Corporate Finance Transactions

- a) Forms of expansion and divestiture (mergers, acquisitions, strategic alliances, joint ventures, spin-offs)
- b) Transaction considerations
- c) Key risks and rewards in corporate finance
- d) Synergies involved in the combination of entities
- e) International considerations (exchange risks, political risks, economic risk, international sources of capital)