



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 433H1 S Advanced Corporate Finance Winter/Spring 2014

Course Meets: L0101-Monday/9-11am/WW120 (S.Davydenko); L0201–Monday/1-3pm/WO35 (S.Davydenko); L0301–Monday/3-5pm/W20 (W.Huggins); L0401-Monday/4-6pm/WO35 (S.Davydenko)

Instructors:	Sergei Davydenko, RT-444	William Huggins, RT-434
E-Mail:	Davydenko@Rotman.Utoronto.Ca	William.Huggins@Rotman.Utoronto.Ca
Phone:	(416) 978-5528	(647) 289-9240
Office Hours:	Wednesdays 2-4PM	TBA

Course Scope and Mission

The main aim of this course is to help you learn to apply fundamental ideas of financial economics to real-life problems of business valuation and financial decisions with all the complexities the real world entails. Case studies will be used to bridge the gap between rigorous finance theory and its applications to **practical problems** in corporate finance, on the assumption that you are already familiar with basic concepts from previous courses such as RSM333. Topics that will be discussed include valuation, mergers and acquisitions, financial distress, capital structure, securities issuance, and corporate governance. The course builds on concepts and techniques that Rotman Commerce students have learned in accounting, statistics, micro-economics, and business finance.

Target audience

The course is suited for those who wish to obtain a deeper understanding of the theory underlying corporate finance in order to apply it sensibly to practical situations. The course is targeted to students who wish to pursue careers in consulting, financial institutions, and investment banking, and for those planning to work in corporations, especially in the finance, planning, and treasury areas.

Course Prerequisites/Exclusions

Prerequisite: Rotman Commerce: [RSM333H1](#); Actuarial Science: [ACT349H1](#)

Exclusion: MGT431H1

Required Readings

Course Slides and relevant case studies. **The cases** can be downloaded from the Harvard Website for a small charge (~\$4 each) A link to the cases will be posted on Blackboard but you will also need to register on the HBS site. Details will be provided during the first lecture.

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

<u>Work</u>		<u>Due Date</u>
Case Studies	45%	9AM on Feb 3, Mar 10 and Mar 31
Final Exam	55%	During Faculty of Arts & Science Final Examination period

COURSE FORMAT AND EXPECTATIONS

Case Write-ups (to be done in teams of up to 5 students):

Home assignments consist of **three case studies**, each of which contributes 15% to the final grade. They should be done in groups of between 1 and 5 people. Only one report from each group should be submitted. Each report should be typed and include no more than 8 standard pages, plus tables, if any. (For longer reports, only the first 8 pages will be read and graded, and the rest ignored.) For each case, the deadline for case submissions is the same regardless of the group or whether your class meets on Mondays or Fridays. Cases are to be submitted electronically. Late write-ups will not be accepted.

Cases will be graded based on your demonstrated understanding of concepts as exhibited by your analysis of the case specific issues and problems. In addition to showing an understanding of the concepts developed up to date in all your Rotman Commerce courses, your write-up should be clear, concise, creative, internally consistent, logical coherent, and professional. You are not expected to know facts that come from outside the course materials. If you choose to include factual information or data from outside the case, please restrict yourselves to information known at the time of the case and reference your sources if necessary. Please make clear what question(s) you are answering with your analysis. Do not hand in exhibits that you do not use in your arguments. Points will be deducted for gratuitous and unnecessary stuff. Make sure all fonts are legible (this includes exhibits! 10 point Times New Roman or equivalent size is the absolute minimum).

Normally students will be required to submit their case write-ups to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the university's use of the Turnitin.com service are described on the Turnitin.com website.

Please note that clear, concise, and correct writing will be considered in the evaluation of case write-ups. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (www.asc.utoronto.ca) or one of the College Writing Centres (www.writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Your write-ups may be put through Turnitin.com for a review of textual similarity and detection of possible plagiarism, and may be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the university's use of the Turnitin.com service are described on the Turnitin.com website.

Group Work:

Case studies are to be prepared in teams of up to 5 students. When working as a team, students are reminded of the following expectations with respect to their behavior and contributions to the project:

Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students and you are therefore reminded of the following expectations with respect to behaviour and contributions to your team project.

1. Read the document entitled, "*Working in Teams: Guidelines for Rotman Commerce Students*" which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving differences:

Conflicts can – and do – occur. Conflicts are part of the team's process of learning how to work together effectively and can actually generate exciting debate and creative solutions – if managed appropriately.

Student teams are collectively expected to resolve disputes or misunderstandings as soon as they arise (and prior to submission of the final project). In cases where teams are unable to reach a mutually agreeable solution, the entire team must meet with the Rotman Commerce Team Coach** as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

** The Rotman Commerce Team Coach, Nikoleta Vlamis, may be reached at nikoleta@nikoletaandassociates.com for an appointment. Nikoleta is an expert in team dynamics and facilitation. Note that Nikoleta's role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

Final examination:

The final exam will be comprehensive and will cover material from lectures, assigned readings, and cases. You are allowed to bring a calculator and one 8½" by 11" and a crib sheet (both sides). The crib sheet can include anything you like, including definitions or examples seen in class.

Weekly Schedule

Session	Date	Topic
1	Jan 6	Traditional valuation and cost of capital
2	Jan 13	Advanced valuation
3	Jan 20	Mergers & Acquisitions: Strategy
4	Jan 27	M&A: Valuation and execution
5	Feb 3	Case #1 discussion (case due Feb 3 at 9AM)
6	Feb 10	Financial distress and Bankruptcy
7	Feb 24	Capital structure
8	Mar 3	Long-term financing
9	Mar 10	Case #2 discussion (case due Mar 10 at 9AM)
10	Mar 17	Initial Public Offerings
11	Mar 24	Corporate governance
12	Mar 31	Course overview and Case #3 discussion (case due Mar 31 at 9AM)
Final Exam	TBA by FAS	

POLICY AND PROCEDURE

Missed Tests and Assignments

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero).

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a report of illness made by the student and documented by the physician.

Late Assignments

All case write-ups must be submitted electronically before the deadline (Monday 9AM for all groups.) If your case has been received, you will receive a confirmation before the deadline. If you do not receive a confirmation, it means that the case has not been submitted. Should this happen, you must make contact the instructor before the deadline.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://www.accessibility.utoronto.ca/>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.

- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or not is permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructors may decide to communicate important course information by email. As such, all UofT students are required to have a valid UofT email address. You are responsible for ensuring that your UofT email address is set up AND properly entered on the ROSI system.

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore the Portal Information and Help at www.portalinfo.utoronto.ca/students and review the Frequently Asked Questions.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.