



**FIN 7220 (A01) (3.0 CH)**  
**ADVANCED SEMINAR IN FINANCE**  
**Summer 2011**

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**INSTRUCTOR**

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Office Hours: Thursday, 4:30 - 5:45p  
or by appointment

**COURSE DESCRIPTION**

This is a case-oriented course that will require extensive preparation and analysis of selected cases in corporate financial management. Finance concepts and analyses are applied to cases based on actual business situations. Students are expected to prepare sufficiently to fully participate in classroom discussions. This requires analyzing cases, reading recommended materials and effective use of one's own background in finance.

This course assumes each student has a firm understanding of, and is ready to apply, basic concepts of finance covered in introductory and intermediate finance courses. Corporate Finance (FIN6072) is a prerequisite. Other finance courses are not required, but students will need less preparation time if they take this seminar course following other finance courses.

Most classes will consist of discussion of one or two case studies with the entire class participating. Discussion questions may be provided. Students are expected to have analyzed assigned cases before class, and to use initiative in determining the important problems and suggesting solutions. Students should use reference texts or readings to understand financial theories, practices, and analytical techniques that apply to any given case.

**COURSE OBJECTIVES**

The purpose of this course is to improve each student's understanding of business operations, the relationship between finance and these operations, and the financial manager's role. On completion of the course, students will be able to apply various financial quantitative techniques to business situations, and to interpret their results in the context of financial and strategic considerations. Topics include financial statement analysis, forecasting, capital budgeting, cost of capital, capital structure, dividend policy, financing, and international finance. We will also introduce hedging and treasury risk management concepts, valuation, and mergers and acquisitions.

We will explore some wider issues in our case studies and discussions, including ethics, corporate social responsibility, corporate governance, and critical thinking. Depending on one's background, additional reading on these topics could become necessary.

## **COURSE MATERIALS**

A case package is available from the University of Manitoba Book Store. Additional readings and handouts may be provided in class.

## **RECOMMENDED READING**

It is expected that everyone is familiar with the literature related to the topic/s of discussion on a given day. Students are encouraged to broaden their understanding of these topics through Recommended Readings and other relevant sources.

## **REFERENCES**

Any introductory or intermediate corporate finance book, such as:

Berk, Jonathan, Peter DeMarzo and David Stangeland, Corporate Finance: Canadian edition, Pearson Canada (2010). **BDS**

Lawrence Booth and W. Sean Cleary, Introduction to Corporate Finance, John Wiley & Sons Canada, Ltd. (2008). **BC**

Richard Brealey, Stewart Myers, and Franklin Allen, Principles of Corporate Finance, 9<sup>th</sup> Edition, McGraw Hill International (2010). **BMA**

Ross, Stephen A., Randolph W. Westerfield, Jeffrey F. Jaffe, and Gordon S. Roberts, Corporate Finance, Fifth Canadian Edition, McGraw-Hill Ryerson Limited (2008). **RWJR**

Along with any application oriented book, such as:

Damodaran, Aswath, Applied Corporate Finance, 3<sup>rd</sup> Edition, Wiley, 2011.

**Note:** Additional reading and reference materials are available on my website.

## **STUDENT RESPONSIBILITY**

### **ASSIGNMENTS**

Two written case analyses are due in class, on the dates indicated in the Course Schedule below. No reports will be accepted after the given deadline.

Students are expected to follow a logical framework of decision making when analyzing cases. Instructor will provide guidelines for analyzing cases and writing reports.

**Important:** Author of each report is solely responsible for the content and analysis presented, and therefore no group effort is assumed in writing a given report. All suspected cases of violations of academic integrity are subject to disciplinary action.

## PARTICIPATION

Each class will consist of discussion of a case study with the entire class participating. The students, therefore, are expected to have thoroughly analysed a given case before arriving in class. In this regard, questions provided in advance could be used as minimal guidance in the analytic framework adopted.

Class attendance and participation are essential for every student to learn the financial skills necessary for this course. Lack of preparation for class discussions will result in loss of participation marks, as will absence without excuse.

**Important:** Four or more absences will result in losing all participation marks, and six or more absences will result in an automatic failure of the course.

Students must demonstrate a thorough understanding of the case, and be prepared to actively discuss issues and solutions to case problems to receive participation marks. Each case could take approximately 2-4 hours to prepare.

## SEATING AND IDENTIFICATION

It is suggested that the students find a permanent seat by the second day of classes. Every student is required to display his/her nameplate on the desk during all classes.

## PERFORMANCE ASSESSMENT

Individual Case Analysis Report I	20%
Individual Case Analysis Report II	25%
Class Participation	20%
Final Examination	35%

Note: The final examination will be a case analysis.

Final grades are based on the student's weighted mark and performance relative to other students. The following are the grade cut-offs. These tentative cut-offs are subject to adjustment up or down depending on the relative performance of the current class compared to prior classes that have taken the course with the same instructor.

<b>Cumulative Marks</b>	<b>Grade</b>	<b>GPA</b>	<b>Performance</b>
90-100	A+	4.5	Outstanding
80-89.9	A	4.0	Excellent
75-79.9	B+	3.5	Very Good
70-74.9	B	3.0	Good
65-69.9	C+	2.5	Satisfactory
60-64.9	C	2.0	Unsatisfactory
50-59.9	D	1.0	Unsatisfactory
Below 50	F	0.0	Unsatisfactory

**TENTATIVE CLASS SCHEDULE** (Subject to change upon notification by the instructor.)

**Notes:**

1. The first day case must be completed and brought to class for discussion. Students may work in groups to analyze and to make a recommendation.
2. For each class, students should write their own brief note (up to two pages) on each case, stating the decision to be made, major issues, alternatives, criteria used to evaluate the alternatives, evaluation of alternatives, decision and a plan of action. This will assist in stimulating case discussion and improve student learning. You may be randomly asked to hand in these class notes for participation marks.

Date	Case / Topic	Suggested Readings
Session 1	<p>Introduction, course administration, case method.</p> <p><b>Case:</b> National Fabricators.</p> <p><b>Discussion:</b> Comprehensive size-up of a firm and assessment of financing needs.</p>	<ul style="list-style-type: none"> <li>• <u>Louise A. Mauffette-Leenders, James A. Erskine, Michiel R. Leenders, Learning with Cases, 4th Edition, Ivey Publishing.</u></li> <li>• Tips for case analysis, <a href="http://tlt.its.psu.edu/suggestions/cases/studenttips/index.html">http://tlt.its.psu.edu/suggestions/cases/studenttips/index.html</a></li> <li>• RWJR, Chapter 2, Accounting Statements and Cash Flow.</li> <li>• RWJR, Appendix 2A and 2B</li> <li>• BDS, Chapter 2, Introduction to Financial Statement Analysis.</li> </ul>
Session 2	<p><b>Case:</b> Chef's Toolkit Inc.</p> <p><b>Discussion:</b> Short-term financial planning, assessment of cash needs, Budgeting and Break-Even Analysis,</p>	<ul style="list-style-type: none"> <li>• RWJR, Chapter 27, Short-term Finance and Planning.</li> <li>• BDS, Chapter 26, Working Capital Management.</li> <li>• BDS, Chapter 27, Short Term Financial Planning.</li> </ul>
Session 3	<p><b>Case:</b> Kismet Inc.</p> <p><b>Discussion:</b> Lending decision</p>	<ul style="list-style-type: none"> <li>• RWJR, Chapter 29, Credit Management.</li> <li>• BDS, Chapter 27, Short Term Financial Planning.</li> </ul>
Session 4	<p><b>Case:</b> Mountainarious Sporting Co. (Report I)</p> <p><b>Case:</b> Warner Lambert Canada Inc.</p> <p><b>Discussion:</b> Credit / Accounts Receivable management</p>	<ul style="list-style-type: none"> <li>• BDS, Chapter 26, Working Capital Management.</li> <li>• Credit Policy: <a href="http://en.wikipedia.org/wiki/Finance#Credit_policy">http://en.wikipedia.org/wiki/Finance#Credit_policy</a>.</li> <li>• Sartoris and Hill, "Generalized Cash Flow Approach to Short-Term Financial Decisions," <i>Journal of Finance</i>, May 1983.</li> </ul>
Session 5	<p><b>Case:</b> BC Telecom Inc.</p> <p><b>Discussion:</b> Cost of Capital, Capital Structure Management</p>	<ul style="list-style-type: none"> <li>• Gitman and Vandenberg, "Cost of Capital Used by Major U.S. Firms"</li> <li>• Miller, "The Modigliani-Miller Propositions After Thirty Years"</li> <li>• Mittoo and Bancel, "The Determinants of Capital Structure Choice: A Survey of European Firms"</li> </ul>

Session 6	<p><b>Case:</b> Lurentian Bakeries</p> <p><b>Discussion:</b> Capital Budgeting, valuation</p>	<ul style="list-style-type: none"> <li>• Chapter 15 of Damodaran "Valuation"</li> <li>• Damodaran, "The Dark Side of Valuation: Firms with no Earnings, no History and no Comparables <i>Can Amazon.com be valued?</i>"</li> </ul>
Session 7	<p><b>Case:</b> Empire Company Limited: The Oshawa Group Limited Proposal (<b>Report II</b>)</p> <p><b>Discussion:</b> Business valuation, real options</p>	<ul style="list-style-type: none"> <li>• RWJR, Chapter 30, Mergers and Acquisitions.</li> <li>• BDS, Chapter 28, Mergers and Acquisitions.</li> <li>• Graham and Harvey: "The theory and practice of corporate finance: Evidence from the field"</li> </ul>
Session 8	<p><b>Case:</b> Advance Technologies.</p> <p><b>Discussion:</b> Management of foreign exchange risk</p>	<ul style="list-style-type: none"> <li>• RWJR, Chapter 32, International Corporate Finance.</li> <li>• BDS, Chapter 31, International Corporate Finance.</li> <li>• Belk, "The Organization of Foreign Exchange Risk Management: A Three Country Study"</li> <li>• Duangoploy, "The Management of Foreign Exchange Risk in U.S. Multinational Enterprises: An Empirical Investigation"</li> <li>• Wallace, "Best Practices in Foreign Exchange Risk Management"</li> </ul>
Session 9	<p><b>Case:</b> TELUS: Capital Structure</p> <p><b>Discussion:</b> Financial Strategy</p> <p><b>Case:</b> Columbia Pine Pulp Co. Inc</p>	<ul style="list-style-type: none"> <li>• Marlett, Francois, "A Framework for Developing Your Financial Strategy."</li> <li>• Graham and Harvey: "The theory and practice of corporate finance: Evidence from the field"</li> </ul>
Session 10	<p>Possible Guest Speaker Review</p> <p>Course Evaluation</p>	
June 23	<p>Final Examination</p>	

Note that for AACSB accreditation, it is possible that some portions of your assignments or exams may be copied and used anonymously for course portfolios, assessment, or pedagogical research. This process will be explained, and you will have an opportunity to opt out if you wish.

### **ACADEMIC REGULATIONS**

Students are encouraged to contact Disability Services at 474-6213 or the instructor should make special arrangements need to be made to meet course requirements.



## ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

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It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any dishonesty in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic dishonesty under the heading "Plagiarism and Cheating." Specifically, acts of academic dishonesty include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic dishonesty. Because of the unique nature of group projects, all group members should exercise special care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur, group members are jointly accountable unless the violation can be attributed to a specific individual(s).

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it relates to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic dishonesty involving a graduate student (i.e. MBA, MSc or PhD student) will be reported directly by the instructor to the Dean of the Faculty of Graduate Studies.



## MEDICAL ABSENTEEISM FORM

I.H. Asper School of Business, The University of Manitoba

### STUDENT IDENTIFICATION: (PLEASE PRINT CLEARLY)

_____	_____	_____	_____
Last Name	First Name	Middle Initial	U of M Student Identification Number
_____	_____		
Course #	Instructor Name		
_____	_____		
Student's Signature	Date		

### TO BE COMPLETED BY THE ATTENDING PHYSICIAN: (after the above section is completed) (PLEASE PRINT CLEARLY)

_____	_____	_____
Physician's Last Name	Physician's First Name	Middle Initial
_____	_____	_____
Street Address	City, Province	Postal Code
_____	_____	_____
Telephone Number	Fax Number	
_____	_____	
<p><b>To the attention of the physician:</b> Your evaluation of the student's condition is being used for the purpose of determining whether or not the student has a <u>valid reason</u> to miss an important <u>exam</u> or <u>assignment</u>. Your professional evaluation is necessary to ensure that only valid cases are excused.</p>		
<p><b>I certify that the nature of the student's condition is severe enough to prevent the student from taking an exam or completing an assignment. If requested, my associates or I will verify for the above named instructor/administrator that this information is accurate.</b></p>		
<p>The student's condition will likely span the following dates:</p>		
_____	until	_____
(Indicate start date)		(Indicate end date)
_____	_____	
Physician's Signature	Date	

### NOTES TO PHYSICIAN:

- Please make a note in the student/patient's file indicating that the student has given the above named instructor/administrator permission to verify with you, your staff, or your colleagues, that the information contained on this form is correct. Thank you for your professional evaluation of this student's condition.
- **PLEASE ATTACH THIS FORM TO YOUR REGULAR OFFICE STATIONERY THAT INDICATES THE STUDENT VISITED YOUR OFFICE.**

### NOTES TO STUDENT:

- The use of this form is at the option of the student. However, in order to obtain an excused absence for an assignment or exam the student must obtain a doctor's certification that the student's condition is severe enough to prevent the student from taking the exam or completing the assignment.
- It is NOT SUFFICIENT to provide a note that only indicates the student visited the doctor's office.



## FACULTY BIOGRAPHY

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I.H. Asper School of Business. The University of Manitoba

### **Sarath Abeysekera**

At the University of Manitoba since January 1, 1985, Prof. Abeysekera, current Head of the Department of Accounting and Finance, teaches in the areas of Corporate and International Finance. His research focused on tests of asset pricing models and exchange rate parity in international markets. His papers have been published in several academic journals including Southern Economic Journal, Journal of Financial Research, Journal of Business Finance and Accounting, Canadian tax Journal, International Business & Economics Research Journal and Journal of Multinational Financial Management. He has presented his work at many international conferences. Currently, he is exploring several issues in the areas of financial services to the “unbanked” in Canada, and Microfinance in Sri Lanka. Prof. Abeysekera has received grants from SSHRC, the Centre for International Business Studies and other sources to support his work. Professor Abeysekera received his education in Simon Fraser University (B.A. Economics), Jackson State University, MS (M.B.A.) and Texas A&M University, TX (Ph.D. Finance).