



**FIN 7220**  
**ADVANCED SEMINAR IN FINANCE**  
**Summer 2009**

---

**INSTRUCTOR**

Name:	Charles E. Mossman, PhD, FCGA	Office Location:	316 Drake Centre
Phone:	474-9985	Office Hours:	Thursday, 4:30 - 5:45p
Fax:	474-7544		or by appointment
Email:	mossman@cc.umanitoba.ca		

**COURSE OBJECTIVES**

The purpose of this course is to improve each student's understanding of business operations, the finance relationship to 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 capital budgeting, cost of capital, leasing, financial statement analysis, forecasting, financing, international investment, and dividend policy. We will also introduce hedging and treasury risk management concepts, valuation, and mergers and acquisitions. These topics provide an introduction for later specialization in areas of interest. We will explore wider issues, including ethics, corporate social responsibility, corporate governance, economics and international issues, and critical thinking. Teamwork will be necessary in case group presentations.

**COURSE DESCRIPTION**

This is a case-oriented course that will require extensive preparation and analysis of selected cases in corporate financial management. Financial concepts and analyses are applied in cases based on actual business problems. Students are expected to prepare cases, problems, references and readings sufficiently to participate fully in classroom discussions.

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 (FIN6070) is a prerequisite. Other finance courses are not necessary, 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 analysed assigned cases before class, and to use initiative in determining the important problems and suggesting solutions. Other classes will involve case presentations, lectures, and guest speakers. Students may be required to complete individual assignments related to these activities.

Students should use reference texts or readings to understand financial theories, practices, and analytical techniques that apply to any case. Please find a permanent seat by the second day of classes. Every student is required to display his or her nameplate on the desk during all classes.

## **DISABLED STUDENTS**

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

## **COURSE MATERIALS**

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

## **REFERENCES**

Any introductory or intermediate corporate finance book, such as:

Ross, Stephen A., Randolph W. Westerfield, Jeffrey F. Jaffe, and Gordon S. Roberts, Corporate Finance, Fourth Canadian Edition, McGraw-Hill Ryerson Limited (2005). (RWJR)

Lusztig, Peter, W. Sean Cleary, and Bernhard H. Schwab, Finance in a Canadian Setting – Sixth Edition, Toronto: John Wiley & Sons Canada, Ltd. (2001) LCS).

## **ASSIGNMENTS**

Group presentations and case reports will form part of course requirements. Presentation cases are indicated on the attached schedule. Each group will prepare a twenty to thirty minute presentation, which will be made at the beginning of class. The group responsible for the presentation will also submit a written report for the presentation case on the presentation date. The report length is approximately 12 pages of text, double-spaced, and 4 pages of exhibits (with some flexibility). All other students are still required to prepare this case. A class discussion will follow the presentation.

Each student is required to prepare one individual case report, and four individual quantitative analyses. Individual case reports will be a maximum of 6 pages double-spaced, with about 3 pages of exhibits (with some flexibility). Analyses will normally be one or two pages of analysis, plus a short explanation of assumptions made and a discussion of conclusions and recommendations (one to two paragraphs each).

Presentations, case reports and student cases will be judged on content quality, communication, and writing style. Content includes accurately applying theoretical and practical approaches to identifying and solving case problems. Students are expected to pay attention to spelling and grammar. The penalty for late submission of hand-in assignments is 20%, plus an additional 10% for each week the assignment is late (unless a student has received prior approval).

## **PARTICIPATION**

Class attendance and participation are essential for every student to learn the financial skills necessary for this course, and to support the learning of fellow students. Lack of preparation for class assignments will result in a loss of participation marks, as will absence without excuse. Students must actively discuss issues and solutions to case problems to receive participation marks. Part of the marks for class participation may be applied, at the instructor's discretion, to factual quizzes on assigned cases or to class notes.

## FINAL EXAM

The final examination will consist of two portions. The first will be a take-home analysis due on the day of the final class or an alternative date to be determined. The second will be a separate exam during the week after the final class. Both will be based on cases and techniques discussed during the course.

## EVALUATION

Group Case Presentation	10%
Group Case Analysis Report	15%
Individual Case Analysis Report	20%
Individual Analyses (4)	20%
Class Participation	10%
Final Examination – Take Home and Exam Period	25%

Cumulative Marks	Grade	GPA	Performance
90-100	A+	4.5	Excellent
80-89	A	4.0	Very Good
75-79	B+	3.5	Good
70-74	B	3.0	Satisfactory
65-69	C+	2.5	Marginal
60-64	C	2.0	Unsatisfactory
50-59	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 find BC Telecom's cost of capital. Students should also prepare the capital budgeting exercise before classes begin. This exercise will be discussed in the first class.
2. For each class, students should write their own brief note (up to one-half page) on each case, stating the major issues and the method for determining the solution to any problems. This will assist in stimulating case discussion and improve student learning. You may be asked to hand in these class notes for participation marks, or quizzed on cases.
3. Asterisked (\*) cases can be used for individual case reports, if they are not also used for your group presentations or for individual analyses. Any presentation cases not chosen by a group will be discussed as regular class cases.

<b>Week</b>	<b>Description</b>	<b>Reference/Other</b>
Session 1	<p>Course Administration  The Case Method, Case Learning, Case Writing  <i>Case: B.C. Telecom</i>  Discussion – Cost of Capital  Adjusting the Cost of Capital for risk and financing  Discussion/Review - Ratio Analysis  Budgeting and Break-Even Analysis  Review of Capital Budgeting with Example - HFX  Discussion – Capital Budgeting, Leasing</p>	<p>RWJR Ch 13, 367-370  Handout (case package)  RWJR, Ch 2, 2A  Handout (case package)  Handout (case package)  RWJR Ch 7, 8, 22</p>
Session 2	<p><i>Case: National Fabricators</i>  Review: Budgeting and Break-Even Analysis  Discussion - Cash Forecasting, Management  Review – Capital Budgeting, Leasing Example - HFX  Discussion of Capital Cost Allowance</p>	<p><b>Analysis 1</b>    RWJR 2B, 27.5-27.7, Handout  RWJR Ch 8, 13, 22  Handout (case package)</p>
Session 3	<p><i>Case: Griffin Lumber</i>  <i>Case: Perreault Bros. Ltd.</i>  Discussion – Real Options  Discussion - Cash Budgeting and Financial Distress</p>	<p><b>Analysis 2</b>  <b>Analysis 3</b>  RWJR Topic 9.4  RWJR Ch 29, 31</p>
Session 4	<p><i>Case: Modern Graphics</i>  Discussion - International Operations  Discussion – Annual Budget Cycle  Review - Capital Structure, Dividend Policy  Discussion – Financing</p>	<p><b>Analysis 4</b>  RWJR Ch 32  Handout  RWJR Ch 15, 16, 17  RWJR Ch 20, 21, 25.</p>
Session 5	<p><i>Case: Mediplan</i>  Discussion – Ethics in Finance/Business  Possible Guest Speaker  Discussion - Currency Hedging, Forward Rates</p>	<p><b>Presentation / Analysis 5</b>  Reading    RWJR Ch 32, Handout</p>
Session 6	<p><i>Case: Greene Truck Lines Ltd</i>  <i>Case: Wright Anderson Machines</i>  Discussion – Interest Rate Hedging, Swaps  Discussion – Currency Hedging, Swaps</p>	<p><b>Presentation</b>  Calculation  RWJR Ch 26  RWJR Ch 32</p>
Session 7	<p><i>Case: Alfred Brooks Menswear Limited *</i>  <i>Case: Red River Cooperative *</i>  Discussion – Business Valuation  Discussion – Mergers and Acquisitions  Possible Guest Speaker</p>	<p><b>Presentation / Analysis 6</b>  <b>Presentation</b>  RWJR Ch 18, 30, Handout  RWJR Ch 30</p>

<b>Week</b>	<b>Description</b>	<b>Reference/Other</b>
Session 8	<i>Case: Highland Dairies Limited</i> *	<b>Presentation / Analysis 7</b>
	<i>Case: Lufthansa</i> Discussion - APV, Equity Residual methods Exercise – Business Valuation	<b>Analysis 8</b> RWJR Ch 18, handout RWJR Ch 18, 30
Session 9	<i>Case: AMT Corp</i> * Valuation Exercise	<b>Presentation / Analysis 9</b> Handout
Session 10	<i>Case: Prague Venture Group</i> * Course Evaluation Possible Guest Speaker	<b>Analysis 10</b>

Note: Asterisk (\*) cases can be used for individual case reports, if they are not also used for group presentations or analyses. Any presentation cases not chosen will be discussed as regular class cases.

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 participate.



## **ACADEMIC INTEGRITY**

I.H. Asper School of Business—Faculty of Management, The University of Manitoba

---

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 related 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 are passed to the Dean’s office in order to ensure consistency of treatment.



# MEDICAL ABSENTEEISM FORM

L.H. Asper School of Business—Faculty of Management, 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>. <u>Your professional evaluation is necessary to ensure that only valid cases are excused.</u></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> <p>_____ until _____ (Indicate start date) (Indicate end date)</p> <p>_____</p>		
_____	_____	
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.



### **Charles Mossman**

Charles Mossman is an Associate Professor of Finance who joined the Department of Accounting and Finance at the University of Manitoba in 1990. Before taking his Ph.D. (University of Western Ontario, 1993), he had considerable experience in accounting and financial management. He served as a Finance Officer in the Canadian Forces, supervising payroll, accounting, and budgeting functions. This military service included a tour as Comptroller of the Canadian Contingent with the United Nations in Cyprus. Later, as a Senior Accountant and Financial Analyst in the oil industry, he reported financial results to senior management, supervised accounting staff, and developed a cash forecasting system. Professor Mossman's previous degrees were from Royal Military College (B.A.) and Queen's University (MBA.) He is a Fellow of the Certified General Accountants.

During the last several years Professor Mossman has served as Associate Dean of the Asper School responsible for the MBA and Commerce (Honours) programs, as well as a variety of administration. During the last year he was responsible for the maintenance of AACSB accreditation.