

Course Outline 2017

FINANCE 351: ADVANCED FINANCIAL MANAGEMENT (15 POINTS)

Semester 2 (1175)

Course Prescription

This course suits students who wish to develop a logical and consistent framework for solving corporate finance problems in practical situations. The course contains two parts: valuation methods (traditional valuation and cross-border valuation) and financing decisions (debt/equity, payouts, equity issuance).

Programme and Course Advice

Prerequisite: FINANCE 251

Goals of the Course

Learning Outcomes

On completion of the paper, students are expected to:

1. Understand various forms of market imperfections and their implications for financial managers
2. Be able to generate a valuation range for a project or a company with multiples and discounted cash flow valuation approaches
3. Understand how to evaluate a cross-border project
4. Understand how to apply option theory to solve corporate finance problems
5. Understand the value impact of capital structure
6. Understand how dividend policy affects share prices
7. Be conversant with the incentives for and mechanics of issuing and retiring securities
8. Understand the basics of mergers and acquisitions
9. Use Excel to conduct a simple discounted cash flow analysis, regression analysis and sensitivity analysis

Content Outline

Topic	Content covered	Text book chapter(s)
1	Introduction, capital markets and financial managers	1 & 13
2.0	Traditional valuation: valuation foundation	2
2.1	Traditional valuation: capital budgeting	8
2.2	Traditional valuation: valuing a business	9
3	What discount rate to use in cash flow analysis?	10, 11, & 12
4.1	Cross-border valuation: FX	B&H, 2, 3, 6
4.2	Cross-border valuation: international capital budgeting	31
5	Valuation with contingent cash flows: financial options and real options	20 & 22
6	Capital structure	14, 15 & 16
7	Payout policy	17
8	Raising capital	23 & 24
9	Special topic: mergers and acquisitions	28

Learning and Teaching

This course schedules three hours of lectures and one hour tutorial per week. Students are expected to put in a fair amount of work on a regular basis. In addition to attending classes, students should be prepared to spend about another six hours per week on activities related to this course. These activities include readings, revision, attending tutorials, keeping up with the business press regarding current issues relevant to this course, and preparing for assignments, the term test and the final exam.

Teaching Staff

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Learning Resources

"Corporate Finance" by Berk, J. and DeMarzo, P., 2014, 3rd Edition, Pearson, ISBN 9780273792062

<http://www.pearsoned.co.nz/9780273792062>

Or,

"Corporate Finance" by Berk, J. and DeMarzo, P., 2016, 4th Edition, Pearson, ISBN 9781292160160

<http://www.pearsoned.co.nz/9781292160160>

The recommended textbook (**NOT REQUIRED**) for the topic on cross-border valuation is: "International Financial Management" by Bekaert, G.J. and Hodrick R.J., 2nd Edition, ISBN: 978-0-13-216276-0.

You should regularly check CANVAS for course announcements and other important material that may be posted during the semester (including the period between the end of lectures and the final exam day).

Assessment

Item	% of course grade	Content covered
Group assignment one	10	Week 1 to 5
Group assignment two	10	Week 1 to 10
Mid-semester test (1.5 hours)	20	Week 1 to 6
Final examination (2 hours)	60	Week 1 to 12

Plussage applies. That is your final result will be determined by counting either the final examination grade or a combination of final examination grade plus coursework, whichever is to your advantage. To be eligible for plussage all coursework must be completed and submitted.

The broad relationship between these assessments and the course learning outcomes is as follows:

Learning Outcome	Assignment 1	Assignment 2	Mid-semester test	Final Exam
1	X		X	X
2	X		X	X
3	X	X	X	X
4		X		X
5		X		X
6		X		X
7				X
8				X
9	X	X	X	X

INCLUSIVE LEARNING

Students are urged to discuss privately any impairment-related requirements face- to- face and/or in written form with the course convenor/lecturer and/or tutor.

STUDENT FEEDBACK

This section is to be used to:

Describe any ways in which previous student feedback (e.g., from the previous year) has been used to shape or change the course. Indicate to current students whether they will be asked to complete any evaluations (course, teaching, tutoring) at the end of the course, or formative mid-course evaluations/fast feedback.

Plagiarism, Copying and Cheating

The University of Auckland will not tolerate cheating or assisting others to cheat, and views cheating in coursework as a serious academic offence. The work that a student submits for grading must be the student's own work, reflecting his or her learning. Where work from other sources is used, it must be properly acknowledged and referenced. This requirement also applies to sources on the world-wide web. A student's work may be reviewed against electronic source material using computerised detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

Students are encouraged to examine the following definitions of undesirable conduct:

Collusion occurs when two or more individuals combine their efforts in order to deceive the teaching staff as to who is responsible for a particular piece of work.

Co-operation may be permitted in certain circumstances, where a joint study effort, class presentation or group project forms an appropriate part of the overall assessment.