

**BROCK UNIVERSITY**  
**GOODMAN SCHOOL OF BUSINESS**  
**MACC 5P91 Winter 2016**  
**Advanced Topics in Corporate Finance**

<i>Instructor</i>	Ernest N. Biktimirov, Ph.D., CFA
<i>Class</i>	Section 01: Monday 17:30 – 19:00 in TA 260 Wednesday 11:00 – 12:30 in WH 8G Section 03: Wednesday 14:00 – 15:30 in TA 260 Friday 11:00 – 12:30 in TA 207 Section 04: Monday 19:00 – 20:30 in TA 260 Wednesday 15:30 – 17:00 in TA 260
<i>Course website</i>	available on Sakai
<i>Office</i>	316 Taro Hall
<i>Office hours</i>	Monday 20:30 – 21:00 Friday 14:00 – 15:00 or by appointment
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*Description* Investigation of current topics in the world of corporate finance, both domestically and internationally. Exploration of complex issues involved with financial instruments, derivative securities, futures and international markets. Development of overall finance policies and identification, evaluation and recommendations regarding investment and financing decisions. The course also provides an opportunity to acquire practical knowledge about various financial markets and instruments through a comprehensive financial markets simulation game and the Bloomberg Market Concepts e-learning course.

*Objectives* The objectives of the course are:

- to gain deeper understanding of corporate finance topics,
- to advance problem solving and critical thinking skills,
- to strengthen ethical reasoning skills,
- to hone oral and written communication skills,
- to acquire valuable practical skills needed to operate a Bloomberg terminal

*Textbook* “Corporate Finance.” McGraw-Hill Create eBook, 2016, 374 pages, ISBN: 9781308732107. This eBook, which contains chapters from several textbooks and three cases, is available for purchase online at <http://create.mheducation.com/shop/> and at Brock bookstore (to order the eBook, use the following 10 or 13 digit ISBN: 10 Digit Virtual: 1259466809; 13 Digit Virtual: 9781259466809).

## Exams

There will be a midterm exam and a final exam. The exams will be a combination of quantitative and qualitative questions, so clear understanding is vital.

**If a midterm exam is not completed, the mark assigned to the exam will be zero except in the case of a valid excuse (illness, death of a close family member, etc.). In the case of a valid excuse the mark associated with the midterm exam will be re-assigned to the final exam.**

## **Bloomberg Market Concepts**

**Bloomberg is a world leader in the coverage of financial and economic information around the world. It offers current and historical financial and economic data, analytical tools, news, messaging, job and resume postings, and much more.**

**Bloomberg Market Concepts (BMC) e-learning course will not only provide you with visual introduction to financial markets, but also will teach you valuable practical skills necessary to operate the Bloomberg terminal. You are recommended to show the completion of the BMC e-learning course on your resume.**

**To earn full credit for BMC, you will need to watch four modules by specific deadlines and to answer at least 60% of questions correctly for each module. For each missed deadline and for each failure to answer at least 60% of questions correctly, 10 points will be subtracted from 100 points allocated for the BMC portion of the course. The four modules are:**

**Economic Indicators ~ 1 hour**

**Currencies ~ 1 hour**

**Fixed Income ~ 3 hours**

**Equities ~ 3 hours**

**BMC is available on the Bloomberg Terminal through the function BMC <GO> and through the Bloomberg Institute website for a student fee of US\$149.**

## *Stock-Trak*

Stock-Trak assignments must be completed in teams of three students. You may choose your team member. Each team must register for Stock-Trak by using a credit card at the following link:

<http://www.stocktrak.com/public/members/registrationstudents.aspx?p=MAcc-5P91-Winter2016>.

You will have 10 mini-assignments and a final report for a total of 100 points. The mini-assignments will be due on Wednesdays for sections 01 and 04, and on Fridays for section 03. The mini-assignments and due dates will be posted on the course web site as they become ready.

You will have the initial investment amount of Can\$1,000,000. Each trade will result in a \$10 commission fee subtracted from the value of your portfolio. For the purpose of diversification, Stock-Trak will not let you invest more than 25% of the value of your portfolio in any one asset.

You are not limited to the assigned trades. Trade all you want! Your Stock-Trak subscription allows a maximum of 300 trades over the course of the semester. If you run out of trades, you can purchase more from Stock-Trak. You can make the requested trades at any time before the due date. Once a trade has been made (and the confirmation has been printed), you can unwind the position at any time (you do not have to keep it open until the due date of the assignment) unless you are explicitly required to maintain the position for a certain period of time.

You are not graded on your portfolio's gains or losses. However, there will be extra points for the best performing portfolios:

+1 extra points for the portfolios that finish above the class average in Sharpe ratio rankings;

+2 extra point for the portfolio with the largest gain in the class;

+3 extra points for the portfolio with the highest Sharpe ratio in the class

The portfolios' values and rankings at the end of the trading day on Tuesday, March 29, 2016, will be used to assign the extra points.

Carefully note the following:

a) Late assignments will not be accepted. Late assignments receive zero.

b) **Write a brief description (one-two sentences) identifying what is on the page on everything you turn in.** Add a cover sheet that has your names and student numbers, your team name, course and section numbers, due date, and list of what is being turned in. Staple everything together neatly. *Don't turn in a bunch of loose paper!* Also, Stock-Trak assignments (except the first one) are NOT accepted by email.

c) Trading starts on Friday, January 8, 2016, and continues through Friday, April 1, 2016.

<i>Grading</i>	<b>Bloomberg Market Concepts</b>	<b>5%</b>
	Stock-Trak	10%
	Midterm exam	40%
	Final exam	<u>45%</u>
	Total	100%

*Web Site* The course web site is available on Sakai. This web site includes a copy of this course outline, Powerpoint presentation slides, solutions to end-of-chapter problems, and other course related material. Note that the PowerPoint presentation slides are not the complete slides that will be presented in class. They are skeleton slides – you will need to fill them in during class.

*Academic Integrity* Academic misconduct is a serious offence. The principle of academic integrity, particularly of doing one’s own work, documenting properly (including use of quotation marks, appropriate paraphrasing and referencing/citation), collaborating appropriately, and avoiding misrepresentation, is a core principle in university study. Students should consult Section XVII, “Academic Misconduct”, in the “Academic Regulations” entry in the Graduate Calendar, available at <http://brocku.ca/webcal/2015/graduate/acad.html> to view a fuller description of prohibited actions, and the procedures and penalties. For more information, students should also check <http://brocku.ca/academic-integrity> and <https://brocku.ca/business/current/graduate/academic-policies/academic-misconduct>.

*Medical Exemption* The University requires that a student be medically examined in Health Services, or by an off-campus physician prior to an absence due to medical reasons from an exam, lab, test, quiz, seminar, assignment, etc. The Medical Certificate can be found at: <http://www.brocku.ca/health-services/policies/exemption>

#### *Rules for classroom conduct*

- Plan to arrive to class on time and to stay for the entire class period. If you must leave early, advise the instructor ahead of time.
- All cell phones and other electronic devices (e.g., mp3 players, iPods, iPads) must be turned off and hidden from view during class time.
- Laptop computers are allowed for (quiet) note taking only: i.e., other activities such as checking personal e-mail or browsing the Internet are prohibited.
- Chatting is not allowed during class. If you are confused, ask questions to your instructor, not your classmate.
- Food is not permitted in the classroom.
- Respect the feelings of your fellow students and refrain from any actions which could reasonably be expected to offend them. Use good manners and common sense.

*Tentative Schedule of Topics*

<b>Topic</b>	<b>CPA Competency</b>
1. Working with Financial Statements (p.1-42) 2. Case “The Financial Detective” (p.43-48)	<b>5.1. Financial Analysis and Planning</b> 5.1.1. Evaluates the entity’s financial state
Bloomberg Market Concepts	<b>5.2 Treasury Management</b> 5.2.2 Evaluates the entity’s investment portfolio <b>5.5 Financial Risk Management</b> 5.5.1 Develops and evaluates financial risk management policies 5.5.2 Analyzes the use of derivatives as a form of financial risk management
3. Stock Valuation (p.49-72) 4. Case “Valuing Wal-Mart 2010” (p.73-86)	<b>5.2 Treasury Management</b> 5.2.2 Evaluates the entity’s investment portfolio <b>5.4 Valuation</b> 5.4.1. Determines the value of a tangible asset
5. Cost of Capital (p.87-118)	<b>5.2 Treasury Management</b> 5.2.5 Evaluates the entity’s cost of capital
6. Net Present Value and Other Investment Criteria (p.119-147) 7. Case “The Investment Detective” (p.148-149)	<b>5.3 Capital Budgeting</b> 5.3.1 Develops or evaluates capital budgeting processes and decisions
8. Dividends and Dividend Policy (p.150-176)	<b>5.2 Treasury Management</b> 5.2.6 Evaluates decisions related to distribution of profits
9. Working Capital Management (p.177-214)	5.2.1 Evaluates the entity’s cash flow and working capital
10. Ethics in Finance (p.215-232) Ethical issues highlighted in the “Inside Job” film	<b>MAcc Program Learning Goal</b> Ethical reasoning
11. Enterprise Risk Management (p.233-258)	<b>5.5 Financial Risk Management</b> 5.5.1 Develops and evaluates financial risk management policies
12. Options and Corporate Securities (p.259-294) 13. The Black–Scholes Option Pricing Model (p.295-299) 14. Management of Transaction Exposure (p.300-326)	5.5.2 Analyzes the use of derivatives as a form of financial risk management
15. Mergers and Acquisitions (p.327-367)	<b>5.6 Corporate Finance Transactions</b> 5.6.1 Evaluates the purchase, expansion, or sale of a business