

Course Outline

Course Code	RSM433 H1 S
Course Name	Advanced Corporate Finance
Term, Year	Winter, 2023
Course Meets	L0201 Thursday 1pm - 3pm (WO 35) L0301 Thursday 3pm - 5pm (WO 35) L0401 Thursday 11am - 1pm (WO 20)
Web page URL	https://q.utoronto.ca/courses/299220

Instructor Details

Instructor: Claire Célérier

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Office Hours: Fridays: 1pm – 3pm (RT474 or Zoom)

Teaching Assistants

Section	Name	Email
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Course Scope, Mission and Learning Outcomes

This course has one goal: to provide you with a strong foundation in the principles of corporate finance and an opportunity to apply these principles to practical and managerial decisions. The financial landscape is rapidly evolving, as we are facing an unprecedented health and economic crisis. Many of the themes of Advanced Corporate Finance have special relevance today: the pros and cons of liquidity management and debt financing; the bankruptcy process; the costs of financial distress as firms restructure; the role of private equity; firm financing constraints and business cycles. Examining these issues will provide you with a holistic view of finance, capital markets, and the role of financial intermediaries.

We will use case studies to bridge the gap between rigorous finance theory and its applications to practical questions in corporate finance.

A deep understanding of the concepts of this course is useful beyond corporate finance, in general management, corporate strategy, management consulting, entrepreneurship, as well as investment banking and investment management.

Course Prerequisites

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

Course Materials

Required Readings

The course material includes:

- Lecture notes
- Cases
- Videos to introduce and discuss concepts

Cases are available in the following course package on Harvard Business Publishing website (~CAD\$ 62): <https://hbsp.harvard.edu/import/999456>. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Electronic Course Materials

Lecture notes and videos are posted on Quercus.

Cases studies are available in the course package published on Harvard Business Publishing website.

These materials will cost a total of \$62.00. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Evaluation and Grades

Work	Percentage of grade	Due Date
Class Participation/Attendance	20%	Ongoing
Case Write Ups	30%	
Case 1		Jan 19, 2023
Case 2		Jan 26, 2023
Case 3		Feb 2, 2023
Case 4		Feb 9, 2023
Case 5		Feb 16, 2023
Case 6		Mar 2, 2023
Case 7		Mar 9, 2023
Case 8		Mar 16, 2023
Case 9		Mar 23, 2023
Case 10		Mar 30, 2023
Case 11		Apr 6, 2023
Quizzes	20%	
		Jan 19, 2023
		Jan 26, 2023
		Feb 2, 2023
		Feb 9, 2023
		Feb 16, 2023

		Mar 2, 2023
		Mar 9, 2023
		Mar 16, 2023
		Mar 23, 2023
		Mar 30, 2023
		Apr 6, 2023
Final Exam	30%	During Faculty of Art and Science Final Assessment Period

*Quizzes and Cases are due at 10AM on the indicated dates.

Course Format and Expectations

Advanced Corporate Finance focuses on three important managerial decisions, with a module devoted to each.

- Module 1. Capital Structure: How should a firm finance its activities?

Throughout the course, we will study firms wrestling with decisions about how to finance their activities. Financing involves choosing the right capital structure – the mixture of equity, debt, and other securities. We will consider how firms choose to finance ongoing operations, new projects and mergers and acquisitions. You will understand how market imperfections impact financing decisions.

- Module 2. Valuation: How can we value firms?

In Introduction to Corporate Finance, you learned to use the net present value rule to determine whether an investment was likely to increase shareholder value. In Advanced Corporate Finance, you will 1) investigate further how firms create value, 2) value firms with debt.

- Module 3. How firms raise external funds?

In this module, we will investigate how firms raise debt and equity, extending our analysis to small firms. We will see how financing constraints vary with and amplify business cycles.

Expectations

- Participation

You will be expected to participate. You will collect points based on attendance and participation. When the quality of your participation is high or very active participation you will get extra bonus points. Note that you can exceptionally be penalized in case of non-professional behavior. The final grade depends on the number of points you have. TAs will track your participation in class.

- Quizzes

You will be expected to complete on-line exercises that are due at the beginning of each session. The exercises will be open for approximately one week to accommodate your busy schedules. Each consists of a set of multiple-choice questions. The purpose of these exercises is to give you

a stream of regular feedback on your progress. There will be 11 quizzes. I will take the 10 best ones to compute the final grade.

- Case write-ups

We will study 11 cases. For each case, you must deliver a case write up. We will take the 10 best ones to compute the final grade.

- Final exam

The final exam will be comprehensive and will cover material from lectures and the cases. The final exam will include a case.

Grading

You will get the maximum number of points if you justify your answers, and your reasoning is correct. Please note that clear, concise, and correct writing will also be considered in the evaluation of cases. 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 (studentlife.utoronto.ca/asc) or one of the College Writing Centres (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.

Group Work

You can work in groups of 1, 2 or 3 students for cases. Learning to work together in teams is a crucial transferrable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

Writing Assignments or Presentations

Please note that **clear, concise, and correct writing and/or speaking** will be considered in the evaluation of your submissions. How well you communicate your ideas, in writing or orally, will be considered in the evaluation of the assignment. In your written assignments, you should aim for clarity, strong organization, concision, professionalism, and correct grammar. Your presentations should reflect strong planning and organization, clarity of speech, and an engaging demeanour. Sources, whether in written or presentation assignments, should always be correctly attributed.

Support is available through the RC Centre for Professional Skills (CPS) for students who would like help or feedback on their writing or speaking (presentations). CPS offers both individual and group appointments with trained writing instructors and presentation coaches who are familiar with the RC program and common types of business assignments. You can also access your college Writing Centres for help with written assignments.

You can [book an appointment with a writing or presentation coach](#) through the RC Centre for Professional Skills Writing Centre. For more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

Class Participation

Students are expected to prepare thoroughly and make every effort to attend every class. As class participation is a graded component of the course, students will be evaluated on the following:

- Thoughtful responses
- Understanding and analysis of topic
- Idea generation
- Promotes further discussion

Weekly Schedule

Session	Date	Topic/Case
MODULE 1: CAPITAL STRUCTURE		
Introduction	Jan 12	<ul style="list-style-type: none"> • Introduction to the Course
1	Jan 19	<ul style="list-style-type: none"> • Lecture: Capital structure in perfect markets • Case: Apple, Einhorn, and iPrefs
2	Jan 26	<ul style="list-style-type: none"> • Lecture: The cost of capital of a levered firm • Case: Eaton Corporation: Portfolio Transformation and The Cost of Capital
3	Feb 2	<ul style="list-style-type: none"> • Lecture: Debt and taxes • Case: California Pizza Kitchen
4	Feb 9	<ul style="list-style-type: none"> • Lecture: Financial distress • Case: Restructuring JAL
5	Feb 16	<ul style="list-style-type: none"> • Lecture: Pecking order theory • Case: Molycorp: Financing the Production of Rare Earth Minerals (A)
MODULE 2: VALUATION		
6	Mar 2	<ul style="list-style-type: none"> • Lecture: What creates value? • Case: The Battle for Value, 2016: FedEx Corp. versus United Parcel Service, Inc.
7	Mar 9	<ul style="list-style-type: none"> • Lecture: Fundamentals of valuation • Case: Loblaw Companies Limited – Acquiring Shoppers Drug Mar
8	Mar 16	<ul style="list-style-type: none"> • Lecture: Mergers and acquisitions (1/2) • Case: BCE Inc.: In Play
9	Mar 23	<ul style="list-style-type: none"> • Lecture: Mergers and Acquisitions • Case: Buffett's Bid for Media General's Newspaper
MODULE 3: CORPORATE FINANCING. HOW DO FIRMS RAISE EXTERNAL FUNDS		
10	Mar 30	<ul style="list-style-type: none"> • Lecture: Raising debt • Case: Williams, 2002
11	Apr 6	<ul style="list-style-type: none"> • Lecture: Raising equity • Case: Facebook, Inc: The Initial Public Offering (A) • Course Overview
FINAL	TBD	

Please note that the last day you can drop this course without academic penalty is March 19, 2023.

Policies and Procedures

Missed Tests and Assignments (including mid-term and final-term assessments)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with your Absence Declaration on [ACORN](#) (please read the instructions on how to use the Absence Declaration in ACORN) within **2 business days** of the originally scheduled course deliverable. Please email your documents to rotmancommerce.info@utoronto.ca

Students who do not provide this information will be given a grade of 0 (zero) for the missed course deliverable.

If you missed a quiz or a case, we will reweight the other cases/quizzes accordingly.

Final Exam: If you miss the final exam, you will need to petition your College Registrar to write a deferred exam.

Late Assignments

All case write-ups and quizzes are due at the due date at 10 am. Late submissions will normally be penalized by 50% if the assignment is not received on the specified date, at the specified time. A further penalty of 50% will be applied to each subsequent day.

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.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or [visit the Accessibility Services website for more information](#) as soon as

possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

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Normally, students will be required to submit their course essays to the University's plagiarism detection tool 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 tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the [University's Plagiarism Detection Tool FAQ](#) page from Centre for Teaching Support & Innovation.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T 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](#) 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 procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not 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 U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail 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.

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. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording 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 any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)

URL links for print

- Request for Special Consideration Form: <https://rotmancommerce.utoronto.ca/current-students/forms-requests-and-appeals/forms/>
- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: accessibility.services@utoronto.ca
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>
- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>
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