Course Outline

Course Code	RSM 433 H1 F
Course Name	Advanced Corporate Finance
Term, Year	Fall 2023
Web page URL	https://q.utoronto.ca/courses/314878

Class Times

Section	Time	Building	TA
LEC0101	Tuesday 1-3	WO	Nitya Parmar nitya.parmar@mail.utoronto.ca
LEC0201	Tuesday 3-5	WO	Vishnu Katyal vishnu.katyal@mail.utoronto.ca
LEC0301	Wednesday 3-1	WO	Atta Yousafi atta.yousafi@mail.utoronto.ca
LEC0401	Thursday 1-3	WO	Julie Mark juliec.mark@mail.utoronto.ca

Instructor Details

Name	Email	Office Hours
Wayne Adlam	wayne.adlam@rotman.utoronto.ca	Set up appointments after class or via email Group meetings are encouraged.

Course Scope, Mission and Learning Outcomes

This course addresses the key financial issues faced by senior officers in a company and provides analytical tools and approaches that can be used to reach effective decisions. 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.

We will use case studies to bridge the gap between financial theory and its application in actual corporate situations.

Learning Outcomes

Advanced Corporate Finance focuses on three important financial management 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 acquisitions.

Module 2. Valuation: How do we value firms?

In *RSM333 - Introduction to Corporate Finance* you learned to use the net present value method to determine whether an investment was likely to increase shareholder value. In Advanced Corporate Finance, you will investigate further how firms create value, and use other valuation tools such as market multiples.

Module 3. How do firms raise external funds?

In this module, we will investigate how firms raise capital in the financial markets. We will see how financing decisions are affected by current market conditions and business cycles.

Course Prerequisites

Prerequisite: Rotman Commerce: RSM333H1; Actuarial Science: ACT349H1

Course Materials

Required Readings

• Weekly lecture slides (found on Quercus)
• Case package (see below)

I would strongly encourage you to refer to your textbook used in RSM 333 (***Corporate Finance, 9th Canadian Edition,*** McGraw-Hill Education, 2022) to refresh your knowledge of the various financial concepts we will be exploring.

Finally, since this will be a case-based course, I would encourage you to go on-line to get pointers about preparing for a case class. In addition, there is an excellent handbook available which provides many practical tips (***Learning with Cases: The Proven Guide - fifth edition)*** https://commerce.eduzone.ca/en/shop/products-by-subject/case-studies/learning-cases-fourth-edition/

Electronic Course Materials

This course will be using cases which are available electronically.

The cases are available in the following course package on the Harvard Publishing website (approximately $60.00): https://hbsp.harvard.edu/coursepacks/1081489
The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course.

Assignment	Deadline	Weight
Class Participation/Attendance	Ongoing	20%
Case Write Ups	Weekly	30%
Quizzes	Weekly	10%
Final Assessment	During Faculty of Arts and Science Final Assessment Period	40%

Course Format and Expectations

You are expected to be fully engaged in the entire learning process. This means devoting time and energy to preparation before class, listening to others during class and engaging in class discussions. Collective reasoning and discovery are critical to the successful application of the case method. *Prior to any case discussion, engaging in discussions with (or examining notes from) others who may have already experienced a case is a violation of our norms.*

You are expected to come to each class with the case and readings prepared and to contribute to the class discussion, either by starting the class session or by building on the contributions of others to move it forward. Your contribution to the learning of others, through the experience and insights you have, is a key part of the case learning process. To build on the comments of others requires you to listen and to consider the timing of your contribution.

Detailed note-taking during class can often be distracting for others and counterproductive to your own learning. Unless otherwise stated, our in-person classes will be laptop free. Cell phones and other electronic devices are to be shut off during class.

Quizzes

You will be expected to complete online exercises that are due by 10am on the day of each session. The exercises will be open for approximately one week to accommodate your schedule. Each quiz consists of a set of multiple-choice questions. The purpose of these exercises is to help prepare you for the upcoming class and give you a stream of regular feedback on your progress. The quizzes will comprise 10% of your final mark.

Writing Assignments

We will study 10 cases. For each case, you must prepare and submit a case write-up. The write-up can be a **maximum** of 500 words each (approximately two pages, double spaced), **plus** any appendices or charts you choose to include.

Essentially, you will be taking the case analysis that you have already prepared for the class and submitting it in a formal write-up to your "boss". You should review the questions on Quercus associated with the case to ensure you are covering them off in your presentation. However, the style of the presentation should follow a traditional case write-up, from the point of view of the decision maker (ie. do not just answer the questions!). **Remember to complete any numeric or financial analysis required by the case.**

Write-ups must be uploaded to **Quercus no later than 10am on the date the case is being taught**. No late submissions will be accepted. Each write-up will be marked out of 10, with the write-ups collectively worth 30%.

The weekly case write-up's are intended to help you develop your communication skills. 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.

Team or Group Assignments

You can work in groups of 1, 2 or 3 students for your case write-ups. I would encourage you to work with others. Learning to work together in teams is a crucial transferrable skill 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.

Class Participation and Attendance

The daily classroom discussion represents a unique opportunity for you to develop and enhance your confidence and skill in articulating a personal position, reacting "on the spot" to new ideas and receiving and providing critical feedback from a group of assertive and demanding colleagues.

Contribution can take many forms, including a good assessment of the problem, identification of imaginative yet realistic solutions to the problem, a carefully thought out analysis of alternatives or an effective strategy for implementation of the alternative chosen. Contribution can also be achieved through a level of questioning that causes the class to rethink its analysis and position. Emphasis will be placed on the *quality* of contribution.

The grade I assign for your classroom contribution is a careful assessment of the value of your input to the classroom learning. Please note that two aspects of your contribution are not subjective: attendance and punctuality. The TA's will keep class-by-class records of each student's attendance and contribution. If you miss a class, you will not receive any contribution credit for that class (there is no way to "make up" for a missed day). At the end of each term, I add up the class-by-class grades, then rank your total relative to others in your class to arrive at a final grade. Lack of preparation and negative comments may also lower your class contribution grade.

I expect each student to be present and prepared for each class. However, if you are unable to attend class (e.g., illness, family crisis, religious holidays), I expect you to inform me by e-mail prior to the class. You are not allowed to miss more than 25% of classes in the course (ie. more than 3 classes). **If you miss more than 3 classes, you will receive a mark of zero (out of 20) for contribution.**

Missed Tests and Assignments
Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration **within 2 business days** of the test or assignment due date.

In such cases, students must:

1. Complete a Request for Special Consideration form: https://uoft.me/RSMConsideration
2. Provide documentation to support the request, eg. Absence Declaration from ACORN, medical note, etc.

Please note: As of September 2023, students may use the Absence Declaration on ACORN ***one time per term*** to report an absence and request consideration. **Any subsequent absence will require a** Verification of Illness Form **or other similar relevant documentation.**

Students who do not submit their requests and documentation within 2 days may receive a grade of 0 (zero) on the missed course deliverable.

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.

Generative AI / ChatGPT

The use of generative artificial intelligence tools or apps for assignments in this course, including tools like ChatGPT and other AI writing or coding assistants, is prohibited. The knowing use of generative artificial intelligence tools, including ChatGPT and other AI writing and coding assistants, for the completion of, or to support the completion of, an examination, term test, assignment, or any other form of academic assessment, may be considered an academic offense in this course.

Representing as one's own an idea, or expression of an idea, that was AI-generated may be considered an academic offense in this course. Students may not copy or paraphrase from any generative artificial intelligence applications, including ChatGPT and other AI writing and coding assistants, for the purpose of completing assignments in this course.

This course policy is designed to promote your learning and intellectual development and to help you reach course learning outcomes.

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 questions 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.

ProctorU

The final assessment will use online invigilation provided by ProctorU®, an online proctoring service that allows completion of the assessment from an off-campus location. A human proctor from ProctorU will support the live onboarding process using your webcam and microphone to verify your identity and writing environment. ProctorU will also record the exam session for review by a highly trained human proctor after it is complete. The recordings made will be held for a limited period of time in order to ensure academic integrity is maintained. The University of Toronto has an institutionally endorsed agreement with ProctorU that protects the privacy of the recordings, and other personal information.

Requirements: Students taking their examinations online will be proctored by ProctorU® throughout the duration of the exam. Access to a computer that can support remote recording is your responsibility as a student. You will need to ensure that you can complete the exam using a reliable computer with a webcam and microphone available, as well as a reliable, high-speed internet connection. Please note that you will be required to show your T-Card prior to beginning to write the exam. Detailed information and an opportunity to test your setup will be provided prior to the exam date. For additional information about online proctoring please visit UofT Online Proctoring Guidelines.

General Process Description: Students must first confirm their identity with photo ID with the human proctor and facilitate a scan of their immediate environment. ProctorU will then initiate a recording of you taking your exam using webcam, mic and desktop capture via high-speed Internet connection. All components of proctoring must be maintained for the duration of the exam**.** Non-compliance with exam protocols flagged during the subsequent review of the recording by the ProctorU trained proctor and will be investigated to determine whether an academic offence has been committed as per the University of Toronto Governing Council Code of Behaviour on Academic Matters. At the completion of the exam, a report of student exam-

taking behaviours is generated for review by your instructor. Exam grades will not be released to students until the integrity of the exam has been verified through ProctorU®, staff, and the instructor.

Privacy and Information Security: The University of Toronto has a contract with ProctorU® that protects the privacy of the recordings, and other personal information. However, as you will be video recorded while writing the exam, please do consider preparing the background (room / walls) so that personal details you would not want visible are removed or move to a room that you are comfortable showing on camera. It is recommended that students using ProctorU services remove the Chrome or Firefox extension after completion of the exam.

Retention of Video Content: Recordings captured via the ProctorU® system are available to the University and the instructor for one year after a recording is made. After this period of time has passed, recordings are purged. For more information see [ProctorU: Privacy and Security Information Notice for Students](#)

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
- 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

Weekly Schedule

SESSION	TOPIC/CASE
MODULE 1: CAPITAL STRUCTURE	
1	• Introduction to the Course
2	• Lecture: Target Capital Structure • Case: *Debt Policy at UST, Inc.*
3	• Lecture: Managing Capital Structure in a Time of Stress • Case: *Telus Corporation: Capital Structure Management*
4	• Lecture: The Cost of Capital • Case: *Eaton Corporation: Portfolio Transformation and The Cost of Capital*
5	• Lecture: Capital Markets Theory • Case: *Molycorp: Financing the Production of Rare Earth Minerals (A)*
MODULE 2: VALUATION	
6	• Lecture: Capital Budgeting: Valuing a Project • Case: *New Heritage Doll Company*
7	• Lecture: Valuing a Company • Case: *Loblaw Companies Limited – Acquiring Shoppers Drug Mart*
8	• Lecture: Mergers and Acquisitions • Case: *Buffett's Bid for Media General's Newspapers*
MODULE 3: RAISING CAPITAL	
9	• Lecture: Raising Debt • Case: *Roche Holding AG: Funding the Genentech Acquisition*
10	• Lecture: Raising Equity • Case: *Spin Master Toys: Going Public – The IPO Process*
11	• Lecture: Derivative Securities • Case: *Mogen, Inc.*
12	• Review Session • Preparation for Final Assessment

Please note that the last day you can drop this course without academic penalty is November 6, 2023.