

Accounting and Financial Management Services Area

Corporate Controllership (DPA 701)

Summer 2023

Course Outline

COURSE OBJECTIVE

The objective of this course is to provide students with an in-depth understanding and analytical tool-kit necessary for managing the finance function of an entity. In other words, the course serves to equip the students with the skill-set needed to be a Controller and a potential Chief Financial Officer (CFO) of a firm.

INSTRUCTOR AND CONTACT INFORMATION

Instructor: Adam Prokop
Office Hours: by appointment

Teaching Assistants: TBD

Course Sites: Avenue <http://avenue.mcmaster.ca>

COURSE DESCRIPTION

This course deals with the various competencies needed of a Controller or a CFO in a firm. The topics covered include evaluating an entity's financial state, examining the treasury function, developing and evaluating capital budgeting processes and decisions, determining the value of a business in terms of its tangible and intangible assets, managing financial risk, and evaluating the purchase and expansion or sale of a business.

The topics discussed in class will also be applied through practice cases to prepare students for writing of the CFE.

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	Yes	Global view:	Yes
Avenue:	Yes	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	Yes

LEARNING OUTCOMES (MAPPED TO COMPETENCY MAP)

Upon completion of this course, students will be able to complete the following key tasks:

- Evaluate overall financial strategy (*Competency 5.1*);
- Monitor an entity’s treasury management (*Competency 5.2*);
- Develop or analyze investment plans, business plans and finance proposal (*Competency 5.3*);
- Analyze the value of a business (*Competency 5.4*);
- Assess and manage financial risks (*Competency 5.5*)
- Analyze the purchase, expansion, or sale of a business (*Competency 5.6*); and
- Identify or advise a financially troubled business (*Competency 5.6*)

REQUIRED COURSE MATERIALS AND READINGS

Textbooks

DPA 701 Summer 2023 Corporate Controllership Course-pack

DCAF Damodaran, Aswath. Applied Corporate Finance. Fourth Edition, John Wiley & Sons Inc., 2015.
(selected chapters will be available electronically on Avenue)

DCF Damodaran, Aswath. Corporate Finance: Theory and Practice. 2nd Edition, John Wiley & Sons Inc., 2001.
(selected chapters will be available electronically on Avenue)

References

The 2023 CPA Competency Map
Rules of Professional Conduct and Council Interpretations, CPA Ontario
Competency Map Study Notes, Densmore Consulting Services
Other materials to be discussed in class as will be posted on Avenue

GRADE EVALUATION

Grade Components

Class Participation (in-class discussions and hand-ins)	30%
Group Case Presentation	10%
Midterm Exam	30%
Final Exam	30%

Total	100%
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At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

<u>Grade</u>	<u>CFE Equivalent</u>	<u>PERCENT</u>
A	Competent with Distinction	85 - 100
B+	Competent	75 - 84
B-	Reaching Competent	60 - 74
F	Fail	0 - 59

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/examinationindex.html>

Class Participation

The basic approach to class sessions is a combination of lectures and discussions. Class participation is an integral part of the learning experience in this course. Therefore, it is expected that every student will be prepared for each class and be a willing participant in the discussions. Voluntary class participation is expected; however, I will also cold call on you to discuss issues related to assigned material and topical issues.

The emphasis in class discussion is neither on quantity nor on having the “right answer”. Typically, there is no single “right” solution to many business problems, and there is always something to be gained from examining a variety of well-reasoned viewpoints. The basic standard for class participation is that it reflects adequate and thoughtful preparation for class.

Each week a different CPA case will be written and discussed in class (these will be posted on Avenue). The structure for each case will be as follows: 1) read case, identify and rank issues, 2) class discussion of issues and suggested case approach, facilitated by instructor; 3)

students work in groups on each of the identified issues; instructor goes from group to group to assist/answer questions; and 4) takeup of case in the class.

There are 12 total hand-ins in the course for a total of 30%. The best 10 of 12 will be considered, however students **MUST** submit the Week 11 hand-in. Hand-ins include hand-ins for course-pack cases and attempts at Densmore/CPA Canada cases. Some hand-ins are due before class or at the end of class. Please see course schedule and A2L due dates.

Case Presentation and Report

From **Week 3 to Week 8**, one group will present a case from the course-pack (Ivey/INSEAD/Harvard cases). The cases are used to reinforce, integrate, and supplement the course material, and to provide practice in its application. These cases will be discussed during class and all students are expected to read the cases, have a point of view, and participate in the case discussions. **Students that are NOT presenting must hand-in a brief summary of the case or answer specific questions.**

The presenting group will have 15 minutes to lead/present the highlights of its solution to the case and the class (other groups and instructor) will have 15 minutes for questions/discussion.

Submission

The presenting group must submit a copy of the following items to the dropbox on Avenue before the start of the class in which they will be presenting (one student to submit on behalf of their group):

- Case presentation PowerPoint slides

All members of the presenting group must also fill in the peer evaluation form (which will be in the survey section of Avenue2Learn)

Midterm and Final Exams

The midterm exam and the final exam will each be composed of three CFE Day 3 cases. These exams will simulate the CFE and will be closed book. Your midterm and final exam grades for this course will be based on your performance on the Finance Assessment Opportunities within the cases.

COMMUNICATION AND FEEDBACK

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Director:

<http://www.degroote.mcmaster.ca/curr/emailchairs.aspx>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

ACADEMIC DISHONESTY

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures to follow in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity:

<http://www.mcmaster.ca/academicintegrity>

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for examinations on or before the last date for withdrawal from a course without failure (please refer to official university sessional dates). Students must forward a copy of such SAS accommodation to the instructor immediately upon receipt. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and University reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

COURSE SCHEDULE (TENTATIVE)

Week #	Date	Topic	Cases
1	Thurs May 4th	Foundations of Corporate Finance Capital Budgeting	Course-pack: Identify the Industry
			Hand-in #1 - Densmore: Culinary Cabinets end of class
2	Thurs May 11th	Financial Analysis, Risk, Return & Financial Distress	Hand-in #2 – CPA Canada: Gentleman’s Quarry end of class
3	Thurs May 18th	ROI, Cost of Capital, Hurdle Rate	Hand-in #3 Course-pack: Beige due 1 pm Presentation #1 on Beige
			Densmore: Buildbest
4	Thurs May 25th	Cost-Benefit Analysis	Hand-in #4 Course-Pack: Dell due 1 pm Presentation #2 on Dell
			Densmore: City Expansion
5	Thurs June 1th	Dividend Policy	Hand-in #5 Course-Pack: Telus due 1 pm Presentation #3 on Telus
			Densmore: Latner Made Inc.
6	Thurs June 8th	CFE Day 2 Analysis	Hand-in #6 Course-Pack: Laurentian due 8:30am Presentation #4 on Laurentian
	Sat June 10th		CPA Canada: TankCo (please read finance role before class)
Midterm Exam (9:00am - TBD)			
7	Thurs June 15 th	Types of Financing Lease vs Buy	Hand-in #7 Course-Pack: SRI Office due 1 pm Presentation #5 on SRI Office
			Densmore: Kumbaya Inc.
8	Thurs June 22th	Data Analytics Finance:	Hand-in #8 Course-pack: Borders due 1 pm Presentation #6 – on Borders
			Power BI Finance Case
9	Thurs June 29th	Risk Management	Hand-in #9 Densmore: Gail & Andrew due 1 pm
10	Thurs July 6th	Valuation: Principles and Practice	Hand-in #10 Densmore: Cadbury Advising Limited due 1pm
11	Thurs July 13 th	Option Applications Comprehensive Case	Hand-in #11 Densmore: Seated Secure Inc. due End of class
12	Thurs July 20th	Valuation: Acquisitions and Takeovers	Hand-in #12 Densmore: Fieldstone Energy due End of class
	Mon July 24th		Final Exam (9:00am - TBD)

Further Readings

1. J. Hammond, R. Keeney and H. Raiffa, Smart Choices: A Practical Guide to Making Better Decisions, 1999, Harvard Business Review Press.
2. A. Berenson, The Number: How the Drive for Quarterly Earnings Corrupted Wall Street and Corporate America, 2003, Random House, New York.
3. Kurt, Eichenwald, The Conspiracy of Fools, 2005 Broadway Books, New York.
4. HBR's 10 Must Reads, On Making Smart Decisions, 2013, Harvard Business Review Press.
5. Heffernan, Margaret, Willful Blindness: Why We Ignore the Obvious at Our Peril, 2011, Doubleday Canada.
6. Gleeson-White, Jane, Double Entry: How the Merchants of Venice created Modern Finance, 2013, W.W. Norton and Company, New York.
7. Soll, Jacob, The Reckoning: Financial Accountability and the Rise and Fall of Nations, 2014, Basic Books, New York.
8. Desai, Mihir, The Wisdom of Finance: DISCOVERING HUMANITY in the WORLD of RISK and RETURN, 2017, Profile Books, Great Britain.