

Accounting and Financial Management Services Area

Corporate Controllership (DPA 701)

Summer 2022

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 (first 6 weeks)
Nathan Manicom (remaining weeks of course)
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 2022 Corporate Controllershship 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 2020 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)	25%
Group Case Presentations	15%
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. Students are encouraged to bring articles in the Wall Street Journal, The Globe and Mail, or other business periodicals that are relevant to the topics covered in the course to the attention of the instructor and class for discussion.

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

Case Presentation and Report

Each week (starting in **Week 3**) 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 individually submit the following item to the dropbox on Avenue before the start of the class in which they will be presenting:

- Peer evaluation form (see template posted on Avenue)

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	Textbook Chapter	Cases
1	Thurs May 12th	Foundations of Corporate Finance	DACF 1-2 DCF N/A	Course-pack CPA Identify the Industry Gentleman's Quarry
2	Thurs May 19th	Risk, Return and Financial Distress	DACF 3-4 DCF N/A	Course-pack Densmore N/A Utopia Wellness
3	Thurs May 26th	ROI, Cost of Capital, and Hurdle Rate	DACF 5 DCF N/A	Course-pack Course-pack Dell Beige
4	Thurs June 2nd	Cost-Benefit Analysis (CBA) and Capital Budgeting	DACF 6 DCF 11	Course-pack Densmore Telus CE Development
5	Thurs June 9th	Working Capital Management and Strategy	DACF N/A 13- DCF 15	Course-pack Densmore Laurentian Hastings Haulage
6	Thurs June 16th	Types of Financing	DACF 7 DCF N/A	Course-pack Densmore SRI Office Products Financial Planner
	Sat June 18th			Midterm Exam (9:00am - TBD)
7	Thurs June 23rd	Capital Structure- Optimal Financing Mix	DACF 8 DCF N/A	Course-pack Densmore Borders Forward Vision
8	Thurs June 30th	Capital Structure- Financing Tools	DACF 9 DCF N/A	Course-pack Densmore Hill Country Maytag Kitchens
9	Thurs July 7th	Dividend Policy	10- DACF 11 DCF 23	Course-pack Densmore Innovation Works Lovisek Manufacturing
10	Thurs July 14th	Valuation: Principles and Practice	DACF 12 24- DCF 25	Course-pack Densmore Champion Fuse Electric
11	Thurs July 21st	Valuation: Acquisitions and Takeovers	DACF 12 DCF 26	Course-pack Densmore Oxford Pizza Plus
12	Thurs July 28th	Option Applications in Corporate Finance	DACF N/A DCF 27	Course-pack Densmore Advance Tech Coldwell Appraisal
	Sat July 30th	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.