



ACCT407
CORPORATE FINANCIAL
MANAGEMENT
Course Outline – 2015 / 16 Term 2 & Mod Term 2
 (January 2016 – June 2016)

A. Instructors and Contact Information

| Group | Timing and Location | Instructor |
|-------|---------------------|---|
| 1 | | <p>SINGH Gurdip</p> <p>Room 4030, Level 4, School of Accountancy Singapore Management University Singapore 178900</p> <p>Tel: (65) 6808-5175 Fax: (65) 6828-0600 Email: gurdipsingh@smu.edu.sg</p> |

Consultation times: Phone and email enquiries can be done anytime during the day.
 Formal consultations by appointment only.

Teaching Assistant:

Term 2 Group 1 – TBA

Modified Term 2 Group 2 – TBA

B. Course Pre-requisites:

ACCT102 or ACCT112– Management Accounting

ACCT201 or ACCT 222 - Corporate Reporting and Financial Analysis or

ACCT224 - Financial Reporting and Analysis

C. Course Description

This course aims to provide knowledge of the activities involved in the day-to-day running of a corporation’s financial operations as well as advanced analytical techniques which can help create value to companies and organizations. It aims to develop students’ ability to use the techniques involved in analyzing and evaluating corporate managerial problems and making sound decisions.

It is excellent for students who are less keen on auditing and would like to pursue a career in the financial area of a corporation or a career with banks and other financial institutions servicing the needs of a corporate client. It will also be a great foundation for students who want to embark on a senior general management career from a finance specialization.

D. Course Objectives and Skill Developments

The objectives of the course are to enable the students to:

- Better understand the practical aspects of the functioning of the finance department and applying the accounting knowledge learnt in the various courses in a working environment.
- Be able to run the finance department in an organization
- Be able to make better use the tools and techniques learnt in the various accounting and finance modes in making sound management decisions and evaluation of risks.
- Be able to advise clients and/or senior management in evaluation of deals and projects, capital market opportunities or funding decisions.
- Be able to appreciate and apply reporting and analyzing techniques to motivate divisional and individual performances that help improve corporate performance.

Additional learning outcomes are explained further in Appendix 3

E. Other Resources

This course is about learning the practical aspects of the finance function in an organization and as such it is not very text book based. While a major portion of the material will come from the instructor's own notes and presentations based on his own experience in the business world and cases that will be discussed, the main reference book to be quoted is: **The New CFO Financial Leadership Manual (By: Steven M Bragg – 3rd Ed)**. (Note: E-Book available in SMU Library). Reference to other resources will be provided as and when required.

In addition, due to the nature of the coverage on current and emerging issues, students will be expected to read widely from professional and business publications as well as newspapers. Prescribed readings will be examinable in the assessments and evaluations.

F. Lesson Plan

Class sessions are of 3-hour duration and will include a review of study materials, class discussions and other learning activities. Course materials will be published in SMU eLearn (<http://elearn.smu.edu.sg>). An outline of topics to be covered can be found in Appendix 1.

G. Assessment

To pass the course, a student is required to obtain a **TOTAL** mark of 50% or better.

The assessment components are listed below:

- Class Learning Activities (20%)
- Group Project (30%)
- Progress Assessment (20%)
- Final Exam (30%).

There is a 2 Hour FINAL EXAMINATION for this Course.

1. Class Learning Activities (20%)

Students are expected to actively participate in class discussion/group presentations. Students will be graded individually using the "Participation Matrix". The matrix measures various aspects of students' behavior in class. A large portion of the measure relates to student's contribution to the class learning process and performance in adhoc "Class Assignment Presentations". In this respect, students are expected to read the text and relevant materials and be prepared for the class assignment presentations before the commencement of each session so as to be able to contribute to the class proceedings.

2. Group Project (30%, inclusive of 4-5% individual presentation performance)

See Appendix 2.

3. Progress Assessment (20%)

There will be ONE Progress Assessment (20%) held in Week 9. It will entail case analysis and some questions testing application of principles in the form of structured questions as well as multiple choice or fill-in-the blanks questions. The coverage of the topics in the assessment will include materials from all lessons up to that week and basic concepts and principles learned in the pre-requisite courses.

4. Final Exam (30%)

This will be a 2 (TWO) hour written paper held during the normal final examination period. The cases covered and the questions and scenarios will cover all the topics in the course and basic concepts and principles learned in the pre-requisite courses.

Requests by students to take the progress assessment or evaluation at times other than the scheduled date/time will not be approved except under extremely extenuating circumstances entirely beyond the student's control. The scoring of the missed assessments or evaluation will be done at the discretion of the School/University after taking into account the circumstances on a case by case basis.

All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of assessments or exam questions, or tampering with the academic work of other students) are serious offences. All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offense. When in doubt, students should consult the instructors of the course. Details on the *SMU Code of Academic Integrity* may be accessed at <http://www.smuscd.org/resources.html>.

Accessibility: SMU strives to make learning experiences accessible for all. If you anticipate or experience physical or academic barriers due to disability, please let me know immediately. You are also welcome to contact the university's disability services team if you have questions or concerns about academic provisions: included@smu.edu.sg.

Please be aware that the accessible tables in our seminar room should remain available for students who require them.

Prepared by: SINGH Gurdip
25th October 2015

Vetted by: SEOW Poh Sun
14th November 2015

Appendix 1 Tentative Schedule

| Week | CORPORATE FINANCIAL MANAGEMENT TOPICSs |
|------|--|
| 1 | <p>Overview of Corporate Financial Management A brief overview of what the course entails and the topics it will cover.</p> <p>Corporate Financial Management in an Organisation A review of the role of the finance function in an organisation with respect to:</p> <ul style="list-style-type: none"> ○ Financial Management ○ Cash Management and Banking ○ Budgeting and Cash Forecasting ○ Product Costing & Profitability Analysis ○ Internal & External Reporting ○ Internal Controls ○ Audit, Tax, Insurance and Payroll |
| 2 | <p>Treasury and Cash Management (Part 1) Treasury and Cash Management is one of the most significant functions in a finance department.</p> <p>This lesson will cover what it entails in:</p> <ul style="list-style-type: none"> ● Cash Optimization ● Cash Forecasting ● Dealing with banks and other financial institutions when we are carrying out the traditional treasury and cash management functions ● Investment Management |
| 3 | <p>Treasury and Cash Management (Part 2) This lesson will cover raising funds from various banking and internal sources as follows:</p> <ul style="list-style-type: none"> ● Non capital funding from banks and other financial institutions in terms bank overdrafts, money market, short term & long term loans, leasing, discounting receivables and trade financing, etc. ● Internal (head office and inter-company) sources of funds for capital and inter-company loans. <p>We will also cover the various considerations in good cash management like:</p> <ul style="list-style-type: none"> ● Currency Risk Management and Foreign Exchange Hedging ● Centralized or Decentralized Cash Management ● Tax and Regulatory Considerations <p>We will also review implications in moving funds across borders and across companies where shareholdings are not exactly the same.</p> <p>Finally the lesson covers non-banking sources of non-capital funds like government grants / incentives and their respective eligibility and other considerations.</p> |

| Week | CORPORATE FINANCIAL MANAGEMENT TOPICSs |
|------|--|
| 4 | <p>Financial Analysis & Applications</p> <p>This lesson will discuss how to use the various financial tools available in the finance in activities such as Business & Project evaluations and Financial Modeling.</p> <p>We will also develop our skills in doing simulations using key variables like exchange rates, interest rates, debt ratios, etc.</p> <p>The lesson will discuss the ways in developing good financial reporting tools for use by various managers in the organization with the view the view to increase overall productivity, profitability and shareholder value.</p> <p>Capital Markets & Funding: (PRE-IPO)</p> <p>This lesson will cover the different methods of capital funding and their respective considerations for offer memorandum and corporate governance and the role played by financial advisors in such transactions.</p> <p>Other areas covered will include:</p> <ul style="list-style-type: none"> • Explore how the interest of the different parties are protected and various capital / loan structures used in funding from venture capitalists and private investors; given their different desired objectives in terms of business management, investment returns, exit options, funding period, equity versus debt, unquoted convertible bonds, etc. • Selection of suitable venture capitalists and private investors and review contents of what is typically included in an offer document. • Government Seed funding |
| 5 | <p>Capital Markets & Funding: (IPO) – Part 1</p> <p>One of the biggest “coming of age” events in the life of a private company is when they make an Initial Public Offering (IPO) and go public. We will start reviewing the Pros and Cons of an IPO and the work involved in preparing for an IPO and also the steps involved in preparing for an IPO and the financial cost implications and fees involved in going public.</p> <p>We will also review the considerations in the:</p> <ul style="list-style-type: none"> • Appointment and the Role of the Issue Managers, Financial Advisors, Underwriters, Placement Agents and Regulatory Authorities in an IPO. • Selection of exchange to list based on best good fit in terms of listing requirements, pricing, exposure, market awareness, etc • Securing cornerstone investors |
| 6 | <p>Capital Markets & Funding: (IPO) – Part 2</p> <p>After having covered the preparation and the cost implications, we will review:</p> <ul style="list-style-type: none"> • The IPO Prospectus – Its contents and preparation • Stages in the IPO process (incl housekeeping, road shows, issue spread, etc) • Life after the IPO |

| Week | CORPORATE FINANCIAL MANAGEMENT TOPICSs |
|------|--|
| | <p>We will review alternatives to direct listing like doing a Reverse Take Over (RTO) of a shell company.</p> <p>Besides IPO of regular companies, we will also review the listing of Business Trusts and Real Estate Investment Trusts (REITs) in Singapore and their unique management and ownership structures, leverage, taxes and other implications.</p> <p>We will also briefly touch on the ethical responsibilities of accountants; especially in the area of Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT).</p> |
| 7 | <p>Mergers & Acquisitions</p> <p>This lesson will cover the processes involved in Mergers and Acquisitions and their respective considerations in terms of:</p> <ul style="list-style-type: none"> ○ Negotiating & Structuring the Deal ○ Business Intelligence ○ Regulatory Approvals ○ Shareholder Approvals; and ○ Importance of Due Diligence (especially in cases of cross border deals). <p>Besides covering the role of the managers and financial advisors, we will discuss the role and approval of regulatory authorities; especially in mega and/or cross border deals or deals involving national icons.</p> |
| 8 | <p>SCHOOL RECESS</p> |
| 9 | <p>“Reverse Take Over” or Merger & Acquisition Case Analysis</p> <p>During this lesson we will take an actual Reverse Take Over (RTO) or a Merger and Acquisition case and evaluate the process taken and consider the following:</p> <ul style="list-style-type: none"> ○ General structure of the deal ○ Merits from the view of the acquiring entity and acquired entity ○ Protection of interest of Minority Shareholders of both entities ○ Implication on shareholders of related / subsidiary companies ○ Issues on integration of entities and businesses <p>Progress Assessment</p> |
| 10 | <p>Capital Markets & Funding: (POST IPO)</p> <p>Once you are a public listed company, the funding options increase significantly. This lesson will discuss the different methods adopted by listed companies to further raise funds from the capital markets by issuing preference shares, rights issues, warrants fixed term bonds, perpetual bonds, etc. We will also review the pros and cons of each of these and their suitability in the circumstances.</p> |

| Week | CORPORATE FINANCIAL MANAGEMENT TOPICSs |
|------|---|
| | <p>The role played by the Underwriters, Managers, Financial Advisors and Regulatory Authorities in such capital market funding exercises will also be reviewed.</p> <p>We will also discuss the use of the dividend policy in managing the funding needs of the organization while still keeping investors satisfied with the yields offered.</p> <p>Post IPO Fund Raising Case - We will do a case analysis to compare the factors and considerations in comparing 2 of these fund raising methods.</p> |
| 11 | <p>Corporate Restructuring</p> <p>Life is never a smooth ride. Business conditions or new opportunities will require companies to restructure. We will review the processes involved, implications and risks associated with the various methods of corporate restructuring and their respective considerations.</p> <p>Scenarios for restructuring include: privatization, management buy-outs, leveraged buy-outs, corporate distress, financial pressure and new strategic direction</p> <p>The role of the different parties (internal and external) involved in each of these options will also be discussed.</p> |
| 12 | Group Project Presentations |
| 13 | Group Project Presentations |

Appendix 2

ACCT407 Corporate Financial Management 2015/16 Term 2 / Modified Term 2 - Group Project Requirements

Objective

Groups will be asked to select an **Acquisition of a Company that was listed on the Main Board of the Singapore Stock Exchange** and has since been successfully acquired via a general offer by a third party and is now not listed.

Analyse and Comment on the following with respect to the acquired company:

- The key motivating, economic or regulatory factors for the party/parties making the acquisition offer and their potential benefits.
- The financial performance trend (in terms of revenue and net income) of the acquired company for the 5 fiscal years before the acquisition.
- The stock performance trend (in terms of average trading volume, price fluctuations) for the 5 years before this exercise.
- The implications on the major and minority shareholders of the acquired company.
- The significance (if any) of the following factors in the success of the acquisition:
 - The source of funds for the acquisition
 - The shareholding level of the major shareholders
 - The existence of any parties acting in concert
 - The existence of any offer price revisions and/or other bidders
 - Any previous unsuccessful acquisition attempts
 - Level and speed of acceptance by the shareholders
- Direct cost of the acquisition exercise.
- The period of the whole acquisition exercise starting from the first attempted offer date until the final delisting of the acquired company.
- Additional approvals obtained from any authorities and any problems encountered, if any.
- Significance of the acquisition on the acquirer's business and its financial impact subsequent to the acquisition.
- Any known significant impact of the acquisition on the acquired company's management and staff.
- Based on the above, discuss if it was a good decision to acquire the company as seen from the viewpoint of the shareholders of the acquired company and the acquirer.

The **key assessment objective** is to evaluate your ability to consider the relevant factors in the acquisition exercise for this company and to evaluate its success in the achievement of its objectives.

There is no fixed structure. You may and should include additional interesting dimensions and evaluations where appropriate. You do not need to consider or present the above factors in the order they are listed; as long as they are covered somewhere in your presentation and report.

Notes:

- a. The Groups can select the companies themselves but they need to get their selections approved by Friday of Week 4 before they can commence their project.
- b. No two Groups can select the same company. Booking of companies selected will be on a first come first serve basis via email.

Project Presentation and Written Final Report Due Date

You are required to submit a soft copy of your **Presentation & Written Final Report** via eLearn Dropbox **by 12 noon, Wednesday, Week 12. No extension will be given. Penalty for late submission will apply.**

Written Final Report

Maximum words allowed in Written Final Report: **4,000 words** (Maximum 20 printed pages using Times New Roman, Font Size 12 for main report; excluding executive summary and appendices). Words in executive summary, data tables, charts and appendices are **EXCLUDED** from the word count. **Include a “Word Count” number on your last page.** You **must** include a 2 page executive summary in your report. (DO NOT include a copy of the Offer Documents as Annex). You are required to submit a soft copy (into eLearn Dropbox) and a **hard copy of BOTH your Presentation and the Written Final Report** (properly bound; not stapled) to the instructor before the class starts in Week 12. **No extension will be given. Penalty for late submission will apply.**

Grading

Your project will take up **30% of your overall grade**, and it is evaluated as indicated below:

18%: Group Presentation

- 50% for Contents of the Presentation
- 25% for Creativity, Presentation Style and Aesthetics
- 25% for Individual Group Member’s Presentation

Each project group will be required to make a presentation as follows:

- **20 minutes presentation** by ALL members of the Team, excluding set up time of a few minutes. The division of time amongst the members should be fairly equal
- **10 minutes for Q&A**

The presentations will be held either on the 12th or 13th week of the term.

12%: Written Final Report

In grading your **Written Final Report**, the instructors will be using the following criteria:

- 50% for Contents of the Final Report and Analysis & Application of principles and concepts.
 - 25% for Creativity, Presentation Style and Aesthetics
 - 15% for Critique and Peer Evaluation of all other Groups
 - 10% for Peer Evaluation of members of your own Group.
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- You will be required to do a **“Critique and Peer Evaluation”** of every other Group. This will be done using e-Learn and submitted at the end of the Presentation Lectures.
 - The **Critique** (~ 100 words) should cover questions like:
 - What did you liked or not like about their presentation
 - How they could have improved it.
 - **The objective of this “Critique and Peer Evaluation” is to EVALUATE YOUR ABILITY TO JUDGE OTHER PRESENTATIONS and not help determine the score of your peer groups.**
 - You will also be required to do a **Peer Evaluation of your own group members** via e-Learn to reflect individual contribution towards the group project.

Total for project: 30%

Refer to project Key Assessment Objective as a guideline for Content and Analysis & Application.

Group Size

Each Group size will be determined based on total class size and will be finalized by Week 3. The Groups will be randomly assigned and no changes in group members will be permitted.

Other important matters

As you embark on your projects, you will find that every project is unique, especially when applied to the specific companies of your choice. You may consult the instructor on any issues as and when you find appropriate; but **all Groups must consult the instructor at least once by Friday of Week 9** to discuss the planning and progress of their project.

Reference

The General Offer Documents, Annual Reports, Analyst Reports & Press Reports.

Appendix 3

ADDITIONAL LEARNING OUTCOMES

The learning outcomes should be beyond just technical **accounting and finance competencies**. In particular, this course seeks to develop your **versatility, individual competencies** and **awareness of ethics and responsibilities** through the various class and assessment activities:

- **Analytical Skills:** Analytical skills will be developed through various problem solving, case discussions and analysis. The course will provide the tools for students to use and analyse financial data and reports to make informed decisions.
- **Communication Skills:** Students will be required to actively participate in the class discussions and through written report and discussion of the company analysis project. The written report and presentation (in Sessions 12 & 13) will be assessed on clarity of communication appropriate for a business context.
- **Team work:** Team projects and presentation will be important elements of the course as decision making in the real-world can be team based. All students will be required to work in teams. They are expected to work as equal partners and share the work load. Team members may be required to do a peer-evaluation of their respective team members.
- **Active learning:** Students will be expected to venture beyond prescribed readings and text. The company analysis project will allow students to take an active role in their understanding of how the end products of an accounting system serve information need of users.
- **Professional ethics:** Ethical issues are discussed and cases will be reviewed. This introductory course provides the opportunity to emphasize the needs for the highest ethical behaviour for corporate executives and corporations.