

**Webster University**  
**The School of Business & Technology**  
**Columbia Metro Campus**  
**803-738-0603**

**Course** FINC 5880 Advanced Corporate Finance

**Term** SUMMER 2008

**Instructor** N. Swamy M.B.A. Ph.D.  
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**Catalog Description** This advanced study of corporate financial analysis and planning includes capital budgeting, cost of funds, and capital, structure and valuation. Selected topics that may be covered are leasing, mergers, takeovers, business failure, reorganization, and liquidation. A combination of problem-solving and case study methodologies is used to illustrate theories and techniques helpful in financial analysis and planning.

**Prerequisites** FINC 5000 Finance

**Course Level Learning Outcomes**

<b>Outcomes</b>	<b>Expectation</b>
1. Students can determine the weighted average cost of capital	Students can calculate the appropriate cost of capital and perform weighted average cost computation, given relevant data
2. Students can analyze capital budgeting decisions using standard methodologies.	Students can make capital budgeting decisions using cash flow estimates and incorporating other sources of cash, such as taxes and depreciation. Students can explain the impact of profit margin and overall firm profitability on capital budgeting decisions, particularly when outside financing may be required to be able to complete projects.
3. Students can explain the impact of capital structure decisions on financial performance and cost of capital	Students can determine the impact of changes in cost of equity, cost of debt, the risk-free rate of interest, the tax rate, and the levels of debt and equity on the firm's balance sheet on the overall cost of capital and the effect on both

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3. Students can explain the impact of capital structure decisions on financial performance and cost of capital	Students can determine the impact of changes in cost of equity, cost of debt, the risk-free rate of interest, the tax rate, and the levels of debt and equity on the firm's balance sheet on the overall cost of capital and the effect on both project and firm profitability.
4. Students can utilize financial analysis to assess an organization's financial condition	Students can apply ratio and financial statement analysis skills to solve unstructured problems
5. Students can construct strategies to reduce risk utilizing derivatives	Students can compute payoffs to put and call contracts and value corporate projects using the real option approach.
6. Students will demonstrate knowledge of lease analysis.	Students can compare the value of leasing to that of purchasing
7. Students demonstrate knowledge of mergers, acquisitions, and other opportunities.	Students can choose from among several long-term financing alternatives and justify choices for mergers, acquisitions, and other

**Materials**

1. Required Text: Financial Management: Theory & Practice 12<sup>th</sup> Edition (2008), *Brigham, Eugene F. and Ehrhardt, Michael C.* South-Western Publishing Co. ISBN: 0-324-42269-5

2. Regular reading of the Wall Street Journal  
3. Calculator

**Grading**

Homework "Mini Case, Term Paper & Assignment	25%
First Exam (Mid-Term)	25%
Final Exam (Comprehensive)	50%
<b>Total</b>	<b>100%</b>

**GRADING SCALE**

South Carolina regional scale will be used:

A	96-100%
A-	90-95%
B+	87-89%
B	84-86%
B-	80-83%
C	70-79%
F	0-69%

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The above rankings are operable within plus and minus 5 percent margin at the instructor's discretion. The margins are determined by students' attitudes in classrooms, preparations, and intellects.

**EVALUATION TECHNIQUES**

Professional Ethics: The highest level of personal honesty and integrity are expected in this course.

**Activities**                      The course requires problem solving, analysis, and class discussion on financial topics.

Class lecture will be divided into discussion and problem solving.  
**There will be no makeup test without prior permission of the instructor.**

**WEEKLY SCHEDULE**

<b>Week #</b>	<b>Topic</b>	<b>Text Chapter #</b>
<b>1</b>	<b>Review Chapters 1-4</b>	<b>1-4</b>
<b>2</b>	<b>Short Term Financing Credit Management</b>	<b>26, 28</b>
<b>3</b>	<b>Inventory Management Marketable Securities (Cash Management)</b>	<b>27</b>
<b>4</b>	<b>Inventory Management Marketable Securities Continued</b>	<b>27</b>
<b>5</b>	<b>Midterm</b>	
<b>6</b>	<b>Foreign Exchange and International Finance</b>	<b>31</b>
<b>7</b>	<b>Financial Distress</b>	<b>30</b>
<b>8</b>	<b>Options Hedging and Warrants</b>	<b>22, 25</b>
<b>9</b>	<b>Final Exam</b>	

A graduate level research paper is a part of homework assignments. Selection of the topic can be discussed with the instructor