

**SYLLABUS**  
**Webster University**  
**FINC 5880 – ADVANCED CORPORATE FINANCE**  
**Spring 2, 2006 – Denver Graduate Center**  
**Tuesdays, 5:30 PM – 9:30 PM**  
**March 21– May 19, 2006**

**Instructor**

**Bruce Brown**

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**Course 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.  
Prerequisite: FINC 5000 or equivalent

**Incoming Competency of Students Expected by Instructor:**

Students should have a basic knowledge of corporate finance, gained through successful completion of FINC 5000, and additionally should possess a basic knowledge of economics and accounting. Students should also possess proficiency with a financial calculator such as the HP10b, 10bII, or 12c. Since this is not a calculator class, keystroke instruction for calculators, including the HP12c, will NOT be provided in class. Classroom lectures will show illustrations using the 10bII. It is the student's responsibility to know how to use the calculator you have.

**Course Objectives:**

This course examines advanced financial concepts and is designed to meet the following objectives:

- To acquire knowledge of broad financial concepts including financial statement analysis and time value of money.
- To enhance skills in obtaining information on current financial issues
- To apply knowledge to specific problems and cases
- To conduct cash flow and capital budgeting analysis
- To evaluate working capital management concepts and techniques
- To apply the principals of risk and return, portfolio theory, and asset pricing models to stock and bond valuation.
- To evaluate special areas, including bankruptcy and dividend policy.

## **Required Texts:**

### ***FINANCIAL MANAGEMENT, Theory and Practice***

11th Edition by Eugene F. Brigham and Michael C. Ehrhardt  
Copyright 2005 by South-Western; ISBN 0-324-25968-9

## **Recommended Texts**

### ***Study Guide, FINANCIAL MANAGEMENT, Theory and Practice***

11th Edition by Eugene F. Brigham and Michael C. Ehrhardt  
Copyright 2005 by South-Western; ISBN 0-324-22406-0

***Brigham's Technology Supplement***, Eugene F. Brigham, Copyright 1999 by South-Western, ISBN 0-03-023372-0

## **Attendance, Class Participation, Prior Preparation and Assignments:**

Attendance and participation are expected at all class sessions! You may miss only one class unexcused without a penalty being assessed to your course grade. This means if you cannot attend class, you should inform the instructor by email or phone in advance. Should you find it necessary to miss more than two classes, you should strongly consider dropping the course. Prior arrangements with the instructor for excused absences are suggested when known in advance. Successful completion of this course will require that a substantial amount of time be spent outside of class studying and doing homework assignments

It is **critical** that students **thoroughly READ THE CHAPTERS to be discussed in class, prior to the class meeting.**

Students will prepare a financial analysis project. Details will be provided separately the first night of class. This project will be handed in at the last class session.

The intent of the assigned homework is to reinforce the concepts and procedures learned in class and to help to prepare the student for the examinations. It is imperative therefore, that all homework problems be neatly written out following the submission instructions. Homework problems will be collected and a portion of the student's grade will be assigned based on homework. Specific homework problems will be assigned in class and due the following class meeting.

Homework **WILL NOT** be accepted late! If you miss a class, the homework for that night must be mailed (postmarked) or e-mailed (the preferable method) by midnight of the day the class meets in order to receive credit.

The mid-term and final exam will be given in class and can expect to take approximately half of the class time for that particular night. If you cannot attend class on the night of an exam, other arrangements must be made in **ADVANCE** to make up the exam, or the grade for that exam will be zero.

## Schedule of Required Readings, Class Activities and Assignments

Readings are expected to be done BEFORE the date the topic will be discussed in class. So you should come to class the first night with the first week's reading already done. The homework assignments will be due until the following week from the material being discussed in class. So the class 1 homework is not due until the next class meeting week 2. All homework assignments should be submitted in MS Word using MS equation editor for the calculations as required. To access equation editor go to "Insert" > "Object" then scroll down to equation editor. You should include a title page with your name, date, course, and assignment number. Answers to questions should be concise, but thorough. You must show your work for calculation problems. No credit will be given for problems that only show the answer.

<u>Class</u> <u>(*)</u>	<u>Date</u>	<u>Topic</u>	<u>Chap.</u>	<u>Assignments</u>
1	3/21	An Overview of Financial Management	1	
		Time Value of Money	2	
		Financial Statements and Cash Flow	3	
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2	3/28	Financial Statement Analysis	13	
		Working Capital Management	22	
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3	4/4	Risk and Return Basics	4	
		Risk and Return, Portfolio Theory & Asset Pricing Models	5	
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4	4/11	Bond Valuation	6	
		Stock Valuation	7	
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**5** 4/18 *Mid Term Exam*

The exam will be in class, open book, and cover material from weeks 1-4. It will consist of short answer questions and calculation problems. There will also be one or two mini case problems that have multiple calculations or steps.

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<b>6</b>	4/25	Cost of Capital	9
		Capital Budgeting Basics	10

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<b>7</b>	5/2	Basic Capital Structure Decisions	16
		Capital Structure Decisions (cont)	17

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<b>8</b>	5/9	Distributions to Shareholders, Dividends and Repurchases	18
		Bankruptcy, Reorganization & Liquidation	24

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**9** 5/16 *Final Examination*

The final exam will be similar in format to the mid-term exam. It will cover only weeks 5-8.

Financial Analysis Projects due

Details of the term project and presentation requirements will be provided separately.

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**Basis for Individual Grades:**

-	Mid-term Examination	-	20%	200 points
-	Final Examination	-	20%	200 points
-	Homework	-	35%	350 points, 50 pts each
-	Financial Analysis Project	-	25%	200 points

**Grade Structure:**

<b><u>Percentage</u></b>		<b><u>Letter Grade</u></b>
93 - 100%	=	A
90 - 92.99%	=	A-
87 - 89.99%	=	B+
83 - 86.99%	=	B
80 - 82.99%	=	B-
70 - 79.99%	=	C
Below 70%	=	F

Approved by: Larry Joireman  
Date: 3/8/06