

Course	FINC 5880 / NA / Advanced Corporate Finance	
Term	Fall 2, 2009 – Tuesday – 6:00 – 10:00 pm 10/20, 10/27, 11/3, 11/10, 11/17, 11/24, 12/1, 12/8, 12/15	
Instructor	Name: T. C. Collins Home Phone: (904) 819-0686 Work Phone: (904) 825-1507 Email: tcollins@webster.edu	
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	Outcome	Expectation
	1. Students can determine the value of fixed income securities	Students can calculate the implied value of convertible securities as well as the value of bonds-with-warrants.
	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 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 demonstrate integration of more than one area of finance when using case studies.	Students can solve cases requiring integration across various finance areas.	
	7. Students will demonstrate knowledge of lease analysis.	Students can compare the value of leasing to that of purchasing.	
Materials	<p>Brigham, E.F., and Ehrhardt, M.C. (2007). Financial Management, Theory and Practice. (12th Edition). South-Western. ISBN# 0-324-42269-5 with Thomson ONE - Business School Edition 1-Year Printed Access Card. ISBN# 13: 978-0-324-42269-6</p> <p>To Order Textbooks go to the local North FL website www.webster.edu/jack and click on Order Textbooks to select a vendor</p> <p>Note: Textbooks must be ordered 2 weeks prior to class to ensure delivery</p> <p>Supplemental Reading:</p> <ul style="list-style-type: none"> • Wall Street Journal and other business journals or internet sources. • <u>Research Paper Guidelines and Sample Paper</u> – See website @ www.webster.edu/jack and click on the Student Resources category. • http://home.earthlink.net/~tcollinsmba/ • http://ereserves.webster.edu/eres/courseindex.aspx?error=&page=search • E-reserve password: summer2009w 		

<p>Grading</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Assignments</th> <th style="text-align: right;">Maximum Points</th> </tr> </thead> <tbody> <tr> <td>• Group Case Exam #1:</td> <td></td> </tr> <tr> <td>➤ Group Project Grade</td> <td style="text-align: right;">15 Points</td> </tr> <tr> <td>➤ Individual Contribution Grade</td> <td style="text-align: right;">5 Points</td> </tr> <tr> <td>• Group Case Exam #2:</td> <td></td> </tr> <tr> <td>➤ Group Project Grade</td> <td style="text-align: right;">15 Points</td> </tr> <tr> <td>➤ Individual Contribution Grade</td> <td style="text-align: right;">5 Points</td> </tr> <tr> <td>• Individually Prepared Cases (5 cases)</td> <td></td> </tr> <tr> <td>➤ Project Grade (8 Points each)</td> <td style="text-align: right;">40 Points</td> </tr> <tr> <td>• Pre-Assignment</td> <td style="text-align: right;">10 Points</td> </tr> <tr> <td>• Class Participation and Attendance</td> <td style="text-align: right;"><u>10 Points</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">100 Points</td> </tr> </tbody> </table> <p>Letter grades will be assigned pursuant to the following scores based on the percent of the total possible points (weighted according to the scale above) that you earned in the course.</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th>Percentage of Total Points</th> <th>Grade</th> </tr> </thead> <tbody> <tr> <td>95%-100%</td> <td>A</td> </tr> <tr> <td>90%-94%</td> <td>A-</td> </tr> <tr> <td>88%-89%</td> <td>B+</td> </tr> <tr> <td>84%-87%</td> <td>B</td> </tr> <tr> <td>80%-83%</td> <td>B-</td> </tr> <tr> <td>70%-79%</td> <td>C</td> </tr> <tr> <td>Below 70%</td> <td>F</td> </tr> </tbody> </table>	Assignments	Maximum Points	• Group Case Exam #1:		➤ Group Project Grade	15 Points	➤ Individual Contribution Grade	5 Points	• Group Case Exam #2:		➤ Group Project Grade	15 Points	➤ Individual Contribution Grade	5 Points	• Individually Prepared Cases (5 cases)		➤ Project Grade (8 Points each)	40 Points	• Pre-Assignment	10 Points	• Class Participation and Attendance	<u>10 Points</u>	TOTAL	100 Points	Percentage of Total Points	Grade	95%-100%	A	90%-94%	A-	88%-89%	B+	84%-87%	B	80%-83%	B-	70%-79%	C	Below 70%	F
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<p>Activities</p>	<p>Pre-Assignment Project:</p> <ul style="list-style-type: none"> • The Pre-Assignment project is worth 10% of the final grade. • Please ensure that all requirements are sufficiently satisfied and all questions in the syllabus are answered clearly, completely and directly. • Late submission of the Pre-Assignment project will be subject to a reduction in awarded credit of at least one grade. • The Pre-Assignment project must be prepared according to the APA format. There is no minimum or maximum length for the project. Be certain to ensure 																																								

satisfactory financial numerical analysis and support for your position.

- **At least three (3) internet references are required to satisfy the minimum research requirements for the project.** Other sources may also be used. Projects shall be supported by an appropriate degree of documentation in good form, including but not limited to graphs, charts, quoted verbiage, attachments, etc.
- The Pre-Assignment project will be graded on (1) effective financial analysis and (2) efficiency of content.
 - Effective financial analysis is judged by the ability of the student to present their own critical financial analysis that supports their position.
 - Efficiency is judged by the conciseness of the student's approach towards case resolution and the associated narrative supporting the student's financial analysis and position. Excessive writing is not encouraged.
- In addition, the pre-assignment project, as well as all cases, will be graded for punctuation, sentence structure, spelling, citations, and bibliography. Students must always use proper business terminology.

Group Cases:

- Group case studies are worth 20 points each for a total of 40% of the final grade. Of the 20 points, 15 points will be awarded based on the overall grade of the project and 5 points from evaluations of the student's contributions submitted by fellow team members.
- Grades will be determined based on financial analysis and analytical methodologies, logic and clarity of approach and use of appropriate supporting theory, and conclusions and recommendations. Peer evaluations will be performed of respective team members and will be included in the allocation of points within the group.
- **Group cases must be prepared in the APA format** and will be graded on (a) effective financial analysis and (b) efficiency of content. Also, cases will be graded for punctuation, sentence structure, and spelling.
- The cases are due at the beginning of class. Late submissions will not be accepted.

Individual Case Studies:

- Five individually prepared case studies will be formally prepared and submitted to the instructor for grading. These are worth 8 points each for a total of 40% of the final grade.
- **Each case must be prepared in the APA format** and generally should not be more than 3 pages of original financial analysis and thought in length. Supporting analysis, documentation, charts and graphs are encouraged and will not count against the 3-page maximum. Ensure proper referencing and citations.
- Individual cases will be graded on (a) effective financial analysis and (b) efficiency of content. Also, cases will be graded for punctuation, sentence structure, and spelling.
- The cases are due at the beginning of class. Late submissions will not be accepted.

Class Participation and Attendance:

- Students are expected to attend all class sessions (10% of the final grade) of every course for the full 36 contact hours. In the case of unavoidable absence, the student must contact the instructor. The student is subject to appropriate academic penalty for incomplete or unacceptable makeup work, or for excessive or unexcused absences. Generally, a student who misses more than one four-hour course period (per course) without a documented military or medical excuse and advanced permission of the instructor should withdraw from the class. The University reserves the right to involuntarily drop enrolled students from classes, which they do not attend. **PLEASE BE ADVISED: Students who do not attend the first class session, who have not made prior arrangements with the instructor for being absent, will be dropped from their courses.**
- Attendance the last day of class is mandatory to ensure that all work is completed and to be awarded a passing grade. An Incomplete will not be acceptable without documental proof (Death Notice, Doctor's Letter, etc.) as to absence relating to non-completion of class work. These must be faxed 904-262-1459 or dropped off to Webster University by the Monday after the term ends.
- Participants are expected to arrive on time and be actively involved in the learning experience. Each student should desire to learn, participate, and proactively contribute to the learning of others during each discussion and exercise.
- Students are to participate in classroom discussions. The discussions are an opportunity for students to reveal their understanding of the assignments made for the current and previous classes.
- Assignments are given to prepare the student to participate in class discussions; therefore, it is imperative that reading assignments and associated questions for discussion be completed prior to class.
- A maximum of 10 points will be awarded based on the level and quality of participation and preparation.
- Failure to turn in an assignment within one week will result in a grade of "0" for that assignment. In addition, failure to submit an assignment will lower the final grade by an additional two points.
- All assignments are due as detailed in the Course Schedule.
- Late assignments will be accepted, if they are turned in **no later** than one week later, but will be penalized one letter grade. Furthermore, late assignments will lower the student's final grade by an additional one point.
- Late assignments will not be accepted for the final assignments the last week of the course to allow timely completion and grades to be submitted.

<p>Policy Statements:</p> <p>University Policies</p>	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university's published policies. The following policies are of particular interest:</p> <p>Academic Honesty</p> <p>The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university's academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p> <p>Drops and Withdrawals</p> <p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p>Special Services</p> <p>If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p>Disturbances</p> <p>Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p>Student Assignments Retained</p> <p>From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p>Contact Hours for this Course</p> <p>It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p>
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<p>Course Policies</p>	<p>Sometimes circumstances beyond one’s control may require that they miss a scheduled class. If necessary, it is the student's responsibility to get any missed lecture notes or handouts. If you are unable to make it to class to turn in an assignment, make arrangements with a classmate to turn in your work &/or contact me prior to class. You are responsible for what takes place or is announced in class.</p> <p>Test dates are scheduled in advance. Please do not ask to re-schedule tests. There will be NO makeup exams, except in the rarest of circumstances. I must be contacted prior to the scheduled exam for consent. The instructor reserves the right to schedule any makeup at any time, including and especially, finals week.</p> <p>Make-Up Requirements</p> <ul style="list-style-type: none"> • For each class hour missed, a one (1) page, double-spaced, typed paper, with one (1) reference will be submitted by the end of the term. The topic will be specific to organizational change and/or strategic planning in healthcare. A four (4) hour class will require four (4) pages supported with (4) references from popular or academic press. • This paper will be graded and incorporated in the class participation grade. If the make-up work is not submitted, the student's final grade will be reduced one (1) letter grade. • (Students are responsible for any class material presented during their absence, and any assignments due should be submitted prior to the absence, if possible).
<p>Weekly Schedule</p>	<p>Pre-Assignment:</p> <p>Review chapter 3, <i>Financial Statements, Cash Flow and Taxes</i> and chapter 4, <i>Analysis of Financial Statements</i> in <u>Financial Management: Theory and Practice, 12th Edition</u>.</p> <p>Write a two page paper answering the following questions:</p> <p>Should a company’s primary goal be to maximize the wealth of its stockholders? Would the firm’s managers, employees, customers, suppliers, and “clear-headed citizens” all agree that management should focus primarily if not solely on wealth maximization? What other goal or goals might management focus on? If a firm’s directors believe that management should focus primarily on shareholder wealth maximization, what actions could they take to insure that management focuses on this goal?</p>

	<p>Week 1</p> <p>THEME: Financial Analysis-Review</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Course introductions ◆ Review syllabus ◆ How to study and discuss cases ◆ Lecture & Discussion: Intro Case (TBA) ◆ Chapter 4: Analysis of Financial Statements <p>Assignments for Week 2:</p> <ul style="list-style-type: none"> ◆ Chapters 14 & 15 ◆ GROUP Case 1: (TBA)
	<p>Week 2</p> <p>THEME: Corporate Valuation</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Chapter 14: Financial Planning ◆ Chapter 15: Corporate Valuation ◆ Lecture & Discussion:- Financial Forecasting <p>Assignments for Week 3:</p> <ul style="list-style-type: none"> ◆ Chapters 16,17,18 ◆ INDIVIDUAL CASE 1: (TBA)
	<p>Week 3</p> <p>THEME: Strategic Financing Decisions</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Chapter 16 & 17 Capital Structure ◆ Chapter 18: Distribution to Shareholders-Dividends ◆ Lecture & Discussion –Capital Structure & Dividend Policy <p>Assignments for Week 4:</p> <ul style="list-style-type: none"> ◆ Chapters 19 & 20 ◆ INDIVIDUAL CASE 2: (TBA)
	<p>Week 4</p> <p>THEME: Tactical Financing Decisions</p> <ul style="list-style-type: none"> ◆ Chapter 19: Initial Public Offerings, Investment Banking, and Financial Restructuring ◆ Chapter 20: Lease Financing ◆ Lecture & Discussion-Leasing <p>Assignments for Week 5:</p> <ul style="list-style-type: none"> ◆ Chapters 21 & 23 ◆ INDIVIDUAL CASE 3: (TBA)

	<p>Week 5</p> <p>THEME: Hybrid Financing</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Chapters 21 & 23 ◆ Lecture & Discussion: When Genius Failed-LTCM <p>Assignments for Week 6:</p> <ul style="list-style-type: none"> ◆ Chapter 22 ◆ GROUP CASE 2: (TBA)
	<p>Week 6</p> <p>THEME: Working Capital Management</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Chapter 22: Working Capital Management ◆ Lecture & Discussion- Working Capital Management <p>Assignments for Week 7:</p> <ul style="list-style-type: none"> ◆ Chapter 24 ◆ INDIVIDUAL CASE 4: (TBA)
	<p>Week 7</p> <p>THEME: Risk of Loss</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Chapter 24: Bankruptcy, Liquidation, and Reorganization ◆ Lecture & Discussion: <p>Assignments for Week 8:</p> <ul style="list-style-type: none"> ◆ Chapters 25 & 26 ◆ Read Trade Deficit Explained
	<p>Week 8</p> <p>THEME: Mergers & Multinationals</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Chapter 25: Mergers, LBO's, Divestures, and Holding Companies ◆ Chapter 26: Multinational Financial Management ◆ Lecture & Discussion <p>Assignment for Week 9:</p> <ul style="list-style-type: none"> ◆ INDIVIDUAL CASE 5: Webster Assessment (TBA)
	<p>Week 9</p> <p>THEME: Putting it all Together</p> <p>Topics:</p> <ul style="list-style-type: none"> ◆ Final Presentation – Individual Case 5 ◆ Course evaluation
<p>Additional Information</p>	<p>Determination of Grades is Based on the Following Criteria:</p> <p><u>Minimum Requirements:</u></p> <p>Products (papers, case studies, projects) must be on time, in the correct format, corrected for spelling and grammar, appropriate materials included and referenced to-</p>

the-point and on topic and conclusions must be supported.

Examinations must be complete, accurate, neat, evidence clear thought, and exhibit concise and to-the-point responses.

Behavior in class discussions and group activities should be responsible, should exhibit open communication, be constructive, and helpful.

Mastery Level (Grade of “B”): Professional Achievement

Products must meet the requirements stated above for minimum requirements and additionally meet professional criteria. For example, documentation should be included to support research papers, the APA format should be used consistently throughout the paper, and substantially more than the minimum number of references should be included. Presentations should be logical, organized, and comprehensive. Examinations should be organized, in depth, comprehensive, logical and complete, and evidence thorough understanding of the subject /topic through application of principles.

Classroom behavior should exhibit very focused activity and thought on the subject at hand, be motivated, and assist in discovery of new insights and relationships concerning the subject/topic of discussion.

Mastery Level Plus (Grade of “A”): Creative Achievement

Products must meet all requirements stated above and additionally meet creative criteria. These criteria include unique topic or subject selection, synthesis of ideas, evaluation of subject matter and positions found in the literature, be creative in approach, establish new relationships with ideas and provide new insights.

Examination responses indicate insightfulness of understanding, a synthesis of information and unique ideas, and rationale for application of principles following careful analysis.

Classroom behavior should exhibit very focused activity and thought on the subject at hand, be motivated, and assist in discovery of new insights and relationships concerning the subject/topic of discussion.

The grade of “A” represents the best work of students, accomplished in a unique and professional manner.

Note:

To achieve the objectives of this course, this syllabus may be revised at the discretion of the instructor without prior notification or consent of the students.

Reviewed by: J. Ewing

Job Title: Faculty Coordinator

Date: 12/10/07

Revised 12/7/07