

<b>Course</b>	<b>FINC 5880 Advanced Corporate Finance</b>	
<b>Term</b>	<b>Fall II 2008 October 20 – December 19, Wednesday 6 – 10 pm</b>	
<b>Instructor</b>	<b>Name: Dr. James Gaius Ibe, Ph.D.</b> <b>Phone: (803) 934-3240</b> <b>Email: James ibe91@webster.edu</b>	
<b>Catalog Description</b>	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.	
<b>Prerequisites</b>	FINC 5000 Finance	
<b>Course Level Learning Outcomes</b>	<b>Outcome</b>	<b>Expectation</b>
	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	Students can solve cases requiring integration across various finance areas.

	finance when using case studies.																																	
	7. Students will demonstrate knowledge of lease analysis.	Students can compare the value of leasing to that of purchasing.																																
<b>Materials</b>	<p><b><u>Required Material/Reading:</u></b></p> <p><b>Text:</b> Eugene Brigham and Michael Ehrhardt, <i>Financial Management: Theory and Practice, 12th Edition</i>, 2008. ISBN: 0-324-42269-5.</p> <p><i>Publication Manual of the American Psychological Association (APA Manual)</i>, American Psychological Association, 5th Ed, ISBN: 1-55798-791-2.</p> <p><b>Readings:</b> The Wall Street Journal will be required as part of this course. You should either have a subscription to the newspaper or have access to a copy. Other readings relevant to the subject matter being discussed may be assigned during the semester.</p> <p><b>Required Material:</b> A financial calculator is required for this class. The classroom examples assume that you use the Hewlett Packard 10B or HP-10BII. If you buy a calculator other than the (HP10B), make sure the operations manual is included because each model works differently.</p>																																	
<b>Grading</b>	<p><b>Exams:</b> You <u>earn</u> your grade in this class based on your performance as follows:</p> <table data-bbox="581 993 1177 1178"> <tr> <td>Homework</td> <td>=</td> <td>10 points</td> </tr> <tr> <td>Class Participation</td> <td>=</td> <td>10 points</td> </tr> <tr> <td>Exam 1</td> <td>=</td> <td>25 points</td> </tr> <tr> <td>Exam 2</td> <td>=</td> <td>25 points</td> </tr> <tr> <td><u>Final Exam</u></td> <td>=</td> <td><u>30 points</u></td> </tr> <tr> <td>Total</td> <td>=</td> <td>100 points</td> </tr> </table> <p><b>Note: There will be no make-up examinations. See me if there are extenuating circumstances.</b></p> <p>If you miss a test without making prior arrangements, of grade of zero will be given. If you miss an exam with a legitimate excuse, the weight of the exam will be added to the final. No make-up exams will be given. See me as soon as you become aware of any conflicts. Finance builds on itself. You will have a difficult time doing well on the second exam if you did not study for the first exam. So keep up. If you feel yourself being over-whelmed seek help from me as soon as possible. <b>All students are required to complete all assignments and exams independent of anticipated graduation dates.</b></p> <p>The grading system set out below is for use by all departments and Webster:</p> <table data-bbox="581 1570 812 1787"> <tr> <td>96-100</td> <td>A</td> </tr> <tr> <td>90-95</td> <td>A-</td> </tr> <tr> <td>87-89</td> <td>B+</td> </tr> <tr> <td>84-86</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>69-below</td> <td>F</td> </tr> </table> <p><b>The GRADUATE catalog provides these guidelines and grading options:</b></p> <ul style="list-style-type: none"> <li>• A/A- Superior graduate work</li> </ul>		Homework	=	10 points	Class Participation	=	10 points	Exam 1	=	25 points	Exam 2	=	25 points	<u>Final Exam</u>	=	<u>30 points</u>	Total	=	100 points	96-100	A	90-95	A-	87-89	B+	84-86	B	80-83	B-	70-79	C	69-below	F
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<p><b>Activities</b></p>	<p><b>Class Procedures:</b> Almost every topic discussed in class can be found in the text. However, the topic is usually presented a little differently in class than it is in the book to facilitate learning. You will be responsible for both material covered in class lectures and assigned readings. <b>Working all assigned problems is essential to your success in this course.</b> You may be required to discuss the assigned problems or the assigned readings during the class. Although attendance is not required, preparation is a portion of your grade. I will begin most classes with questions that I assign at the end of the previous class period that will be used to particularly assess preparation. I will call on participants randomly any if you are absent or fail to provide a thoughtful answer, you will lose preparation points.</p> <p><b>Attendance:</b> Regular attendance and participation is essential for success. All assigned material should be carefully read end-of-chapter exercises should be attempted before each class meeting.</p>
<p><b>Policy Statements: University Policies</b></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><b>Academic Honesty</b> 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><b>Drops and Withdrawals</b> 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><b>Special Services</b> 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><b>Disturbances</b> 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</p>

	<p>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><b>Student Assignments Retained</b>  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><b>Contact Hours for this Course</b>  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>
<p><b>Course Policies</b></p>	<p><b><u>CHEATING/PLAGARISM POLICY:</u></b></p> <p>Students who are discovered cheating or committing plagiarism may be awarded a failing grade for the course, and may be subject to dismissal or further discipline.</p> <p>Webster University strives to be a center of academic excellence. As part of our Statement of Ethics, the University strives to preserve academic honor and integrity by repudiating all forms of academic and intellectual dishonesty, including cheating, plagiarism and all other forms of academic dishonesty. Academic Honesty is unacceptable and is subject to disciplinary response.</p> <p><b>Defining Plagiarism:</b> “You plagiarize when, intentionally or not, you use someone else’s words or ideas but fail to give that person credit. You plagiarize even when you do credit the author but use his exact words without indicating with quotation marks or block indentation. You also plagiarize when you use words so close to those in your source, that if you placed your work next to that source, you would see that you could not have written what you did without the source at your elbow.” (Booth, Wayne C., Colomb, Gregory G., &amp; Williams, Joseph M. (1995). The Craft of Research. Chicago, IL: The University of Chicago Press.)</p> <p><b>ATTENDANCE POLICY:</b>  The university reserves the right to drop students who do not attend class the first week of the term/semester. Students are expected to attend all class sessions of every course. 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.</p> <p><b>ABSENCE POLICY:</b>  If a student is absent, the instructor is to assign makeup work to cover the materials presented that week. If a student has two absences, the instructor has the option to lower the student’s grade one letter grade and to inform the student of the action. If a student has three absences, the instructor has the option to assign a grade of F and to inform the student of the action. It is the student’s responsibility to withdraw from the course.  When the instructor chooses to award a grade of I (Incomplete) for three or four absences, the student must provide acceptable documentation to verify that the absences were unavoidable (e.g. – illness, work conflict, military temporary duty).</p>

Weekly Schedule	Course Outline/Reading/Homework:		
	Chapter Assignments	Course Outline/Reading/Homework Topic	Homework (end of chapter problems)
Week 1 1-2	Overview, Financial Management	1 As scheduled 2 As scheduled	
Week 2 3-4	Analysis of Financial Statements Time Value of Money	As scheduled	
<b>Week 3 Exam 1</b>	<b>Chapters 1-4</b>	<b>Review Chapters 1-4</b>	
Week 4 5-6	Bonds, Valuation, Interest Rate; Risk and Returns.	As scheduled	
Week 5 7-8	Portfolio: Asset Pricing; Stocks and Their Valuations	As scheduled	
Week 6 <b>Exam 2</b>	<b>Chapters 5-8</b>	Review Chapters 5-8	
Week 7 9-11	Financial Options; Cost of Capital, Capital Budgeting.	As scheduled	
Week 8 12-15/22	Cash Flow and Risk Analysis; and Real Options/Working Capital Management.	As scheduled	
Week 9 <b>Final Examination</b>	Chapters 9-15/22	<b>Due by email on July 30, 2008</b>	
	<p><b>Note:</b> The assignments are due as scheduled. If you are absent from any class it is your responsibility to determine the relevant due dates of all scheduled assignments.</p> <p><b>Homework:</b> Problem solving utilizing Excel, Lotus 123 or other spreadsheet programs is optional in the course. These programs are used for solving problems associated with valuation and capital budgeting. End of chapter problems you should work all assigned work. While it is not my intention to collect these assignments, I reserve the right to request those listed and/or additional problems to be turned in for grading purposes. If any of the end of chapter problems are to be turned in for grading, I will provide you with a minimum of one week notice. Solutions for end of chapter problems are available on reserve at my office. Group mini-case projects: Three mini-cases that are at the end of the chapters in the Textbook or are handouts provided in class have been assigned. I will divide the class in two groups. You must be prepared to discuss the projects in class.</p>		
<b>Additional Information</b>	None		