

MBA 730
Section 01
Syllabus
Spring Quarter, 2008

I. BASIC INFORMATION

Meeting Times:	Tuesday 6:05 - 9:25 p.m.
Location:	020 Rike Hall
Instructor:	James E. Larsen
Office:	260L Rike Hall
Phone:	775-2870
Office Hours:	Tuesday & Thursday 5:00 - 6:00 p.m., or by appointment
Text:	<u>Financial Management: Theory and Practice</u> , 12 th Edition, by Brigham and Ehrhardt
Email Address:	james.larsen@wright.edu
Homepage:	www.wright.edu/~james.larsen
FAX:	(937) 775-3545
Financial Calculator:	Whatever financial calculator you can use is acceptable and highly recommended for this course.
Prerequisites:	MBA 530 or equivalent

II. COURSE DESCRIPTION:

This course is designed to cover corporate finance topics that should be of interest to MBAs. It includes treatment of some theoretical issues in finance as well as practical application of some topics. Topics include: cost of capital, financial forecasting, firm valuation, capital budgeting, risk analysis, capital structure, and dividend policy.

III. LEARNING OBJECTIVES:

- Be able to calculate the component cost of debt, common equity, and preferred equity and combine these into a weighted average cost of capital.
- Be able to use information about immediate plans for the future to forecast a firm's need for external funding.
- Understand the concept of value-based management.
- Be able to apply the corporate valuation model to non-dividend paying firms.
- Be able to identify the appropriate cash flows, and combine these to determine the net cash flows to be used in the capital budgeting decision process.
- Be able to apply the concepts of time value of money to the selection of expansion and replacement capital budgeting projects.
- Understand how to modify capital budgeting analysis to account for project risk differentials.
- Understand business risk and financial risk and the influence of operating and financial leverage on each.
- Understand financial leverage and the determinants of an appropriate capital structure.
- Understand the impact of capital structure on firm risk.

IV. COURSE CONDUCT:

Lecture, discussion, problem solving, and casework.

V. PREPARATION FOR CLASS (suggested problems):

Students should read assigned material and attempt the suggested problems. Problems are picked to represent the type of problems that may appear on exams and/or to promote a fuller understanding of the concepts under discussion.

VI. ATTENDANCE/PARTICIPATION:

Attendance is expected and participation is essential.

VII. EXAMS:

Exams will emphasize both problem solving and grasp of concepts. Expect a combination of open-end problems (at least 80% of points on each test), and short-answer/essay and multiple-choice questions (no more than 20% of points on each test). All exams will be closed book and require the use of calculators. **SHARING OF CALCULATORS IS NOT PERMITTED DURING EXAMS!!**

VIII. CASES:

In class, we will use several end-of chapter cases as the core for discussion of important concepts.

In addition, students will prepare a brief, typed, solution to each case shown in section XI. You are encouraged to form groups to solve these cases, and the name of each student in the group should appear in alphabetical order at the top of your solution. At the end of the term each student will be given the opportunity to secretly identify any group members whose contribution to the effort was unsatisfactory. The case component score of such a student may be adjusted downward. Even though the cases are being solved by a group, each student is individually responsible for the results. If your participation in class indicates unfamiliarity with the case, your case component score may be adjusted downward. Late solutions will be accepted for half credit up to the start of the class meeting following the date the solution was due. You should keep a copy of your brief to aid in our discussion. Students will be called on randomly to explain the central issues within each case and to explain the appropriate resolution of major issues.

IX. MAKE-UP POLICY:

Make-up exams will be given only in the case of an excused absence. An excused absence requires a bona fide excuse and advance notice. Make-up exams must be completed prior to the class meeting following the missed exam.

X. GRADING:

Items	Points	Course Grade
Cases (3 @ 20 each)	60	A = 234 Points and above
Exam 1	100	B = 208 to 233.9 Points
<u>Exam 2</u>	<u>100</u>	C = 182 to 207.9 Points
TOTAL	260	D = 156 to 181.9 Points
		F = Below 156 Points

XI. ASSIGNMENT SCHEDULE:

<u>Date</u>	<u>Day</u>	<u>Chapter</u>	<u>Topics</u>	<u>Suggested End of Chapter Problems / Case Assignment</u>
4-1	R	3	Financial Statements, Cash Flows, and Taxes	1-8
4-8	R	4	Analysis of Financial Statements	1-5, 9 & 10
4-15	R	14	Financial Statements and Forecasting	1-5 Case 1
4-22	R	11	Capital Budgeting Techniques	1-4, 9-11
4-29	R	12	Estimating Cash Flows	1-4, 6
5-6	R	Exam 1	Chapters: 3, 4, 11, 12 and 14	
5-13	R	10	Cost of Capital	2-11 Case 2
5-20	R	16	Capital Structure	1-5
5-27	R	21	Hybrid Financing	1-6
6-3	R	18	Distributions to Shareholders	1-7 Case 3
6-10	R	EXAM 2 @ 8:00 p.m.	Chapters: 10, 16, 18 and 21	