

## AUGSBURG COLLEGE

**BUS 433A FINANCIAL THEORY: POLICY AND PRACTICE**

**Winter 2008**

**Instructor:** Ashok K. Kapoor, Ph.D, MA, MBA, CFA  
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**Class:** Friday 6:00 - 10:00 pm **Old Main 16**  
**Office Hours:** 45 minutes before class in my office.

**Course Pre-requisites:** BUS 331

**Course Description:** This is the second course in Finance, an extension of the Fundamentals of Financial Management course, with emphasis on financial theory and its application to corporate financial decision making.

**Text:**

1. Joel M. Stern and Donald H. Chew, Jr., The Revolution in Corporate Finance, 4<sup>th</sup> Edition, Blackwell Publishers, 2003.
2. Eugene Brigham and Phillip Daves, Intermediate Financial Management, 9<sup>th</sup> Edition, Thompson Learning, 2007.
3. **Wall Street Journal, Fortune, Business Week.**

**Attendance:** Regular class attendance is required.

**Internet:** You are encouraged to use the World Wide Web as a resource.

**Academic Honesty:** It is assumed that the student has read and understood the Augsburg College Academic Honesty Policy. The policy will be strictly enforced.

**Grading:**

1. Beginning with the second class meeting, there will be a quiz at the end of each class and a Final at the end of the trimester. The quiz questions will be based on the Chew Readings and Brigham end of chapter questions and problems.
2. You may miss one quiz or drop your worst one.
3. Grades will be assigned as shown below.

The quizzes and the final will be weighted equally for the course grade.

**Current event** questions may also be asked on the quizzes and the Final.

Final Grade will be determined on the following scale:

4.0	Achieves the highest standards of excellence	92% or more
3.5		87% - 91%

3.0	Achieves above basic course standards	82% - 86%
2.5		77% - 81%
2.0	Meets basic standards of the course	72% - 76%
1.5		67% - 71%
1.0	Performance below course standards	62% - 66%
0.5		57% - 61%
0.0	Unacceptable performance for course credit	Below 57%

**Course Outline and Assignments: (Subject to additions, deletions, changes)**

<b><u>Session #</u></b>	<b><u>Date</u></b>	<b><u>Assignment</u></b>
1	1/11/08	Course Introduction Brigham: Ch. 11 Corporate Value and Value-Based Management Stern and Chew Readings: Ch. 1 The History of Finance: An Eyewitness Account Ch. 2 The Theory of Stock Market Efficiency Ch. 3 Market Myths
2	1/25	Brigham: Ch. 14 Real Options Brigham: Ch. 17 Distributions – Dividends and Repurchases Stern and Chew Readings: Ch. 5 Finance Theory and Financial Strategy Ch. 9 Real Options: State of the Practice Ch. 14 The Dividend Cut: “Heard ‘Round the World’ The Case of FPL  <b>Quiz 1</b> on Chew and Stern Ch. 1, 2, 3 + Brigham Ch. 11
3	2/01	Brigham: Ch. 15 and 16 – Capital Structure Stern and Chew Readings Ch. 10 Modigliani – Miller Propositions after Thirty Years Ch. 12 Capital Structure Puzzle Ch. 15 Roundtable on Capital Structure and Stock Repurchase  <b>Quiz 2:</b> Chew and Stern Ch. 5,9,14 + Brigham Ch. 14, 17
4	2/15	Brigham: Ch. 18 – IPOs, Investment Banking Ch. 20 – Hybrid Financing Stern and Chew Readings: Ch. 16 Raising Capital: Theory and Evidence Ch. 17 Financing Corporate Growth Ch. 20 Use of Hybrid Debt in Managing Corporate Risk

