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## Course Information

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**Course Title:** Corporate Finance #3631

### Recommended CPE credit hours for this course

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

**CPA: 15** (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

### Course Description:

*Corporate Finance* follows the flow of funds through a business, including fund raising, internal cash management, and the deployment of funds to dividends, capital expenditures, investments, and acquisitions. This course is intended to give the professional manager direction regarding how to develop an appropriate capital structure and determine the best types of debt and equity funding. Additional tools are provided for calculating the cost of capital and constructing cash flows to analyze potential cash uses. Full coverage of risk management for foreign exchange and interest rates is also included.

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

**Subject Codes/Field of Study:** Finance

### Course Level, Prerequisites, and Advance Preparation Requirements

Level: Overview

Prerequisites: None

Advance Preparation: None

## Course Content

Publication/Revision date: 2/21/2015.

Author: Steven M. Bragg, CPA.

Final exam (online): Seventy-five questions (multiple-choice).

### Instructions for taking this course

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. The exam may be retaken if not passed on first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions at the end of each chapter. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

### Instructions for Taking the Final Exam Online

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

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## Learning Objectives

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- Recognize the players involved in the practice of corporate finance.
- Note the components of capital structure, and the situations that may call for its revision.
- Identify the methods used to construct financial plans, and the reliability of the component information.
- Note the negative aspects associated with the use of certain types of early-stage financing.
- Recognize the steps involved in the initial public offering, and the restrictions placed on a business during that time.
- Identify the different techniques available for selling shares outside of an initial public offering, and the restrictions associated with their use.
- Identify the terms associated with the different types of debt financing.
- Note the characteristics of the different types of leases.
- Identify the formula components for the cost of capital, and the costs associated with each one.
- Recognize the different discounted cash flow concepts, and how they are used.
- Identify the techniques used to control the amount of funds invested in working capital.
- Cite the alternatives available for determining the worthiness of proposed capital expenditures.
- Identify the different investment strategies, and the characteristics of the more common financial instruments.
- Identify the dividend payout formula, the implications of a high ratio, and the impact on investors when dividends are first issued.
- Recognize the different types of acquisition strategies and valuation methods, as well as the implications of making different types of payment offers to the owners of an acquisition target.
- Note the hedging techniques used to mitigate foreign exchange risk.
- Cite the hedging techniques used to mitigate interest rate risk.
- Identify the conditions under which supply chain financing is most likely to be accepted by suppliers.
- Recognize the ratios used to measure the ability to pay, and the contents of the ratio formulas.

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books:

Accountants' Guidebook	Credit & Collection Guidebook
Accounting Controls Guidebook	Financial Analysis
Accounting for Inventory	Fixed Asset Accounting
Accounting for Investments	GAAP Guidebook
Accounting for Managers	Human Resources Guidebook
Accounting Procedures Guidebook	IFRS Guidebook
Bookkeeping Guidebook	Inventory Management
Budgeting	Investor Relations Guidebook
Business Ratios	Lean Accounting Guidebook
CFO Guidebook	Mergers & Acquisitions
Closing the Books	New Controller Guidebook
Constraint Management	Nonprofit Accounting
Corporate Cash Management	Payroll Management
Cost Accounting Fundamentals	Public Company Accounting
Cost Management Guidebook	Revenue Recognition

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# Preface

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Even the best organization, with excellent products and processes, cannot survive without proper attention to its finances. This is because finance represents the flow of money through an organization – without money, no activities can last for long, and the business will die. *Corporate Finance* addresses the practical aspects of fund raising and the deployment of cash. If the concepts addressed in this book are followed, an organization can improve its ability to raise funds at a reasonable price, while driving down the amount of its working capital requirements and directing funds into those activities that will be best able to generate cash.

*Corporate Finance* covers the financial planning process in Chapters 2 and 3, addressing the factors that can alter an organization's capital structure as well as the construction of cash forecasts and finance budgets. The book then turns to the sources of equity and debt funding in Chapters 4 through 8, covering early-stage financing, the initial public offering, debt financing, and several related topics. The discussion then shifts to financial evaluation tools in Chapters 9 and 10, where the cost of capital and the formulation of discounted cash flows are covered. The best possible deployment of funds is discussed in Chapters 11 through 15, which delve into the management of working capital, the analysis of proposed capital expenditures, the implications of dividend payments, the valuation of acquisition targets, and investment vehicles. Other topics include risk management, supply chain management, and the use of measurements most applicable to corporate finance.

You can find the answers to many questions in *Corporate Finance* that can be of immediate practical use, such as:

- Which factors could change my company's capital structure?
- How do I develop a short-term cash forecast?
- What are the steps involved in an initial public offering?
- Which types of debt funding do not require collateral?
- Which analysis tools are available for the examination of capital expenditures, and what are their weaknesses?
- Which mix of methods should I use to derive a valuation for an acquisition target?
- How do I mitigate the risk of losses from payments in a foreign currency?
- How can I lock in a specific interest rate, despite having a variable rate loan?

*Corporate Finance* is designed for both professionals and students. Professionals can use it as a handy reference tool for dealing with practical day-to-day issues, while students will find that it clarifies a number of the more arcane finance topics. As such, it may earn a place on your book shelf as a reference tool for years to come.

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