



**COURSE OUTLINE
and
SET OF COURSE**

Course : ADVANCE FINANCIAL MANAGEMENT

Code/credits : EM 562 / 3 SKS

**MANAGEMENT DEPARTMENT
FACULTY OF ECONOMICS
DIPONEGORO UNIVERSITY
SEMARANG**

COURSE OUTLINE

Course Title : **Advance Financial Management**

Course Code/Credit : **EM562/3**

Description :
 This course discusses advance topics in finance, especially about: leasing and other assets-based financing, risk and return in investment, capital structure theory and policy, capital budgeting, dividend policy, financial distress, bankruptcy, reorganization, merger, multinational financial management the principal.

Course Objective :
 This course is designed to help the students achieve good knowledge in corporate financial management. Specially, the course will help the students enhance their understanding about leasing and other assets-based financing, risk and return in investment, capital structure theory and policy, capital budgeting, dividend policy, financial distress, bankruptcy, reorganization, merger, multinational financial management the principal.

No	Subject Objectives	Subject	Sub-subject	Duration (minute)	Reference
1.	After studying this subject the students should be able to: 1. Describe the three types of lease financing, and explain the advantages and disadvantages of lease financing. 2. Explain and calculate net advantage to leasing. 3. Calculate break-even lease rates for lessor and the lessee. 4. Describe the distinguishing features of project financing and limited	<i>Leasing and Other Asset-Based Financing</i>	1. Lease Financing 2. Valuing a Financial Lease 3. Tax and accounting Treatment of Financial Lease 4. Project Financing 5. Limited Partnership Financing	150	1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 25 2. Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 12

	partnership financing, and explain when such financing is advantageous.				
2.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the four basic derivatives building blocks: options, forwards, futures, and swaps. 2. Use the Black-Scholes option pricing model (OPM) to value a call option or put option on common stock and warrants 3. Explain how firm can force conversion of an outstanding issue of convertible securities. 4. Explain how firm can use derivatives to hedge specific risks. 	<i>Derivatives and Hedging</i>	<ol style="list-style-type: none"> 1. Option 2. Warrants 3. Convertibles Securities 4. Option pricing Models 5. Interst rate swaps 6. Forwards and Futures 7. Hedging 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 26 2. Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 14
3.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the public offering and private placement methods of issuing securities. 2. Summarize the main features of common stock 3. Explain the differences between the general cash offer and rights offering methods of selling common stock. 4. Explain the difference between going public and going private. 5. Summarize the main features of preferred stock. 	<i>Equity and the Investment Banking Process</i>	<ol style="list-style-type: none"> 1. Long-term financing alternatives. 2. Public Offerings 3. Private placement 4. Common Equity financing 5. Public Offering of Common Stock 6. Rights Offerings 7. Going Public ang Going Private 8. Features of Preferred Stock and Preference Stock 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 23 2. Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 13
4.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the four main classes of long-term corporate debt instruments. 2. Briefly explain the maturity, interest rate, sinking fund, call option, and 	<i>Long-Term Debt</i>	<ol style="list-style-type: none"> 1. Types of Long-Term Debt 2. Main Features of Long-Term Debt 3. Designing a Long-Term Debt Issue 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 24 2. Sartono, R.A., "Manajemen

	<p>covenants of a long-term debt instrument.</p> <ol style="list-style-type: none"> 3. Describe the main characteristics of a Eurobond. 4. Explain the debt service parity approach to bond refunding analysis. 5. Calculate the net advantage of refunding a high-coupon debt issue. 		<ol style="list-style-type: none"> 4. Recent Innovations in the Bond market 5. International Debt Financing 6. Bond Refunding 7. Refunding High-Coupon Debt in Practice 		<p>Keuangan”, BPFE Yogyakarta, 1997, Bab 13</p>
<ol style="list-style-type: none"> 5. 	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the four different view of dividend policy: perfect market, traditional, tax differential, and signalling 2. Explain why the existence of dividend clientele significantly lessens the effect of tax differentials on dividend policy. 3. Explain how share repurchase and dividend payment are substitute for one another 4. Describe the most common characteristics of corporate dividend policies. 5. Explain the timing of the dividend declaration date, ex-dividend date, record date, and payment date. 6. Apply the three-step approach to the dividend decision outlined in the chapter to determine an appropriate dividend action. 7. Distinguish “special” dividends from regular cash dividend. 8. Explain why stock dividend is not a perfect substitute for a cash dividend 9. Describe five alternatives methods of repurchasing shares 	<p><i>Why Dividend Policy Matters and Managing Dividend Policy</i></p>	<ol style="list-style-type: none"> 1. The Perfect Market View 2. The Role of Income Taxes 3. Transaction Costs 4. Signaling 5. Share Repurchases 6. Transferable Put Rights 7. Policy implication 8. Industry Differences 9. Dividend Policy in Practice 10. Dividend Policy Guidelines 11. Applying the Dividend Policy Guidelines 12. Extra Dividends 13. Stock Dividend and Stock Splits 14. Repurchasing Common Stock 15. When in Doubt 	<p>150</p>	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., “Corporate Financial Management”, Prentice-Hall International Inc., 1997, Chapter 17 & 18 2. Sartono, R.A., “Manajemen Keuangan”, BPFE Yogyakarta, 1997, Bab 11

6.	<ol style="list-style-type: none"> 1. Calculate average realized returns for a security 2. Estimate the expected return to a portfolio from expected return of securities that make up the portfolio 3. Calculate a portfolio's standard deviation 4. Explain why diversification can be beneficial 5. Explain the important of APM 6. Explain CML and SML 7. Expected risk and return within CAPM 8. Explain APT 	<p><i>Risk and Return: Financial Securities and Risk and Return: Asset Pricing Models</i></p>	<ol style="list-style-type: none"> 1. Alternative Measures of Returns 2. Measuring Realized Returns 3. Probability Concepts 4. The Expected Return of an Investment 5. Asset Pricing Models 6. CAPM 7. Beta and SML 8. Multifactor Models 9. APT 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 6 & 7 2. Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 6
7.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Explain the problem of erosion and enhancement that are created by project's interaction with a firm's existing products. 2. Calculate equivalent annual cost and determine option replacement cycles in cases of routine asset replacement. 3. Incorporate the effect of inflation into an NPV calculation. 4. Describe alternative methods of project analysis, including break-even and sensitivity analysis, decision tree, and Monte Carlo simulation, and explain their potential pitfalls 	<p><i>Capital Budgeting: Some Complications</i></p>	<ol style="list-style-type: none"> 1. New-Product Side Effect 2. Evaluating Replacement Cycles 3. Inflation 4. A Few Words about Tax Environment 5. Other Methods of project Analysis 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 12 2. Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 8
8.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the critical role of capital budgeting options, and the opportunity costs they create, in properly valuing capital budgeting projects. 2. Explain the pitfalls of "hard" capital 	<p><i>Capital Budgeting in Practice</i></p>	<ol style="list-style-type: none"> 1. A proposal for Capacity Expantion 2. Capital Budgeting Options 3. Problem Defining Incremental Cash Flow: The Case of Risk 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 13 2. Sartono, R.A., "Manajemen Keuangan", BPFE

	<p>rationing, and cite the benefits of “soft” capital rationing as a tool for planning and controlling a firm’s capital budget.</p> <p>3. Describe the practice of capital budgeting, including important practical considerations that are difficult to quantify, such as the role of managerial responsibility and incentives.</p> <p>4. Explain why a set of simple mechanical rules cannot consistently win out in complex and competitive capital budgeting.</p>		<p>Differences</p> <p>4. Capital Rationing</p> <p>5. Project Choice Under Capital Rationing</p> <p>6. Managing the Firm’s Capital Budget</p> <p>7. Other Factors That are Difficult to Quantify</p> <p>8. Some Practical Advice</p>		Yogyakarta, 1997, Bab 8
9.	<p>After studying this subject the students should be able to:</p> <p>1. Describe six different views of capital structure: perfect market, corporate tax, personal tax, agency cost, bankruptcy cost, and pecking order.</p> <p>2. Describe how these views depend on asymmetric taxes, asymmetric information, and transaction cost, and combine to create an environment in which a firm’s capital structure can affect its total value.</p> <p>3. Explain why adjusting a firm’s WACC is an equivalent alternative to adjusting the expected cash flows and return on equity and debt.</p> <p>4. Apply the concepts discussed in chapter 15 to choose a firm’s capital structure.</p> <p>5. Use a firm’s choice of senior debt rating to help it choose and manage its capital structure.</p> <p>6. Calculate the adjusted present value of capital budgeting project.</p> <p>7. Calculate the cost of capital for a firm or capital budgeting project when the firm follows</p>	<i>Why Capital Structure Matters and Managing Capital Structure</i>	<p>1. Corporate Income Tax, Personal Income Tax, and The Combined Effect of Corporate and Income Tax</p> <p>2. Agency Costs, Financial Distress and Bankruptcy</p> <p>3. External Financing Transaction and Financial Leverage Clites</p> <p>4. The Capital Market Imperfections View of Capital Structure</p> <p>5. Industry Effects and Factors Affecting a Firm’s Choice of Capital Structure</p> <p>6. Choosing an Appropriate Capital Structure</p> <p>7. Adjusted Present Value</p> <p>8. Managing Capital Structure and Its Impact on Firm Value</p> <p>9. Estimating the WACC for a Capital Budgeting</p>	150	<p>1. Emery, D.R., & Finnerty, J.D., “Corporate Financial Management”, Prentice-Hall International Inc., 1997, Chapter 15 and 16</p> <p>2. Sartono, R.A., “Manajemen Keuangan”, BPFE Yogyakarta, 1997, Bab 9</p>

	a policy of leverage rebalancing each period on the basis of realized market value.		Project		
10.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Explain the main causes of corporate financial distress. 2. Describe the difference between reorganization and liquidation under the bankruptcy code. 3. Calculate the Z-score for a firm, using the information contained in its financial statements. 4. Describe the difference between reorganization outside bankruptcy and reorganization in bankruptcy. 5. Explain how a "pre-packaged bankruptcy" differs from traditional reorganization. 	<i>Bankruptcy, Reorganization, and Liquidation</i>	<ol style="list-style-type: none"> 1. Corporate Financial Distress and Its Consequences 2. An Historical Perspective 3. Early Detection of Financial Distress 4. Reorganization Outside Bankruptcy 5. Reorganization in Bankruptcy 6. Liquidation in Bankruptcy 7. An International Perspective 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 27 2. Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 15
11.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> 1. Explain why a corporate acquisition can be analyzed as a complex form of capital investment. 2. Cite four motives for merging. 3. Explain why diversification, enhanced earning per share, and financial synergy are questionable motives for merging. 4. Describe how merger (or stock-for-stock acquisition), a purchase of stock, and a purchase of assets differ. 5. Estimate the value of potential acquisition using the comparative analysis, wacc, and adjusted present value approaches. 6. Explain and illustrate the significance of 	<i>Mergers and Aquisitions</i>	<ol style="list-style-type: none"> 1. What's Special about a Merger? 2. Why Firm Merge 3. Technical Issues 4. Comparative Analysis of Mergers 5. Discounted Cash Flow Analysis: WACC Approach 6. Discounted Cash Flow Analysis: Adjusted Present Value Approach 7. The Medium of Payment 8. Merger tactics 9. Leverage Buyouts 	150	<ol style="list-style-type: none"> 1. Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 28 2. Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 15

	paying for an acquisition with common stock.				
12.	<p>After studying this subject the students should be able to:</p> <ol style="list-style-type: none"> Describe the five basic types of foreign exchange transactions: spot transactions, forward transactions, currency futures, currency swaps, and currency option Describe each of the four key parity relationship and Explain how firm can hedge its currency risk Evaluate the net present value of a foreign capital project. Calculate the cost of borrowing in terms of domestic currency when issuing debt in a foreign currency. Explain the pitfall in borrowing in whichever currency affords the lowest interest rate. 	<i>Multinational Corporate Finance</i>	<ol style="list-style-type: none"> The Foreign Exchange Market International Financial Parity Hedging Against Foreign Currency Risk International Capital Investment Decisions Financing Foreign Investments 	150	<ol style="list-style-type: none"> Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997, Chapter 29 Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997, Bab 21

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 1

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Leasing and Other Asset-Based Financing*.

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Three types of lease financing and the advantages and disadvantages of lease financing.
- b. Calculating net advantage to leasing.
- c. Calculating break-even lease rates for lessor and the lessee.
- d. The features of project financing and limited partnership financing, it's advantageous.
- e. The different meaning of the term risk.
- f. The major types of business and personal risk.
- g. Comparing pure risk and other types of risk.
- h. Outline the risk management process and describe major risk management methods.
- i. The organization of the risk management functions within business.

B. MAIN TOPIC

Leasing and Other Asset-Based Financing.

C. SUB TOPICS

- Lease Financing
- Valuing a Financial Lease
- Tax and accounting Treatment of Financial Lease

- Project Financing
- Limited Partnership Financing

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none"> 1. Explaining the range of course 2. Explaining the benefit of course 3. Explaining the competency of GO and SO 	<ul style="list-style-type: none"> • Pay attention • Ask question 	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none"> 1. Summarizing the material 2. Giving questions 3. Giving general description for up-coming course 	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

1. Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
2. Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 2

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Derivatives and Hedging*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Describe the four basic derivatives building blocks: options, forwards, futures, and swaps.
- b. Use the Black-Scholes option pricing model (OPM) to value a call option or put option on common stock and warrants
- c. explain how firm can force conversion of an outstanding issue of convertible securities
- d. Explain how firm can use derivatives to hedge specific risks.

B. MAIN TOPIC

Derivatives and Hedging

C. SUB TOPICS

- a. Option
- b. Warrants
- c. Convertibles Securities
- d. Option pricing Models
- e. Interest rate swaps
- f. Forwards and Futures
- g. Hedging

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none">1. Explaining the range of course2. Explaining the benefit of course3. Explaining the competency of GO and SO	<ul style="list-style-type: none">• Pay attention• Ask question	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none">1. Summarizing the material2. Giving questions3. Giving general description for up-coming course	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 3

A. OBJECTIVE

2. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Equity and the Investment Banking Process*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Describe the public offering and private placement methods of issuing securities.
- b. Summarize the main features of common stock
- c. Explain the differences between the general cash offer and rights offering methods of selling common stock.
- d. Explain the difference between going public and going private.
- e. Summarize the main features of preferred stock.

B. MAIN TOPIC

Equity and the Investment Banking Process

C. SUB TOPICS

1. Long-term financing alternatives
2. Public Offerings
3. Private placement
4. Common Equity financing
5. Public Offering of Common Stock
6. Rights Offerings
7. Going Public and Going Private
8. Features of Preferred Stock and Preference Stock

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none">1. Explaining the range of course2. Explaining the benefit of course3. Explaining the competency of GO and SO	<ul style="list-style-type: none">• Pay attention• Ask question	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none">1. Summarizing the material2. Giving questions3. Giving general description for up-coming course	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 4

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Long-Term Debt*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Describe the four main classes of long-term corporate debt instruments.
- b. Briefly explain the maturity, interest rate, sinking fund, call option, and covenants of a long-term debt instrument.
- c. Describe the main characteristics of a Eurobond.
- d. Explain the debt service parity approach to bond refunding analysis.
- e. Calculate the net advantage of refunding a high-coupon debt issue.

B. MAIN TOPIC

Long-Term Debt

C. SUB TOPICS

- a. Types of Long-Term Debt
- b. Main Features of Long-Term Debt
- c. Designing a Long-Term Debt Issue
- d. Recent Innovations in the Bond market
- e. International Debt Financing
- f. Bond Refunding
- g. Refunding High-Coupon Debt in Practice

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none">1. Explaining the range of course2. Explaining the benefit of course3. Explaining the competency of GO and SO	<ul style="list-style-type: none">• Pay attention• Ask question	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none">1. Summarizing the material2. Giving questions3. Giving general description for upcoming course	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 5

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Dividend Policy and Managing Dividend Policy*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Describe the four different view of dividend policy: perfect market, traditional, tax differential, and signaling
- b. Explain why the existence of dividend clienteles significantly lessens the effect of tax differentials on dividend policy.
- c. Explain how share repurchase and dividend payment are substitute for one another
- d. Describe the most common characteristics of corporate dividend policies.
- e. Explain the timing of the dividend declaration date, ex-dividend date, record date, and payment date.
- f. Apply the three-step approach to the dividend decision outlined in the chapter to determine an appropriate dividend action.

B. MAIN TOPIC

Dividend Policy and Managing Dividend Policy

C. SUB TOPICS

- a. The Perfect Market View
- b. The Role of Income Taxes
- c. Transaction Costs and Signaling
- d. Share Repurchases
- e. Transferable Put Rights
- f. Policy implication and Industry Differences
- g. Dividend Policy in Practice and Dividend Policy Guidelines

- h. Applying the Dividend Policy Guidelines
- i. Extra Dividends, Stock Dividend and Stock Splits
- j. Repurchasing Common Stock

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none"> 1. Explaining the range of course 2. Explaining the benefit of course 3. Explaining the competency of GO and SO 	<ul style="list-style-type: none"> • Pay attention • Ask question 	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none"> 1. Summarizing the material 2. Giving questions 3. Giving general description for upcoming course 	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 6

A. OBJECTIVE

2. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Risk and Return for Financial Securities and Risk and Return for Asset Pricing Models*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Calculate average realized returns for a security
- b. Estimate the expected return to a portfolio from expected return of securities that make up the portfolio
- c. Calculate a portfolio's standard deviation
- d. Explain why diversification can be beneficial
- e. Explain the important of APM
- f. Explain CML and SML
- g. Expected risk and return within CAPM
- h. Explain APT

B. MAIN TOPIC

Risk and Return for Financial Securities and Risk and Return for Asset Pricing Models

C. SUB TOPICS

- a. Alternative Measures of Returns
- b. Measuring Realized Returns
- c. Probability Concepts

- d. The Expected Return of an Investment
- e. Asset Pricing Models
- f. CAPM
- g. Beta and SML
- h. Multifactor Models
- i. APT

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none"> 1. Explaining the range of course 2. Explaining the benefit of course 3. Explaining the competency of GO and SO 	<ul style="list-style-type: none"> • Pay attention • Ask question 	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none"> 1. Summarizing the material 2. Giving questions 3. Giving general description for upcoming course 	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., “*Corporate Financial Management*”, Prentice-Hall International Inc., 1997
- Sartono, R.A., “*Manajemen Keuangan*”, BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 7

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Capital Budgeting: Some Complications*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Explain the problem of erosion and enhancement that are created by project's interaction with a firm's existing products.
- b. Calculate equivalent annual cost and determine option replacement cycles in cases of routine asset replacement. †
- c. incorporate the effect of inflation into an NPV calculation.
- d. Describe alternative methods of project analysis, including break-even and sensitivity analysis, decision tree, and Monte Carlo simulation, and explain their potential pitfalls

B. MAIN TOPIC

Capital Budgeting: Some Complications

C. SUB TOPICS

1. New-Product Side Effect
2. Evaluating Replacement Cycles
3. Inflation
4. A Few Words about Tax Environment
5. Other Methods of Project Analysis

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none">1. Explaining the range of course2. Explaining the benefit of course3. Explaining the competency of GO and SO	<ul style="list-style-type: none">• Pay attention• Ask question	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none">1. Summarizing the material2. Giving questions3. Giving general description for upcoming course	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 8

A. OBJECTIVE

6. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Capital Budgeting in Practice*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Describe the critical role of capital budgeting options, and the opportunity costs they create, in properly valuing capital budgeting projects.
- b. Explain the pitfalls of “hard” capital rationing, and cite the benefits of “soft” capital rationing as a tool for planning and controlling a firm’s capital budget.
- c. Describe the practice of capital budgeting, including important practical considerations that are difficult to quantify, such as the role of managerial responsibility and incentives.
- d. Explain why a set of simple mechanical rules cannot consistently win out in complex and competitive capital budgeting.

B. MAIN TOPIC

Capital Budgeting in Practice

C. SUB TOPICS

- a. A proposal for Capacity Expansion
- b. Capital Budgeting Options
- c. Problem Defining Incremental Cash Flow: The Case of Risk Differences
- d. Capital Rationing

- e. Project Choice Under Capital Rationing
- f. Managing the Firm's Capital Budget
- g. Other Factors That are Difficult to Quantify
- h. Some Practical Advice

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none"> 1. Explaining the range of course 2. Explaining the benefit of course 3. Explaining the competency of GO and SO 	<ul style="list-style-type: none"> • Pay attention • Ask question 	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none"> 1. Summarizing the material 2. Giving questions 3. Giving general description for up-coming course 	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFY Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 9

D. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Why Capital Structure Matters and Managing Capital Structure*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Describe six different views of capital structure: perfect market, corporate tax, personal tax, agency cost, bankruptcy cost, and pecking order.
- b. Describe how these views depend on asymmetric taxes, asymmetric information, and transaction cost, and combine to create an environment in which a firm's capital structure can affect its total value.
- c. Explain why adjusting a firm's WACC is an equivalent alternative to adjusting the expected cash flows and rr on equity and debt.
- d. Apply the concepts discussed in chapter 15 to choose a firm's capital structure.
- e. Use a firm's choice of senior debt rating to help it choose and manage its capital structure.
- f. Calculate the adjusted present value of capital budgeting project.
- g. Calculate the cc for a firm or capital budgeting project when the firm follows a policy of leverage rebalancing each period on the basis of realized market value.

E. MAIN TOPIC

Why Capital Structure Matters and Managing Capital Structure

F. SUB TOPICS

- a. Corporate Income Tax, Personal Income Tax, and The Combined Effect of Corporate and Income Tax

- b. Agency Costs, Financial Distress and Bankruptcy
- c. External Financing Transaction and Financial Leverage Clientele
- d. The Capital Market Imperfections View of Capital Structure
- e. Industry Effects and Factors Affecting a Firm's Choice of Capital Structure
- f. Choosing an Appropriate Capital Structure
- g. Adjusted Present Value
- h. Managing Capital Structure and Its Impact on Firm Value
- i. Estimating the WACC for a Capital Budgeting Project

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none"> 1. Explaining the range of course 2. Explaining the benefit of course 3. Explaining the competency of GO and SO 	<ul style="list-style-type: none"> • Pay attention • Ask question 	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none"> 1. Summarizing the material 2. Giving questions 3. Giving general description for upcoming course 	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "Corporate Financial Management", Prentice-Hall International Inc., 1997
- Sartono, R.A., "Manajemen Keuangan", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 10

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Bankruptcy, Reorganization, and Liquidation*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Explain the main causes of corporate financial distress.
- b. Describe the difference between reorganization and liquidation under the bankruptcy code.
- c. Calculate the Z-score for a firm, using the information contained in its financial statements.
- d. Describe the difference between reorganization outside bankruptcy and reorganization in bankruptcy.
- e. Explain how a “prepackaged bankruptcy” differs from traditional reorganization.

B. MAIN TOPIC

Bankruptcy, Reorganization, and Liquidation

C. SUB TOPICS

- a. Corporate Financial Distress and Its Consequences
- b. An Historical Perspective
- c. Early Detection of Financial Distress
- d. Reorganization Outside Bankruptcy
- e. Reorganization in Bankruptcy
- f. Liquidation in Bankruptcy
- g. An International Perspective

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none">1. Explaining the range of course2. Explaining the benefit of course3. Explaining the competency of GO and SO	<ul style="list-style-type: none">• Pay attention• Ask question	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none">1. Summarizing the material2. Giving questions3. Giving general description for upcoming course	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFY Yogyakarta, 1997

SATUAN ACARA PENGAJARAN

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 11

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Mergers and Aquisitions*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Explain why a corporate acquisition can be analyzed as a complex form of capital investment.
- b. Cite four motives for merging.
- c. Explain why diversification, enhanced earning per share, and financial synergy are questionable motives for merging.
- d. Describe how merger (or stock-for-stock acquisition), apurchase of stock, and a purchase of assets differ.
- e. Estimate the value of potential acquisition using the comparative analysis, wacc, and adjusted present value approaches.
- f. Explain and illustrate the significance of paying for an acquisition with common stock.

B. MAIN TOPIC

Mergers and Aquisitions

C. SUB TOPICS

- a. What's Special about a Merger?
- b. Why Firm Merge
- c. Technical Issues
- d. Comparative Analysis of Mergers
- e. Discounted Cash Flow Analysis: WACC Approach

- f. Discounted Cash Flow Analysis: Adjusted Present Value Approach
- g. The Medium of Payment
- h. Merger tactics
- i. Leverage Buyouts

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	<ol style="list-style-type: none"> 1. Explaining the range of course 2. Explaining the benefit of course 3. Explaining the competency of GO and SO 	<ul style="list-style-type: none"> • Pay attention • Ask question 	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	<ol style="list-style-type: none"> 1. Summarizing the material 2. Giving questions 3. Giving general description for upcoming course 	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997

SET OF COURSE

COURSE TITLE : ADVANCE FINANCIAL MANAGEMENT
COURSE CODE/CREDIT : EM 562/3
COURSE DURATION : 150 minutes
NUMBER OF COURSE : 12

A. OBJECTIVE

1. GENERAL OBJECTIVE (GO)

This session is designed to help the students achieve good knowledge about *Multinational Corporate Finance*

2. SPECIFIC OBJECTIVE (SO)

After studying this subject the students should be understood about:

- a. Describe the five basic types of foreign exchange transactions: spot transactions, forward transactions, currency futures, currency swaps, and currency option
- b. Describe each of the four key parity relationships and explain how a firm can hedge its currency risk
- c. Evaluate the net present value of a foreign capital project.
- d. Calculate the cost of borrowing in terms of domestic currency when issuing debt in a foreign currency.
- e. Explain the pitfall in borrowing in whichever currency affords the lowest interest rate.

B. MAIN TOPIC

Multinational Corporate Finance

C. SUB TOPICS

- j. The Foreign Exchange Market
- k. International Financial Parity
- l. Hedging Against Foreign Currency Risk
- m. International capital Investment Decisions
- n. Financing Foreign Investments

D. COURSE ACTIVITIES

Phase	Teaching Activities	Student Activities	Media
Introduction	4. Explaining the range of course 5. Explaining the benefit of course 6. Explaining the competency of GO and SO	<ul style="list-style-type: none">• Pay attention• Ask question	LCD, Whiteboard
Content	Explaining and discussing each sub-topics in detail	Pay attention and discussion	LCD, Whiteboard
Summary	4. Summarizing the material 5. Giving questions 6. Giving general description for upcoming course	Pay attention and discussion	LCD, Whiteboard

E. EVALUATION

Giving questions or case study for small groups discussion and class discussion to evaluate understandability of student concerning the course material.

F. REQUIRED REFERENCES

- Emery, D.R., & Finnerty, J.D., "*Corporate Financial Management*", Prentice-Hall International Inc., 1997
- Sartono, R.A., "*Manajemen Keuangan*", BPFE Yogyakarta, 1997