

Final Exam Review Session

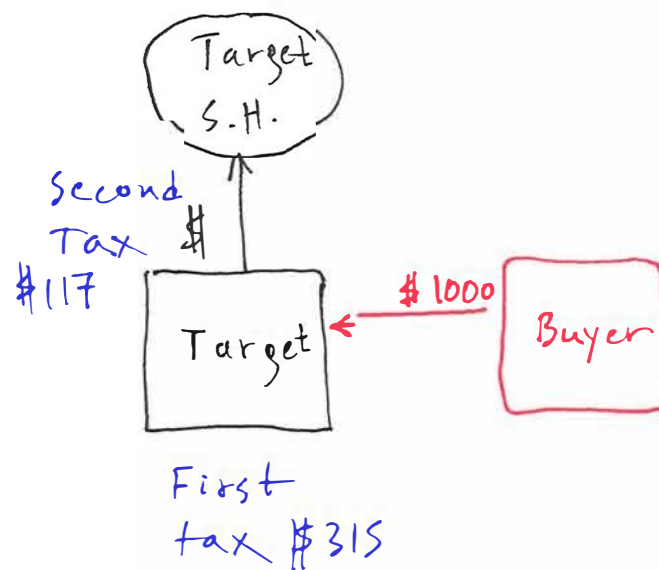
Q#1

$$\overset{\$1000}{ADSP} = \underbrace{\text{Purchase price}}_{\$685} + \underbrace{\text{Liabilities}}_{\$0} + \underbrace{\text{Tax}}_{.35} \left(\overset{1000}{ADSP} - \underbrace{\text{Asset Basis}}_{100} \right)$$

Suppose instead asset basis = 200 \$

$$ADSP = 685 + .35 (ADSP - 200)$$

\$946.15



Q#2

Target Shareholder Recognized Gain ^{Taxable}

$$= \min(\text{Cash Received}, \text{Realized Gain})$$

§ 368A

274

B

0

C

137

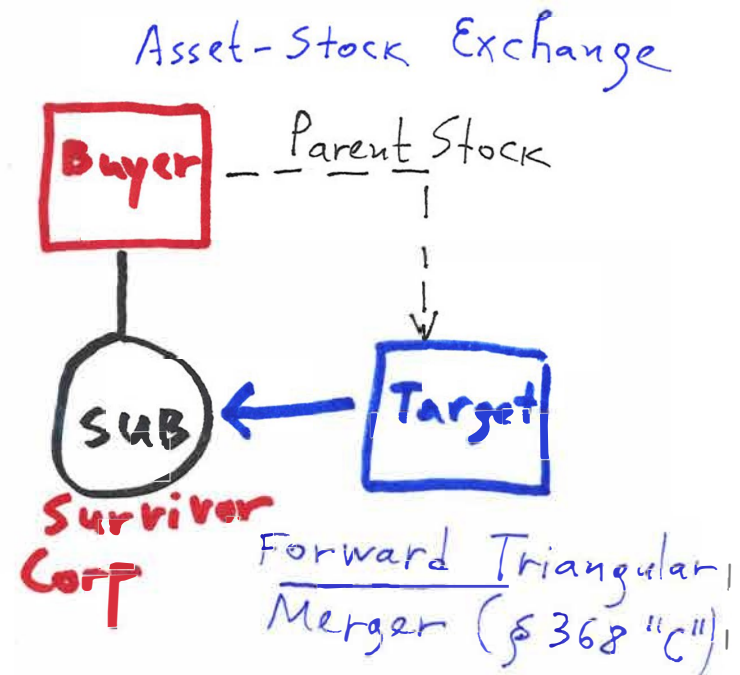
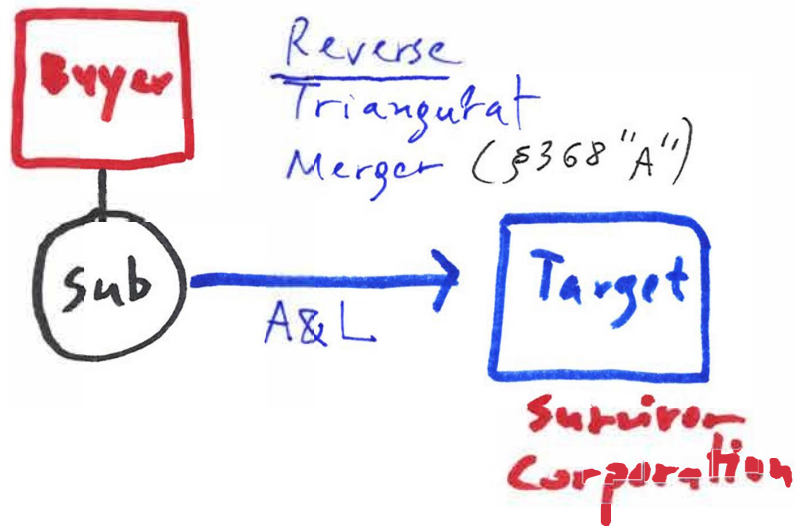
351

411

||
\$ 585 = \$ 685 - \$ 100

Q#3

Use Table 16.1 from slides



Q #4 Doc - can discussions in Class #5 (page 8)
(page 9)

Q #5 & #6 → Lecture on tax treatment of intangibles

Q #7 & #8 → Use "Topic #5B (Purchase Accounting) (Ch. 16).xlsx"
worksheet "Partial Purchase Consolidation"

Q #9 → Use "Topic #5B
(Method of Purchase Accounting).pptx"

(slide #2 notes)

- consolidation method
- equity method
- cost method

Q #10 → "Topic #6A (Estimating Cost of Financial Distress).pptx"

(slide 3)

$$P = \frac{r_P - r_D}{(1-d)(1+r_P)}$$

↙ 50% ↘ 10%

$$\begin{aligned} r_D &= r_F + \beta_D * MRP \\ &= 2.5\% + 0.10 * 6\% \\ &= 3.1\% \end{aligned}$$

Q #12 DocCam Notes

Q #11 (slide 4)

Q #13 → Use "Topic #6A (U.S. Bankruptcy).pptx" (Slide 6)

Q #14 ("Topic #6A (Bankruptcy vs. Private Workouts).pptx")
slides 4 & 5 (plus their notes)

Q #15 → Topic #6B (Poison Pills, Pre- & Post-Takeover Defenses).pptx
Slide 5

Q #16 → In addition to above slide-set, also use
(slide 6)!

"Topic #6B (Common Takeover Defenses).pptx"

Q #17 → Use ^{6B}Topic #6B (Poison Pill Dilution) (Ch. 33).xlsx

Q #18, 19, 20 → descriptive from slides.

Q #27 → Use "Topic #8 (HHI Example).xlsx"