EMAD 5442
Office Hour
Review of Questions
for Final Exam,
12/08/2021

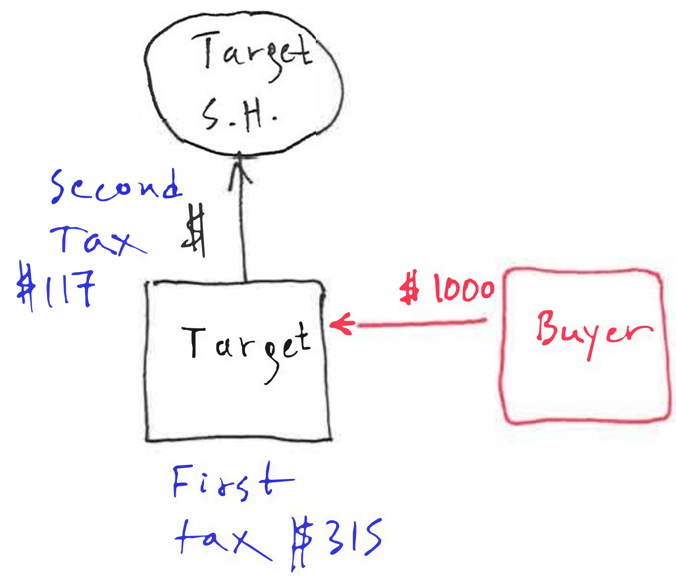
Final Exam Review Session

Q#1

$$\overset{\$1000}{ADSP} = \underbrace{\text{Purchase price}}_{\$685} + \underbrace{\text{Liabilities}}_{\$0} + \underbrace{\underbrace{\text{Tax}}_{.35}\left(\overset{1000}{ADSP} - \underbrace{\text{Asset Basis}}_{100}\right)}_{\$315}$$

Suppose instead asset basis = 200 $

$$\underbrace{ADSP}_{\$946.15} = 685 + .35(ADSP - 200)$$



Q#2

Target Shareholder Recognized Gain (Taxable)

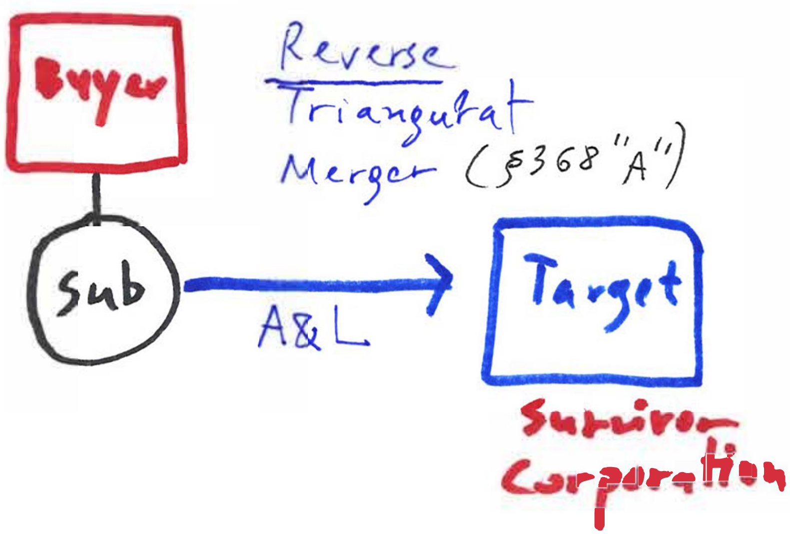
$$= \min(\text{Cash Received}, \text{Realized Gain})$$

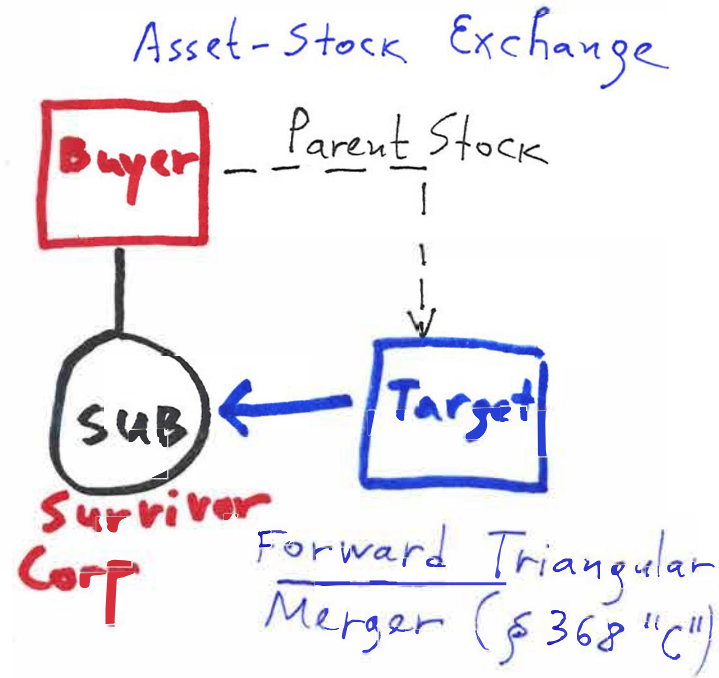
Realized Gain = \$585 = \$685 - \$100

	Cash Received
§368A	274
B	0
C	137
351	411

Q#3

Use Table 16.1 from slides





Q #4 Doc - cam 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)

$$p = \frac{\overset{10\%}{r_P} - r_D}{\underbrace{(1-d)}_{50\%}\underbrace{(1+r_P)}_{10\%}}$$

$$r_D = r_F + \beta_D * MRP$$
$$= 2.5\% + 0.10 * 6\%$$
$$= 3.1\%$$

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, (slide 6) also use
"Topic #6B (Common Takeover Defenses).pptx"

Q #17 → use "Topic #6B (Poison Pill Dilution) (Ch.33).xlsx"

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

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