

Ready Notes for use with

Second Edition

Fundamentals of Corporate Finance



Stephen A. Ross

Randolph W. Westerfield

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READY NOTES

for use with

FUNDAMENTALS OF CORPORATE FINANCE

Second Edition

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IRWIN

Homewood, IL 60430

Boston, MA 02116

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Printed in the United States of America.

ISBN 0-256-11904-X

2 3 4 5 6 7 8 9 0 IG 9 8 7 6 5 4 3

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CHAPTER 1

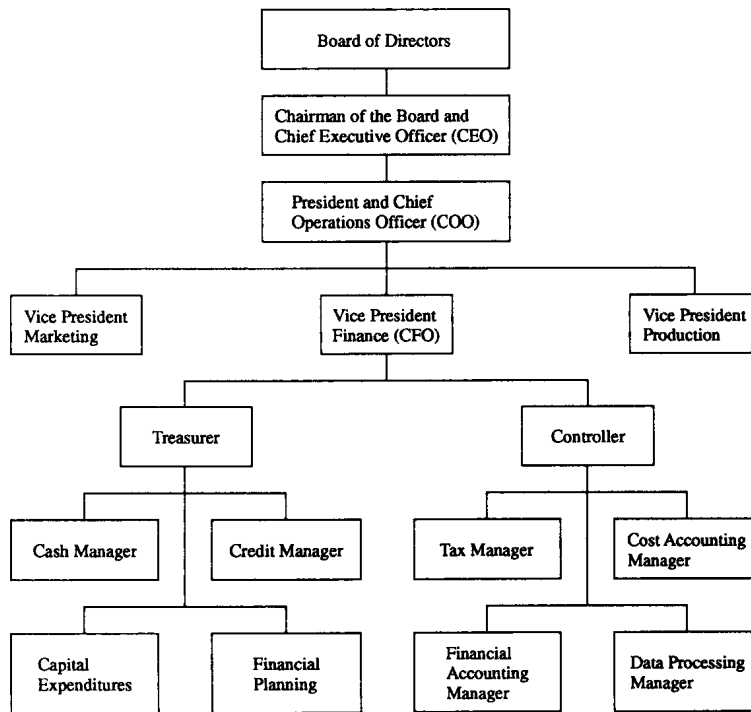
INTRODUCTION TO CORPORATE FINANCE

CHAPTER ORGANIZATION

- 1.1 CORPORATE FINANCE AND THE FINANCIAL
 MANAGER**
 - 1.2 THE CORPORATE FORM OF BUSINESS
 ORGANIZATION**
 - 1.3 THE GOAL OF FINANCIAL MANAGEMENT**
 - 1.4 THE AGENCY PROBLEM AND CONTROL OF
 THE CORPORATION**
 - 1.5 FINANCIAL MARKETS AND THE
 CORPORATION**
 - 1.6 OUTLINE OF THE TEXT**
 - 1.7 SUMMARY AND CONCLUSIONS**
-

A Simplified Organizational Chart (Figure 1.1)

T1.2



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Forms of Organization and Goal of Financial Management

T1.3

Key issues:

- **Legal and economic consequences**
- **Advantages and disadvantages**

- A. Proprietorship**
 - B. Partnership--general and limited**
 - C. Corporation**
-

Key issue:

- **What is the appropriate decision criterion?**
 - A. Possible goals**
 - B. The goal of financial management:**
-

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Key issue:

- **Will managers work in the shareholders' best interests?**
 - A. Agency relationships**
 - B. Agency costs**
 - C. Control of the firm**
-

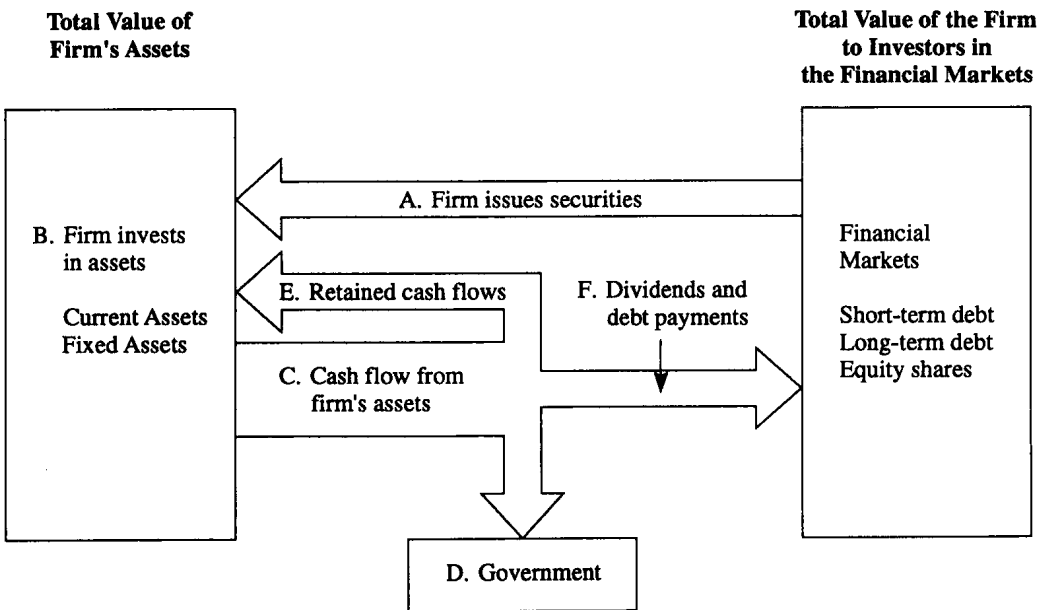
Key issue:

- **What is the role of financial markets in corporate finance?**
 - A. What financial markets do**
 - B. Money vs. capital markets**
 - C. Primary vs. secondary transactions**
 - D. Secondary markets**
-

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Cash Flows between the Firm and the Financial Markets (Figure 1.2)

T1.5



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CHAPTER 2

FINANCIAL STATEMENTS, TAXES, AND CASH FLOW

CHAPTER ORGANIZATION

- 2.1 THE BALANCE SHEET**
 - 2.2 THE INCOME STATEMENT**
 - 2.3 TAXES**
 - 2.4 CASH FLOW**
 - 2.5 SUMMARY AND CONCLUSIONS**
-

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