

FINA 7100 Corporate Financial Management
Terry College of Business
Fall 2007

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Office Hours: By appointment

Course Description

Tools and concepts in corporate finance. Students are required to analyze situations, make value maximizing decisions, and communicate the basis of those decisions. Financial analysis and planning, capital budgeting, evaluation of financing alternatives, company valuation, dividend policy, mergers, and capital structure decisions.

Prerequisites/Co-requisites/Cross Listings

There are no prerequisites or co-requisites for this course. This course is not cross-listed. The course is not open to students with credit in FINA 8100.

Course Objectives

This course is designed to facilitate the practical applications of the tools and concepts of basic corporate finance to actual finance problems. By evaluating and solving actual problems involving the use of these financial management concepts, you will enhance your understanding of these tools and your ability to apply them in the business world.

This is a case-based course, interspersed with lectures that will assist you in your case preparation. Case discussions and presentations promote independent thinking, clear communication, and a careful attention to all the dimensions of a problem. Specifically, you learn to gather information, evaluate the information in light of theory and standard practice, and arrive at value-creating decisions. In addition, you must be able to communicate the basis for your decisions to both sophisticated and unsophisticated audiences.

Course topics include: financial statement analysis, funding growth, capital budgeting, cost of capital, financial policy and business valuation.

University Honor Code and Academic Honesty Policy

"I will be academically honest in all of my academic work and will not tolerate academic dishonesty of others." — UGA Student Honor Code

All academic work must meet the standards contained in "A Culture of Honesty", the University's policy and procedures for handling cases of suspected dishonesty (http://www.uga.edu/ovpi/academic_honesty/academic_honesty.htm).

All students are responsible to inform themselves about those standards before performing any academic work.

Course Materials

- Textbooks:
 - R.C. Higgins, Analysis for Financial Management, 8th edition
 - R. Bruner, Case Studies in Finance, 5th edition.

The principal book will be the Bruner case book. The Higgins book will serve as background reading.

Grading Policy

Your performance in the course will be based on the assessments shown below:

Individual Case Write-ups: 2 @ 7.5% = 15%
Group Case Write-ups: 5 @ 15% = 75%
Total: 100%

All write up and participation marks will be assigned on a 4 point scale, with 4 being excellent and 1 being unacceptable.

Turn in dates for individual case write-ups, denoted as (I), and group write-ups, denoted as (G), are indicated in the course calendar.

Students will be assigned to groups for case work and preparation. Groups serve to provide students with a network and feedback mechanisms to assist with analysis, computations and decisions. Since group decision-making is an important dimension of actual business decision making, group work contributes to the development of necessary skills.

All requests for review of graded work must be made promptly (within one week of the return of the work) and must be in writing. The request should include clear analysis of how the work was interpreted or graded inaccurately.

A letter grade based on your total marks will be assigned as follows:

	A = 92-100%	A- = 90-91%
B+ = 87-89%	B = 82-86%	B- = 79-81%
C+ = 77-78%	C = 72-76%	C- = 69-71%
D+ = 67-68%	D = 62-66%	D- = 59-61%

Class Preparation

All assigned material should be read before class. To prepare for case discussions in class, students should read the assigned case and attempt to answer the questions posted on the course website.

Attendance/Make-up Assessment/Drop Policy

Due to the nature of this course, regular attendance is expected so that you may benefit from in-class discussions of cases and applications to real-world issues.

An inability to attend class or turn in an assessment due to religious, personal or other extenuating circumstances that may arise is certainly understandable. Regardless of the reason, if you know in advance that you are going to be unable to attend class or turn in your assessment, it is required that you provide the instructor with advance notice. This is so that suitable alternative plans can be made that will ensure that you and your fellow students are provided with equal opportunity and treatment. Make-up assessments will be handled on a case-by-case basis.

Dropping the course may be done in accordance with the guidelines established in the University of Georgia Schedule of Classes (<http://www.bulletin.uga.edu/bulletin/ind/acadcalendar.html>).

Communication and Website

Students are welcome to stop by my office at any time. It is a good idea to send an e-mail first if you want to be sure to catch me in. I also respond to e-mail questions as quickly as possible. We have a blackboard website for the course (<http://terry.blackboard.com>). The website will include the material to accompany the lectures, important notices, case questions, hints and suggestions for cases, and identification of materials of interest to the class. The site will be used for communication to the student; there will be no discussions on the site nor will assignments be submitted through the site.

Course Calendar

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Date (Day)	Topic	Reading (Higgins)	Case (Bruner)
8/16 (Th)	No class – MBA program		
8/21 (Tu)	Introduction Cash Flow and Profitability	Chapter 1	
8/23 (Th)	Financial Performance	Chapter 2	
8/28 (Tu)	Ratio Analysis	Chapter 2	Financial Detective
8/30 (Th)	Review and catch up		
9/4 (Tu)	Financial Statement Analysis	Chapter 3	Krispy Kreme (G)
9/6 (Th)	Financial Forecasting - Modeling	Chapter 3	Body Shop
9/11 (Tu)	Financial Forecasting – Percentage of Sales Method	Chapter 3	Body Shop
9/13 (Th)	Financial Forecasting – Cash Budgets	Chapter 3	Kota Fibres
9/18 (Tu)	Managing Growth – Sustainable Growth	Chapter 4	Padgett (I)
9/20 (Th)	Managing Growth – Cash Budgets	Chapter 4	
9/25 (Tu)	Managing Growth – Cash Burn Rate	Chapter 4	Server Vault (G)
9/27 (Th)	Investment Criteria and Discounted Cash Flows	Chapter 7 (pp.240-258)	Investment Detective
10/2 (Tu)	Capital Budgeting – Relevant cash flows	Chapter 7 (pp. 259-269)	Diamond Chemicals (A)
10/4 (Th)	Capital Budgeting – mutually exclusive projects	Chapter 7 (pp. 269-276)	Diamond Chemicals (B)
10/9 (Tu)	Capital Rationing		Euroland (I)
10/11 (Th)	Risk and Cost of Capital	Chapter 8 (pp. 283-305)	
10/16 (Tu)	Estimating Cost of Capital		Nike
10/18 (Th)	Cost of Capital and EVA	Chapter 8 (pp. 317-320)	Coke Vs. Pepsi
10/23 (Tu)	Divisional Cost of Capital	Chapter 8 (pp. 305-312)	Teletch
10/25 (Th)	No class - Fall Break		
10/30 (Tu)	Project Analysis		Star River (G)
11/1 (Th)	Capital Structure Irrelevance	Chapter 6 (pp. 199-210)	Intro to Debt Policy
11/6 (Tu)	Financial Policy	Chapter 6 (pp. 212-222)	Structuring Corporate Financial Policy

11/8 (Th)	Tax Benefits vs. Financial Distress Costs	Chapter 6 (pp. 212-217) Chapter 8 (pp. 323-326)	Wm. Wrigley
11/13 (Tu)	Financial Flexibility	Chapter 6 (pp. 217-219)	Deluxe (G)
11/15 (Th)	Business Valuation	Chapter 9 (pp. 335-348)	
11/20 (Tu)	Business Valuation		Arcadian
11/22 (Th)	Restructuring	Chapter 9 (pp 348-368)	
11/27 (Tu)	No class - Thanksgiving		
11/29 (Th)	Acquisition Valuation and Negotiation		Yeats Valves
12/4 (Tu)	Acquisition Valuation and Negotiation		Yeats Valves
12/6 (Th)	Private Equity Valuation		Palamon Capital (G)