

Corporate Finance Theory

FINA 4200 (Call #60-525) - Summer 2007 - June Session

Terry College of Business, University of Georgia

Daily, 9:15-11:30 AM, Caldwell 204

Instructor

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Office Hours: Monday, Wednesday, & Friday, 8-9am and by appointment

Course Description/Objective

This course is intended to provide students with a foundation in the modern theory of corporate finance. The focus will be on developing concepts useful for understanding a broad range of major corporate financial decisions. The topics include capital budgeting, market efficiency, financial markets and financial instruments, the goals and conflicts among different stakeholders in the firm, tradeoffs in the choice of an optimal capital structure, determinants of optimal investment and payout policy, and the role of financing and investment in corporate strategy.

Prerequisites

The course prerequisite is FINA 3000 [Financial Management].

Course Material/Books

Corporate Finance, Second Edition, by Scott B. Smart, William L. Megginson, and Lawrence J. Gitman (2006), Thomson/South-Western (ISBN: 0324322321).

Course Outline

Section	Chapters
Introduction, Time Value of Money, Valuation, Risk and Return	1,3-5
CAPM, and Capital Budgeting	6-9
Capital Structure and Dividend Policy	10-15
Financing	16-17, 21-23
Corporate governance and corporate control	24

Course Grading

Problem Sets/Projects (3) 60%

Final Exam (7/5/07) 40%

Course Grading

I may elect to slightly relax these breakdowns, at my discretion, after the final course numeric scores are determined but I will not make them more stringent.

A	94-100
A-	90-93
B+	87-89
B	84-86
B-	80-83
C+	77-79
C	74-76
C-	70-73
D	50-69
F	0-49

Website [<https://webct.uga.edu/www/>]

WebCt will be used for posting assignments, solutions, and course grades. Please familiarize yourself with it if you have not used it in the past.

Projects

Projects are similar to traditional homework assignments from your other courses. Your solution will be a memorandum written to me that outlines your results (see the sample memo). Instructions for the write-up will be included with project assignments. There will be three projects assigned during the semester.

Final Exam

The class final is mandatory and will be cumulative. It is scheduled for Thursday, July 5th at 9:15am. Be sure and mark your calendars!

Policies

Academic Honesty

All academic work must meet the standards contained in “A Culture of Honesty.” You can find the policy at: [<http://www.uga.edu/ovpi/honesty/ah.pdf>]. All students are responsible to inform themselves about those standards before performing any academic work.

I fully subscribe to the University’s policies on academic honesty. I take my teaching responsibilities very seriously, and I expect every student to do likewise. I have zero tolerance for breaches of academic integrity, and I will report all suspected offenses.

Unless otherwise specified, I expect all work on projects and assignments to be your own. While I strongly encourage open and frank discussion in class, and collaboration on in-class activities, all other assigned work must be done individually.

Attendance

Attendance is required. Students are held responsible for all material covered in class. In other words, if you do not attend class, you are responsible for asking classmates for information/notes/etc. covered during periods missed; it is not the responsibility of the instructor to recover material with you on an individual basis.

Late Assignments/Exams

Late assignments/exams impose a substantial cost on your classmates and I. Therefore, my policy on late assignments/exams is strict. Late assignments will generally not be accepted unless I have consented in advance. Examinations will be rescheduled for individual students only for valid reasons such as medical or family emergencies, and only if I have consented *in advance*. All assignments are due at the **beginning** of class.