

**FINA 4200 Corporate Finance Theory**  
**Terry College of Business**  
**Fall 2007**  
**M, W, F, 9:05 to 9:55**  
**Office Hours: Tuesday & Wednesday**  
**10 to 11:30 and by appointment**

**Professor Annette B. Poulsen**  
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*"I will be academically honest in all of my academic work  
and will not tolerate academic dishonesty of others."*

UGA Student Honor Code

<http://www.uga.edu/honesty>

### **FINA 4200 Corporate Finance Theory**

Undergraduate prerequisite: FINA 3000 and (MSIT 3000 or STAT 3000). Development of a framework that is useful for understanding a broad range of important corporate financial decisions. Substantial emphasis will be placed on discussion of the determinant of corporate financing and payout policies, alternative methods of security issuance, and mergers and acquisitions.

The course will be composed of lectures, class discussion, problem solving and case applications. We will incorporate Deal Maven on-line financial analysis training in the class. Since this is the first time that I have used Deal Maven in the classroom, the structure of the course is going to be somewhat flexible and the course outline is tentative. You are encouraged to introduce current topics that have been gathered through your regular reading of the *Wall Street Journal*, the *Financial Times*, the *Economist*, or other periodicals, or other relevant material.

All academic work must meet the standards contained in "A Culture of Honesty" (<http://www.uga.edu/honesty>). All students are responsible to inform themselves about those standards before performing any academic work.

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary. It is the responsibility of the student to be aware of all changes announced in class or on the WebCT website.

### **Course Materials**

- Textbook: Xanadu – Wiley Custom Services – "Valuation and Financial Statement Analysis," edited by Annette Poulsen. Selections are from:
  - Hughes, Ayres, Hoskin, "Financial Accounting: A Valuation Emphasis," 2005
  - Stowe, Robinson, Pinto, McLeavey, "Equity Asset Valuation," 2007
- Factset, "Financial Analysis Knowledge Base," aka "Deal Maven." I will provide a link to purchase this on the WebCT website. (Student cost: \$99 – mandatory purchase for every student.)
- A financial calculator that can do NPV analysis (e.g., TI BA II Plus or HP 10B)

## Course Grading Policy

The course grade will be determined by one in-class exams, plus a comprehensive final, weighted equally. Exams are scheduled as follows (subject to change):

Deal Maven	40% of grade	Intermittent Checks
Exam 1	30% of grade	October 1
Exam 2	30% of grade	Finals Week

Grading methodology on Deal Maven is yet to be determined. You will be required to show that you have received 100% on each of the quizzes (one per chapter) offered on line (note that the quizzes may be repeated until you receive a 100% score). In addition, you will have occasional quizzes in class on the material (note that these may not always be announced in advance).

Exams will be closed book. You may use a financial calculator – no programmable calculators allowed. No computers will be allowed for the exams. In addition to the weights given above, grades may be lowered 5% for consistent lack of class attendance.

There will be NO MAKEUP TESTS FOR ANY REASON. The weight from a missed test will be transferred to the final exam PROVIDING the absence is due to a serious illness, a family emergency or a university-sponsored event. You must provide me with a formal note regarding the situation – preferably before the exam – plus a phone call or note from a physician or other relevant person.

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 why you are requesting a re-grade. The full exam will be re-graded with the possibility that your score will be lowered on the question under review or others.

## Communication and Website

Students are welcome to stop by my office during office hours or by appointment. I also respond to e-mail questions as quickly as possible. We have a WebCT website for the course. The website will include the powerpoint slides that accompany the lectures, important notices, answers to problems discussed in class, and identification of materials of interest to the class. You are responsible for all information announced in class or posted on the website, including changes to the course syllabus and schedule.

## Preparation

The website will provide a detailed schedule. All assigned material should be read before class. Suggested problems are designed to reinforce the material covered. Solutions will be available on the course website.

## **Tentative Outline of Topics**

### **Part I: Financial Statement Analysis**

Deal Maven – Chapters 1 through 10

Chapter 1 (Hughes, et al.) – Financial Reporting: The Institutional Setting

Chapter 2 (Hughes, et al.) – Financial Statements: An Overview

Chapter 3 (Hughes, et al.) – The Accounting Process

Chapter 4 (Hughes, et al.) – Income Measurement and Reporting

Chapter 5 (Hughes, et al.) – Financial Statements: Measuring Cash Flow

Chapter 6 (Hughes, et al.) – Financial Statement Analysis

### **Part II: Valuation**

Deal Maven – Chapters 11 through 19

Chapter 1 (Stowe, et al.) – The Equity Valuation Process

Chapter 2 (Stowe, et al.) – Discounted Dividend Valuation

Chapter 3 (Stowe, et al.) – Free Cash Flow Valuation

Chapter 4 (Stowe, et al.) – Market-Based Valuation: Price Multiples

Other topics as time allows.