

FINA 4920: Computers in Finance

Spring 2009; Call # 14-354
MWF 11:15-12:05; Caldwell 305

Department of Banking and Finance
Terry College of Business, University of Georgia

Instructor: Lei Gao

Office: Brooks Hall 289A **Email:** gaolei@terry.uga.edu

Phone: 706-542-3639 **WebCT:** webct.uga.edu

Office Hours: 10:00 – 11:00 M & F and by appointment

Academic Honesty

All academic work must meet the standards contained in “A Culture of Honesty.” All students are responsible to inform themselves about those standards before performing any academic work.

Honesty is a fundamental principle of academic, business and community life. Students are expected to demonstrate the highest degree of honesty in performing assigned work. Please consult the UGA academic code of honesty. Matters that are unclear should be discussed with the instructor.

Academic honesty means performing all work without plagiarism, cheating, lying, giving or receiving unauthorized assistance. Examples of academic dishonesty include: a) using someone else's words, opinions, or ideas without giving proper credit to the source; b) copying or allowing another to copy answers during a quiz or exam; c) using unauthorized material to complete an assignment.

Course Description

The objective of this course is to help students develop financial modeling skills with Microsoft Excel. Students will learn to apply the concepts they have learned in the introductory courses into a spreadsheet model framework. The topics include valuation of cash flows, equity and fixed income securities, retirement planning, graphing in Excel, project cash flows calculation, capital budgeting and NPV analysis, sensitivity analysis, financial ratio analysis, Monte Carlo simulations, cost of equity and beta estimation, portfolio optimization. The course is application oriented and will be helpful for a variety of jobs in corporate finance and banking.

Students are encouraged to introduce current financial topics from business periodicals such as the *Wall Street Journal*, *Business Week*, and *The Economist*. The class requires regular attendance and substantial effort devoted to reading assigned chapters and home work problems.

Course Prerequisite

FINA 3000 [Financial Management] and (MSIT 3000 or STAT 3000).

I will expect you to know what you learned in introductory finance. If this is only your second finance course, I expect it might be a little challenging but it will help you with investments and corporate finance.

Course Requirements

- (a) Final Exam: 30%;
- (b) Mid-term: 25%;
- (c) Homework: 30%;
- (d) Pop quizzes: 10%
- (e) Class participation: 5%.

The midterm exam is tentatively scheduled for Monday, October 6th.

The class final will be cumulative and is scheduled for: Friday, Dec 12 8:00 - 11:00 am.

Be sure and mark your calendars.

Course Grades

Your course grades (A thru F, W) will be consistent with the official UGA grading scale and will be determined by the total course points (0-100) calculated as the weighted average of individual grade points. Approximate scale:

A [94-100), A- [90-94),
B+ [87-90), B [83-87), B- [80-83),
C+ [77-80), C [73-77), C- [70-73),
D [60-70),
F [0-60).

Attendance:

Attendance is required but will not be taken daily. However, you are responsible for all material covered in class, and all changes that are made in course content during class. If you miss a class, talk to your friends, read the book, refer to the notes, etc; don't expect me to go through the lecture once again. Lectures build on previous material, so regular attendance is essential for success in the course.

Withdrawal Policy:

Prior to final drop day, students who withdraw will receive one of two grades: W (withdrew passing) or WF (withdrew failing). If the class has already taken one or more tests, the withdrawing student must have passed at least one test to get a W grade. If the withdrawing student has skipped all tests, that student will receive a WF.

Course Materials

Principles of Finance with Excel, by Simon Benninga (ISBN: 0-19-530150-1), Oxford University Press, 2006.

Recommended (not required): any business periodicals such as the Wall Street Journal, Business Week, The Economist.

Course Topics

Excel fundamentals
Formulas
Charts
Time value of money
Capital budgeting
Bond pricing
Logical functions
Regression analysis
Portfolios
PivotTables
Options
Random numbers

1. Jan 12, 14, 16	Introduction to Excel, Graphs, Charts and Tables	Ch. 27 – 30
2. Jan 19, 21, 23	Introduction to Excel, Graphs, Charts and Tables	Ch. 27 – 30
3. Jan 26, 28, 30	Capital Budgeting and Valuation	Ch. 5 – 10
4. Feb 2, 4, 6	Capital Budgeting and Valuation	Ch. 5 – 10
5. Feb 9, 11, 13	Capital Budgeting and Valuation	Ch. 5 – 10
6. Feb 16, 18, 20	Capital Budgeting and Valuation	Ch. 5 – 10
7. Feb 23, 25, 27	Capital Budgeting and Valuation	Ch. 5 – 10
8. Mar 2, 4, 6	Portfolio Analysis and CAPM	Ch. 11 – 16
9. Mar 9 – 13	No classes, Spring Break	
10. Mar 16, 18, 20	Portfolio Analysis and CAPM	Ch. 11 – 16
11. Mar 23, 25, 27	Portfolio Analysis and CAPM	Ch. 11 – 16
12. Mar, 30, Apr 1, 3	Portfolio Analysis and CAPM	Ch. 11 – 16
13. Apr 6, 8, 10	Portfolio Analysis and CAPM	Ch. 11 – 16
14. Apr 13, 15, 17	Valuing Securities, Bonds and Stocks	Ch. 17 – 19
15. Apr 20, 22, 24	Valuing Securities, Bonds and Stocks	Ch. 17 – 19
16. Apr 27, 29, 30	Valuing Securities, Bonds and Stocks	Ch. 17 – 19
17 May 4	12:00 - 3:00 pm FINAL EXAM	

NOTE: As every class has its own unique dynamics, the course syllabus is only tentative and the instructor may announce changes as necessary. Therefore you need to watch for potential announcements of changes in class.

Things to Remember:

Computer/Internet Use

As your instructor, I expect you to listen and pay attention in class. Checking email and surfing the web is not paying attention. I know many of you are smart and can do many things at one time, but you will not be practicing your multi-tasking in this class. Violations of this policy will be handled severely.

As a general rule, you are not allowed to eat during class. I have strict NO chewing gum / bubble gum policy. If you can't remain without chewing gum, don't take my class. However, if you like, you can bring in drinks like Coke/Pepsi, coffee or tea, etc.

If during tests, you need any special attention (like physical disability, etc), you must bring it with me at least one day before the tests. I will not entertain any requests on the day of the exam.

You must bring Photo ID during all exams. I reserve the right to deny you from taking the exam if you don't have a Photo ID with you.

Working the assigned homework problems is the best step you can take to make a good grade in the course. Be able to understand HOW and WHY you get a result for a particular problem. No two finance problems are alike....

Read the textbook ahead of class.

Take advantage of office hours. They exist for a purpose.

Important Days:

Classes Begin	Jan. 8	Thursday
Holiday: Martin Luther King Jr. Day	Jan. 19	Monday
Midterm	March 3	Tuesday
Last Day of Classes Prior to Spring Break	March 6	Friday
Spring Break	March 9 - 13	Monday – Friday
Classes Resume	March 16	Monday
Withdrawal Deadline	March 24	Tuesday
Monday Class Schedule in Effect*	April 30	Thursday
Classes End	April 30	Thursday
Reading Day	May 1	Friday
Final Exams	May 4	Monday - Friday