

FINA 4200 Corporate Finance Theory
Terry College of Business
FINA 4200 – Fall 2009

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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/>

a) FINA 4200 – Corporate Finance Theory

b) Course description – 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 determinants of corporate financing and payout policies, alternative methods of security issuance, and mergers and acquisitions.

c) Prerequisites, corequisites, and cross-listings for the course – prerequisites for FINA 4200 are FINA 3000 and (MSIT 3000 or STAT 3000).

d) Course objectives or expected learning outcomes – This course covers major topics in corporate finance, including capital budgeting, cost of capital, capital structure, dividend policy, valuation models and other special topics. The course's objective is to provide the student with the theoretical background and a framework for considering corporate finance problems and issues.

e) Topical outline –

The Financial System
Time Value of Money and Life-Cycle Consumption Planning
Capital Budgeting, Cost of Capital and Cash Flow Estimation
Valuation Models
Dividend Policy
Options and Contingent Claims
Capital Structure
Finance & Corporate Decisions

f) University Honor Code and Academic Honesty Policy –

As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: <http://www.uga.edu/honesty>. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.

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

h) Principal course assignments -

The main objective of this course is to further develop, review, and apply the corporate finance definitions, principles and concepts learned in FINA 3000. Substantial emphasis will be placed on discussion of the determinants of corporate financing policies such as valuation, capital budgeting, risk, capital structure, and payout policy.

The course will be composed of lectures, class discussion, problem solving and excel modeling. You are encouraged to introduce current topics that have been gathered through your regular reading of the *Wall Street Journal*, *Business Week*, *Fortune*, and *Forbes*, or other periodicals, or other relevant material.

i) Specific course requirements for grading purposes-

Preparation

The website provides a more detailed schedule than that provided above. All assigned material should be read *before* class. Suggested problems are designed to reinforce the material covered. These do not have to be turned in but are for your benefit when studying for the exams. Solutions will be available on the course website.

Course Grading Policy – FINA 4200

The course grade will be determined by three in-class exams, plus excel modeling assignments, weighted as indicated.

Exam 1	25% of grade	Thur, September 17
Exam 2	25% of grade	Thur, October 22
Final Exam	35% of grade	Finals week- As assigned
Excel modeling	15% of grade	See course website

Exams will be closed book. They are not cumulative, except in the sense that certain material taught early in the class will continue to be used throughout the semester. I will provide a formula sheet for each exam but it will **not** have definitions or instructions on how to use the formulas. Exam grades will be based on both the approach taken and the correctness of the response. You may use a financial calculator – no programmable calculators allowed. No computers will be allowed for the exams.

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 any other question on the exam.

j) Grading policy

The final grade will be based on the total points earned on the material listed above, weighted as indicated. All students will be ranked by points earned and the final grade will be based on that ranking.

k) Attendance policy

Attendance and participation will be factored into your grade, but only if it helps you. In other words, you could never attend class and still get an A if you perform well on all the tests and projects. If your grade is borderline, but you have attended class regularly and participated, I am likely to bump your grade up rather than down at the end of the semester.

l) Required course material

1. Required Text: Brigham and Daves, Intermediate Financial Management, 9th Edition.
2. Suggested Text: Craig W. Holden, Excel Modeling in Corporate Finance, 2nd Edition
3. Financial Calculator: Any financial calculator will suffice, but you are responsible for understanding how to operate it. Students should know how to operate their calculators prior to exams. Calculator manuals are NOT authorized references for examinations.
4. Suggested Readings: Wall Street Journal, Business Week, Fortune, and Forbes

m) Policy for make-up of examinations

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 SOME university-sponsored events. If you expect to miss an exam for an approved reason, let me know as soon as possible prior to the exam. You must provide me with a formal written note regarding the situation – preferably before the exam – plus a phone call or note from a physician or other relevant person within one week following the missed exam.

n) Lectures

8:00-9:15	TR	Sanford	309
2:00-3:15	TR	Sanford	209
3:30-4:45	TR	Sanford	209

Lectures will stress the most important issues addressed in the text. You are responsible for all material covered in class, assigned readings, suggested problems and study questions, and problem sets. Lectures may go beyond the scope of the textbook for certain topics. Therefore, it is important for you to attend class. **You are responsible for all announcements made in class.** Class lectures will sometimes involve working through problems. Thus, you should bring a calculator to class so that you may work problems and participate in class.

Contact information:

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Office hours – Tuesday, Thursday – 9:30am –10:30am and by appointment.
TA Office hours – TBA

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 an eLC 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.

Tentative Course Outline and Schedule (subject to change)

Week	Dates	Chapter(s)	Topics
1	08/18, 08/20	1, 7	Introduction, Accounting Statements
2	08/25, 08/27	8	Ratio Analysis
3	09/01, 09/03	9	Financial Planning and Forecasting Financial Statements
4	09/08, 09/10	2,4,5	Review on risk and return, bond and stock valuation
5	09/15, 09/17		Review, Exam 1 – Thur, 09/ 17
6	09/22, 09/24	10	Cost of Capital
7	09/29, 10/01	11	Corporate Valuation
8	10/06, 10/08	12, 13	Capital Budgeting
9	10/13, 10/15	14	Real options
10	10/20, 10/22		Review, Exam 2 – Thur, 10/22
11	10/27, 10/29	15	Capital Structure
12	11/03, 11/05	16	Capital Structure
13	11/10, 11/12	17	Dividend Policy
14	11/17, 11/19	18	Issuing Securities to the Public
15	11/24, 11/26		Thanksgiving Break, no class
16	12/1, 12/3	26	Mergers and Acquisitions, Review
17	12/08		Friday class schedule held on 12/08
	12/11		8:00 am Exam: Fri., Dec. 11, 8:00 - 11:00 am 2:00 pm Exam: Fri., Dec. 11, 3:30 - 6:30 pm
18	12/15		3:30 pm Exam: Tues., Dec. 15, 3:30 - 6:30 pm

* http://www.reg.uga.edu/or.nsf/html/Fall_Exam_Schedule_2009