

**FINA 4210 – Applied Corporate Finance**

**Fall 2009: Sanford 212, MWF 9:05-9:55**

**Professor Jeffry M. Netter**

Josiah Meigs Professor  
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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/>

**Master Syllabus Elements:**

**a) FINA 4210 – Applied Corporate Finance**

**b) Course description** –Corporate financial decision making by applying the tools, techniques, and theories of finance to actual business decisions.

**c) Prerequisites, corequisites, and cross-listings for the course** – prerequisites for FINA 4210 are FINA 3000 and (MSIT 3000 or STAT 3000) and FINA 4200.

**d) Course objectives or expected learning outcomes** – This course develops a student's ability to make financial decisions. Specifically, a student learns to gather information in light of theory and standard practice, and arrive at value-creating decisions. In addition to identifying value-creating decisions, students must be able to communicate the basis to both sophisticated and unsophisticated audiences.

**e) Topical outline** –

This course covers the following topics: ratio analysis, cost of capital, capital budgeting, mergers and acquisitions, dividend policy, short-term and long-term financial policy, and the corporate finance implications of market efficiency.

## **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.**

### **Class Syllabus Elements:**

#### **h) Principal course assignments –**

This course explores the fundamental topics in corporate finance with a focus on financial decision-making. The goal of the course is to provide students with sufficient exposure to the theories, institutional details and practical applications of corporate finance that students will be able to evaluate situations and arrive at reasoned decisions. We will be very topical, analyzing new situations from the news. Thus, the assignments are somewhat flexible.

The course will be composed of lectures, class discussion, problem solving and case applications. There is much more to learn about finance than can be covered in this class. Thus, the structure 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.

#### **Tentative Outline of Topics and Assignments**

This is tentative. Check the class website for more detailed information including the articles and webpages to review. They are not assigned in advance because we do not know what exactly we will cover.

#### **Week 1 and Week 2: Introduction, Goals, Issues, Market Imperfections**

Review the website closely. Read posted articles. We will start with Chapter 10 in the text.

#### **Week 3: Dodge v. Ford**

Read the Dodge v. Ford case for the finance issues it raises. There are a lot of issues.

#### **Week 4: Security regulation, Efficient Markets**

Chapter 11 and the SEC website.

#### **Week 5: Capital Budgeting**

Chapter 12

#### **Week 6 and 7 and 8: Some Valuation: Ratios**

Skim Chapters 13 and 20, read 14

#### **Week 9: Claims, Capital structure and WACC**

Read Chapters 15, 16, skim 17

#### **Week 10: More capital structure**

Read Chapter 18, skim 21 and 22

**Week 11: Payouts**

Read Chapter 19

**Weeks 12, 13, 14: Corporate Governance**

Read Chapters 23 and 24

**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.

**Course Grading Policy**

The course grade will be determined by two in-class exams, numerous online homeworks, extra credit online quizzes, professor discretion and a group project, plus a comprehensive final, weighted as indicated. Exams are scheduled as follows (subject to change):

Exam 1	20% of grade	Wed. Sept. 23
Exam 2	20% of grade	Friday November 13
Final Exam	15% of grade	Finals Week –
Homeworks	20% of grade	throughout the term
Group project	20% of grade	
Professor discretion	5% of grade	

In addition, there will be quizzes that provide you with an opportunity for true extra credit but you must get 75% to receive any extra credit

Exams will be closed book. I will provide you with a formula sheet covering the basic equations we have used. 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, your final grade may be lowered 5% for consistent lack of class attendance.

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. Students who do not consistently attend class may receive up to a 5% penalty on their final grade from professor discretion.

Groups will be formed early in the term. The groups will have assignments throughout the term leading to a final project.

**k) Attendance policy**

Attendance is expected and will be monitored. Poor attendance will be reflected in the professor discretion of the grade. More than five unexplained absences will result in a WF. If you cannot make class, email me the reason.

### **l) Required course material**

- Textbook: Corporate Finance an Introduction by Ivo Welch, Prentice Hall 1<sup>st</sup> Edition
- Subscription to My FinanceLab
- Watch Squawk Box (CNBC 6-9 AM) or check out their website or other business news sources including Wall Street Journal and New York Times
- Data sources: Wharton Research Data Service: <http://wrds.wharton.upenn.edu/> ID=fina9100, pw =G0dawgs10 Case matters and you must login directly (not through the class webpage).
- Numerous readings that are posted throughout the term. They will be posted in Course materials. Check always for new postings.

### **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. In rare circumstances an exam may be taken early but requests must be made

### **Contact information:**

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Office hours – Tues. and Wed. 11:00 and by appointment. Check beforehand if possible. I often have unexpected campus meetings.

### **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 slides that accompany the lectures, important notices, answers to problems discussed in class, readings, 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.