



Syllabus
FINA 4200: Corporate Finance Theory
Fall 2024
Dr. Siddharth Vij

SECTIONS

CRN 37852: MWF 09:10 am – 10:00 am, Benson C115
CRN 13128: MWF 11:30 am - 12:20 pm, Amos B002
CRN 37851: MWF 12:40 pm - 01:30 pm, Amos B002

INSTRUCTOR

Dr. Siddharth Vij
Assistant Professor of Finance
Terry College of Business, University of Georgia

Email: siddharth.vij@uga.edu (preferred contact option)

Office: Amos B324

Student Drop-In Hours (in person): Monday 2 pm to 3 pm, Wednesday 10:15 am to 11:15 am,
and by appointment

Student Drop-In Hours (on Zoom): By appointment (Link: <https://zoom.us/my/siddharthvij>)

PREREQUISITES

FINA 3000 or FINA 3000H or FINA 3000E

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.

The aim is to describe and illustrate the major financial decisions that companies face as well as the tools they use. Emphasis will also be placed on recognizing the limitations and challenges that are faced when applying the theoretical framework of corporate finance to real world problems.

COURSE OBJECTIVES

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.

The three main objectives can be stated as:

1. Define and apply the methods used to value securities, investment projects, and companies (valuation).
2. Assess the issues involved in how firms should raise funds for their real investments (financing).
3. Develop familiarity with other major financial decisions that companies face

UNIVERSITY HONOR CODE & ACADEMIC HONESTY POLICY

UGA Student Honor Code: *"I will be academically honest in all of my academic work and will not tolerate academic dishonesty of others."* A Culture of Honesty, the University's policy and procedures for handling cases of suspected dishonesty, can be found at honesty.uga.edu.

As a University of Georgia student, you have agreed to abide by the University's academic honesty policy. 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.

COURSE MATERIALS

1. *Lecture notes*: I will post pdf copies on eLC the day before each class. The lecture notes incorporate material from multiple sources. The exams will be based on topics covered in the lecture notes.
2. *Text*: There is NO required textbook for this course. However, I believe you will find a textbook useful for background reading and for extra problems. I recommend the following textbook:
 - a. Berk and DeMarzo, "Corporate Finance, 5th Edition", Pearson. [BD]
3. *Computation*: You will need a financial calculator. Any model will suffice but it is your responsibility to learn how to operate it. Calculators will be allowed in exams.
4. *Additional Readings*: You can gain a deeper understanding of how our course relates to the real world by regularly reading the *Wall Street Journal*, the *Financial Times*, *Bloomberg* etc. I will also post interesting links/readings on eLC.

COURSE GRADING

The course grade will be determined as follows:

Participation	5%
Career Services Events	3%
Problem Sets	15%
Written Assignment	7%
Exam 1 (September 23, Ivester E001, 7-9 pm)	20%
Exam 2 (October 30, Ivester E001, 7-9 pm)	20%
Final Exam (per University schedule)	25%
Max {Exam 1, Exam 2, Final Exam}	5%

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 letter grade will be based on that ranking.

PARTICIPATION

The participation grade will reward the quality, not quantity, of your contribution to in-class discussion. There might be a couple of participation exercises that will need to be completed to earn part of the participation grade. I will not take attendance in lectures.

Your behavior in class should respect your classmates' desire to learn. Disturbing the class by chatting with your neighbors or using audible electronic devices will not be appreciated. Repeated transgressions will hurt your participation grade.

CAREER SERVICES EVENTS

For this portion of your course grade, you must attend at least **three** events organized by Terry College's Undergraduate Student Services (USS) team that require you to register for the event. These can be any events that interest you, including but not limited to resume building, interview tips, meeting with potential employers to learn about what they do, etc. The primary way to learn about these events is through the USS website (<https://www.terry.uga.edu/current-students/undergraduate-career-resources/>), as well as through their weekly email alerts. If you are not already signed up for their weekly email alerts, do so at their website (or [here](#)). The USS team will notify me of your attendance, and I will award 1 point for each event you attend, up to a maximum of 3 points.

PROBLEM SETS

There will be seven problem sets in total. You will get full credit if you turn in the problem set on time and your answers show that you have made enough effort according to my assessment. The **six** highest grades of your problem sets will be counted towards your class grade. Each problem set will have a deadline, and late problem sets will not be accepted.

Problem sets will need to be submitted directly on eLC. Some problem sets might require the use of Excel. You are welcome to form groups of 3-4 people to discuss the problem sets, but each student is required to turn in their own problem set.

WRITTEN ASSIGNMENT

You will need to write a short essay (about 1200 words) on a current topic in corporate finance. I will provide the topic(s), some reference material, and guidelines on the essay on September 30, 2024. The essay will be due on eLC on November 25, 2024.

You can write the essay individually or in groups of two. You are welcome to form a group with a student in another section. If you form groups, please let me know group composition by October 28, 2024. If you are in a group, both group members will get the same grade on the assignment.

EXAMS

The exams will be in-person. Please bring your UGA ID card for verification. You will not be allowed to access any course material during the exam. I will provide a sheet with key formulas that you can use. Financial calculators will be allowed but no assistance will be provided when it comes to operation. Use of any unauthorized material or communication with any other individual during the exam will be considered a violation of the Honor Code. I will provide a set of extra problems (mostly questions from previous exams) to help you prepare for the exam.

For students who miss an exam, my preferred option is to transfer the weight from that exam to the next exam provided the absence is due to illness, a family emergency, or an important university sanctioned event. However, each instance will be handled on a **case-by-case** basis. If you expect to miss an exam, let me know as soon as possible prior to the exam. You must provide me with some documentation—preferably before the exam—like an email or a note from a physician or another relevant person within one week following the missed exam.

Since Exams 1 and 2 will occur outside regular course hours, we will not have class on certain dates to compensate for the night exams. I will announce those dates during the semester.

COMMUNICATIONS AND ASSISTANCE

The best way to contact me is via email. I will aim to answer all emails within 24 hours. If you do not get a response within that time frame, please feel free to follow up. When emailing, please start the subject line with “FINA 4200”.

This class will cover several concepts that build on each other and will also be helpful for you in more advanced classes. As such, it is important that you be regular with the material. I encourage you to promptly clarify any doubts you have about the material, either during lecture or during office hours. Please do not wait till just before the exam!

DEADLINES

All deadlines in this course will be at **5 pm ET (Athens local time)** on the deadline date. No submissions past the deadline time will be accepted.

WELL-BEING RESOURCES

UGA Well-being Resources promote student success by cultivating a culture that supports a more active, healthy, and engaged student community.

Anyone needing assistance is encouraged to contact Student Care & Outreach (SCO) in the Division of Student Affairs at 706-542-8479 or visit sco.uga.edu. Student Care & Outreach helps students navigate difficult circumstances by connecting them with the most appropriate resources or services. They also administer the Embark@UGA program which supports students experiencing, or who have experienced, homelessness, foster care, or housing insecurity.

UGA provides both clinical and non-clinical options to support student well-being and mental health, any time, any place. Whether on campus, or studying from home or abroad, UGA Well-being Resources are here to help.

- Well-being Resources: well-being.uga.edu
- Student Care and Outreach: sco.uga.edu
- University Health Center: healthcenter.uga.edu
- Counseling and Psychiatric Services: caps.uga.edu or CAPS 24/7 crisis support at 706-542-2273
- Health Promotion/ Fontaine Center: healthpromotion.uga.edu
- Disability Resource Center and Testing Services: drc.uga.edu

Additional information, including free digital well-being resources, can be accessed through the UGA app or by visiting <https://well-being.uga.edu>.

INCLUSIVE EXCELLENCE

The Terry College of Business is committed to promoting an inclusive learning and working environment among its students, faculty, and staff. This class welcomes the open exchange of ideas and values freedom of thought and expression and provides a professional environment that recognizes the inherent worth of every person. It aims to foster dignity, understanding, and mutual respect among all individuals in the class.

USE OF AI RESOURCES

You might find generative AI technologies, such as ChatGPT, useful when it comes to understanding some of the concepts in this course. You are welcome to ask their assistance for such purposes. At the same time, you should be aware of the limitations of these resources. They sometimes give answers/explanations that are incomplete or incorrect.

The use of AI for the written assignment **is prohibited**.

CHANGES TO THE SYLLABUS

The course syllabus is a general plan for the course; changes might be necessary as the course progresses. All major deviations will be announced in class, and an amended syllabus will be posted on eLC.

COURSE OUTLINE

(Topics are subject to change according to the progress of the class)

Topic	BD Chapter
Introduction	
What is corporate finance?	1
Review: Time Value of Money and Discounted Cash Flows	4
Risk and Valuation of Securities	
Review: Risk and Return	10
Valuation of bonds	6
Valuation of stocks	9
Capital Budgeting and Corporate Valuation	
Investment decision rules: NPV, IRR and Payback Period	7
Corporate governance and the market for corporate control	1
Review: Financial Statements	2
Cash Flows and Capital Budgeting	8
Real Options	22
Cost of Capital	12
Financing Decisions	
Capital Structure: M-M Propositions & Capital Structure Theories	14-15
Raising Capital: PE/VC, IPOs	23-24