



Syllabus
FINA 4200: Corporate Finance Theory
Fall 2021
Dr. Siddharth Vij

SECTIONS

CRN 37852: MWF 09:10 am – 10:00 am, Ivester E101

CRN 13128: MWF 11:30 am - 12:20 pm, Ivester E007

CRN 37851: MWF 12:40 pm - 01:30 pm, Orkin D101

INSTRUCTOR

Dr. Siddharth Vij

Assistant Professor of Finance

Terry College of Business, University of Georgia

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

Office: B324 Amos Hall

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

Office Hours (on Zoom): By appointment (Link: <https://zoom.us/my/siddharthvij>)

PREREQUISITES

FINA 3000 and (MSIT 3000 or STAT 3000).

COURSE DESCRIPTION AND OBJECTIVES

FINA4200: Corporate Finance Theory is an introductory course in corporate finance. The aim is to describe and illustrate the major financial decisions that companies face as well as the tools they use.

The course has three main objectives:

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

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.

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 www.uga.edu/ovpi.

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 textbooks:
 - a. Parrino, Bates, Gillan, & Kidwell, "Fundamentals of Corporate Finance, 4th Edition", Wiley. [PBGK]
 - b. 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% |
| Problem Sets | 15% |
| Written Assignment | 5% |
| Exam 1 (September 20, 7-9 pm) | 20% |
| Exam 2 (October 27, 7-9 pm) | 25% |
| 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 and to the online discussion board on eLC. The discussion board will allow us to discuss issues in the course and in financial markets more generally. 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.

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 finance. I will provide the topic(s), some reference material, and guidelines on the essay on September 22, 2021. The essay will be due on eLC on November 22, 2021.

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 22, 2021. If you are in a group, both group members will get the same grade on the assignment.

EXAMS

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-to-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 the exams will occur outside regular course hours, we will not have class on the following dates to compensate for the night exams:

- Friday, September 17
- Friday, November 5
- Monday, November 29

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.

COVID-19 INFORMATION

Face coverings:

Following guidance from the University System of Georgia, face coverings are recommended for all individuals while inside campus facilities.

How can I obtain the COVID-19 vaccine?

University Health Center is scheduling appointments for students through the UHC Patient Portal (https://patientportal.uhs.uga.edu/login_dualauthentication.aspx). Learn more here – <https://www.uhs.uga.edu/healthtopics/covid-vaccine> .

The Georgia Department of Health, pharmacy chains and local providers also offer the COVID-19 vaccine at no cost to you. To find a COVID-19 vaccination location near you, please go to: <https://georgia.gov/covid-vaccine> .

In addition, the University System of Georgia has made COVID-19 vaccines available at 15 campuses statewide and you can locate one here: <https://www.usg.edu/vaccination>

What do I do if I have COVID-19 symptoms?

Students showing COVID-19 symptoms should self-isolate and schedule an appointment with the University Health Center by calling 706-542-1162 (Monday-Friday, 8 a.m.-5p.m.). Please DO NOT walk-in. For emergencies and after-hours care, see, <https://www.uhs.uga.edu/info/emergencies> .

What do I do if I test positive for COVID-19?

If you test positive for COVID-19 at any time, you are **required to report it** through the DawgCheck Test Reporting Survey <https://dawgcheck.uga.edu/> . We encourage you to stay at home if you become ill or until you have excluded COVID-19 as the cause of your symptoms. UGA adheres to current Georgia Department of Public Health (DPH) quarantine and isolation [guidance](#) and requires that it be followed. Follow the instructions provided to you when you report your positive test result in DawgCheck (<https://dawgcheck.uga.edu/>).

Guidelines for COVID-19 Quarantine Period (As of 8/1/21; follow DawgCheck or see DPH website for most up-to-date recommendations)

Students who are fully vaccinated do not need to quarantine upon exposure unless they have symptoms of COVID-19 themselves. All others should follow the Georgia Department of Public Health (DPH) recommendations:

Students who are not fully vaccinated and have been directly exposed to COVID-19 but are not showing symptoms should self-quarantine for 10 days. Those quarantining for 10 days must have been symptom-free throughout the monitoring period and continue self-monitoring for COVID-19 symptoms for a total of 14 days. You should report the need to quarantine on DawgCheck (<https://dawgcheck.uga.edu/>), and communicate directly with your faculty to coordinate your coursework while in quarantine. If you need additional help, reach out to Student Care and Outreach (sco@uga.edu) for assistance. Students, faculty, and staff who have been in close contact with someone who has COVID-19 are no longer required to quarantine if they have been fully vaccinated against the disease and show no symptoms.

Well-being, Mental Health, and Student Support

If you or someone you know needs assistance, you are encouraged to contact Student Care & Outreach in the Division of Student Affairs at 706-542-7774 or visit <https://sco.uga.edu/> . They will help you navigate any difficult circumstances you may be facing by connecting you with the appropriate resources or services.

UGA has several resources to support your well-being and mental health: <https://well-being.uga.edu/>

Counseling and Psychiatric Services (CAPS) is your go-to, on-campus resource for emotional, social and behavioral-health support: <https://caps.uga.edu/> , TAO Online Support (<https://caps.uga.edu/tao/>), 24/7 support at 706-542-2273. For crisis support: <https://healthcenter.uga.edu/emergencies/> .

The University Health Center offers FREE workshops, classes, mentoring, and health coaching led by licensed clinicians or health educators: <https://healthcenter.uga.edu/bewelluga/>

Monitoring conditions:

Note that the guidance referenced in this syllabus is subject to change based on recommendations from the Georgia Department of Public Health, the University System of Georgia, or the Governor's Office or. For the latest on UGA policy, you can visit <https://coronavirus.uga.edu> .

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 | PBGK Chapter | BD Chapter |
|--|-------------------------|-----------------------|
| Introduction | | |
| What is corporate finance? | 1 | 1 |
| Review: Time Value of Money and Discounted Cash Flows | 5-6 | 4 |
| Risk and Valuation of Securities | | |
| Review: Risk and Return | 7 | 10 |
| Valuation of bonds | 8 | 6 |
| Valuation of stocks | 9 | 9 |
| Capital Budgeting and Corporate Valuation | | |
| Investment decision rules: NPV, IRR and Payback Period | 10 | 7 |
| Corporate governance and the market for corporate control | 1 | 1 |
| Review: Financial Statements | 3-4 | 2 |
| Cash Flows and Capital Budgeting | 11 | 8 |
| Real Options | 20 | 22 |
| Cost of Capital | 13 | 12 |
| Financing Decisions | | |
| Raising Capital: PE/VC, IPOs, Banks | 15 | 23-24 |
| Capital Structure: M-M Propositions & Capital Structure Theories | 16 | 14-15 |