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**Syllabus**  
**FINA 4200: Corporate Finance Theory**  
**Fall 2018**  
**Dr. Siddharth Vij**

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**SECTIONS**

CRN 37852: MWF 08:00 am - 08:50 am, Correll 116  
CRN 13128: MWF 11:15 am - 12:05 pm, Correll 116  
CRN 37851: MWF 12:20 pm - 01:10 pm, Amos B002

**INSTRUCTOR**

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

Email: [siddharth.vij@uga.edu](mailto:siddharth.vij@uga.edu) (preferred contact option)  
Office: B324 Amos Hall  
Office Hours: Monday 2 pm to 3 pm, Wednesday 10 am to 11 am, and by appointment

**PREREQUISITES**

FINA 3000 and (MSIT 3000 or STAT 3000).

**COURSE DESCRIPTION AND OBJECTIVES**

This is an introductory course in corporate finance. It seeks to provide an appreciation of the major financial decisions that companies face as well as the tools they use.

The course has three main objectives:

1. Develop an understanding of the tools that are used to value securities, investment projects and companies (valuation).
2. Understand the basic issues involved in how firms should raise funds for their real investments (financing).
3. Developing 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**

*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: [www.uga.edu/honesty](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.*

## COURSE MATERIALS

1. *Text*: Parrino, Bates, Gillan, & Kidwell, “Fundamentals of Corporate Finance, 4<sup>th</sup> Edition” (PBGK). The book will be useful for background reading, and for solving problems.
2. *Lecture notes*: I will post pdf lecture notes on eLC the day before each class. The lecture notes incorporate material from the textbook and other sources. The exams will be based on topics covered in the lecture notes.
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%
Exam 1 (September 17, 7-9 pm, Amos B012)	25%
Exam 2 (October 24, 7.30-9 pm, Amos B012)	25%
Final Exam (per University schedule)	30%

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 problem-solving. I will not take attendance, but persistent absence will be noticed and might hurt your participation grade.

Your behavior in class should respect your classmates’ desire to learn. Classes will start and end on time. Please try not to arrive late or leave early. 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 six or seven (depending on the progress of the class) problem sets each worth 3 points. 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 five 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. Some problem sets may need to be submitted directly on eLC. Some problem sets might require the use of Excel. You are encouraged to form groups

of 3-4 people to discuss the problem sets, but each student is required to turn in their own problem set.

## **EXAMS**

Exams will be a mix of multiple choice questions and multi-part problems. You will not be allowed to bring any course material to the exam. I will provide a sheet with key formulas. Financial calculators will be allowed but no assistance will be provided when it comes to operation.

All exams will be graded according to a grading scheme which awards points for completing specific steps of a question and deducts points for mistakes. The grading scheme is used to ensure that all students are treated fairly. It will be posted on eLC along with the solutions. In case you feel that your exam is not graded fairly, you need to submit a written explanation of why you think your grade should be adjusted. This appeal should be submitted within two working days of the exam. If there is an obvious mistake (e.g. not adding up points correctly), let me know and I will be happy to correct it.

There will be no make-up exam for the first exam. The weight from a missed exam will be transferred to the next exam providing that the absence is due to a serious illness, a family emergency, or an important university sanctioned event. If you expect to miss an exam, 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 a note from a physician or another relevant person within one week following the missed exam.

## **COMMUNICATIONS AND ASSISTANCE**

The best way to contact me is via email. I will aim to answer all emails within 24 hours. If you don't get a response within that time frame, please don't hesitate 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 attend classes regularly. I encourage you to promptly clarify any doubts you have about the material, either in class or during office hours. Please do not wait till just before the exam!

## **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)

<b>Topic</b>	<b>PBGK Chapter</b>
<b>Introduction</b>	
What is corporate finance?	1
Review: Time Value of Money and Discounted Cash Flows	5-6
<b>Risk and Valuation of Securities</b>	
Review: Risk and Return	7
Valuation of bonds	8
Valuation of stocks	9
<b>Capital Budgeting and Corporate Valuation</b>	
Investment decision rules: NPV, IRR and Payback Period	10
Review: Financial Statements	3-4
Cash Flows and Capital Budgeting	11
Cost of Capital	13
<b>Financing Decisions</b>	
Raising Capital: PE/VC, IPOs, Banks	15
Capital Structure: M-M Propositions and Capital Structure Theories	16
<b>Other Topics</b> (as time allows)	
Payout Policy: Dividends and Repurchases	17
Corporate Governance	Lecture Notes
Mergers and Acquisitions	Lecture Notes