FINC 4532 -- PROBLEMS IN CORPORATE FINANCE
Fall 2006 – Tuesdays 7:00-9:30 PM – 115 Adamson Hall

Professor: Charles Hodges
Telephone: (678) 839-4816
E-Mail: chodges@westga.edu
Office: BUS – 18
Office Hours: T,Th 3:15-5:30 PM
W 11:00-11:30 AM, 1:00-6:00 PM,
by appointment (I am in my office most
days; feel free to “drop-in.”)

I. Catalog Description:

An examination of various topics in finance including bankruptcy and reorganization, mergers and
acquisitions, lease financing, and others. The course emphasizes logical financial decision-making
techniques through the examination of underlying theories and through problem solving.
problems, cases, and directed readings are used extensively.

II. Required Background or Experience:

A. Prerequisite: FINC 3511
B. Prerequisite Justification:
   In-depth knowledge of the time value of money and a basic knowledge of capital budgeting,
   the cost of capital, short-term financing, and accounting are required.
C. General Education (Core) Contribution:
   The course uses writing skills developed in English courses, oral skills developed in speech
courses, mathematical methods and critical thinking acquired in mathematics courses. The
knowledge gained in Core Area IV Course of Accounting 2101 and 2102, Management
3600 and 3406, and Economics 3402 are used. Statistics are used throughout the course.

III. Expected Outcomes: (http://www.westga.edu/~busn/lg_bba.htm)

A. Improve communication effectiveness in oral and written presentations –LG 1 (Learning Goal
   1); ER 1, 7 (Expected Result 1, Expected Result 7)
B. Apply statistical techniques to finance problems--LG 2, 3, 6; ER 5,8,10.
C. Understand how Time Value of Money/Capital Budgeting techniques are used to analyze each
   of the topics within the class.--LG 2, 4, 6; ER 5, 8.
D. Know where finance fits into the structure and organization of the firm--LG 2, 4, 6; ER 5,8,10.

IV. Text and References:


V. Special or Unique Student Material:

A financial calculator with a "cash flow" button is highly recommended. Although it may be possible
to complete this course without a financial calculator, it would place you at a decided
disadvantage relative to your classmates with financial calculators. (Examples: Hewlett Packard
VI. Special or Unique University Facilities:

Access to Internet connected computer, library reference resources, and College of Business computer lab. The course webpage is located at http://www.westga.edu/~chodges/html/finc_4532.html.

VII. Expanded Description of the Course and Instructional Method:

A. Expanded Description of the Course:

The course examines the investment banking process including how and why stocks and bonds are issued and the regulation of securities markets. The course considers the major ways to reorganize and/or expand the firm, including bankruptcy, mergers and acquisitions, and international finance. Lastly, the course considers balance sheet management, which includes liquidity management, leasing, and other asset-based financing.

B. Instructional Methods:

1. Lecture and Problem Solving: Topics in financial management are discussed in lectures presented by the instructor. During lectures, students contribute through their comments and their evaluation of analytical problems. Problems and cases are analyzed and discussed in class.

2. Case research, analysis and presentation

Students form into groups of two to three students. Each group is responsible for “creating” a finance case or conducting a financial research project. If a case is chosen, it must focus on a finance topic covered in this class. If a research project is chosen, it may focus on any finance topic area covered in this class or any other finance class. The case/research project should be based on actual companies. The written paper should be structured in a manner similar to professional journal articles. You should have a cover page, abstract, body, exhibits, and references. The paper and supporting materials (such as spreadsheets) should be included in electronic format (on a computer disk or CD-ROM). Each group will present their case/research project to the class. The grade for the project will be a group grade based both on the written portion of the project and the oral presentation.

VIII. Methods of Evaluating the Outcomes:

A. Evaluation tools:

Your overall grade is based on three exams and the group case/research project. The weights are shown below.
**GRADING WEIGHTS**

<table>
<thead>
<tr>
<th></th>
<th>Weight</th>
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<tbody>
<tr>
<td>1st exam</td>
<td>25%</td>
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<tr>
<td>2nd exam</td>
<td>25%</td>
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<tr>
<td>3rd exam</td>
<td>25%</td>
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<tr>
<td>Case/research project and presentation</td>
<td>25%</td>
</tr>
</tbody>
</table>

**GRADING SCALE**

<table>
<thead>
<tr>
<th>Letter grade</th>
<th>Final Grade</th>
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<tbody>
<tr>
<td>A</td>
<td>90</td>
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<tr>
<td>B</td>
<td>80</td>
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<tr>
<td>C</td>
<td>70</td>
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<tr>
<td>D</td>
<td>60</td>
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<tr>
<td>F</td>
<td>Below 60</td>
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</tbody>
</table>

*I reserve the right to curve grades.*

B. **Administrative Policies**

1. Information regarding test scores will **not** be given out over the telephone. If you are absent when exams are returned, you must contact me in person to receive grade information.

2. Requests for adjustments to exam scores must be made in writing within ONE WEEK of the return of the test. Only **WRITTEN** requests will be considered.

3. **Attendance Policy:**

   **Regular Class Meetings:**
   You are expected to attend all class meetings. Attendance will be taken each class period. Each absence, whether excused or unexcused, beyond the first will result in a 1-point reduction in your overall course average. If you miss more than five class sessions, you will be dropped from the class and assigned a grade of WF. Attendance is a zero sum game. All points deducted from students missing class will be proportionally allocated to students missing one or fewer classes.

   **Scheduled Exams**
   Makeup exams will likely be more difficult than the scheduled exams and may include an oral portion. If your absence from an exam is not excused, you will receive a zero for that exam. If possible, please notify me in advance if you know you will be unable to take an exam at the scheduled time. In any event, you must notify me within two class days of the missed exam, or the absence will not be excused.

   **General**
   You are responsible for knowledge of any administrative announcements (test information, schedule changes, etc.) that are made at any time during scheduled class periods regardless of whether you attend. It is recommended that you make a reciprocal agreement with a classmate to share missed notes and other class information.

4. **Code of Conduct**

   Honesty and integrity are necessary to the academic and professional functions of business. Acts of dishonesty undermine the foundation of the academic environment. Improper academic conduct on the part of students shall be interpreted to mean the obtaining and using of information during an examination by means other than those permitted by the instructor, including the supplying of such information to other students. All forms of academic dishonesty, including cheating, plagiarism, and falsification of academic records are subject to disciplinary action.

C. **Learning Domains:**

1. **Cognitive:** Knowledge, Comprehension, Analysis, Synthesis, and Evaluation.
2. **Affective:** Receiving, Responding, Valuing, Organization, and Characterization.
## TENTATIVE SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug 15</td>
<td>Overview</td>
</tr>
<tr>
<td>15</td>
<td>Chapter 13 – Risk, Return, and Agency Theory</td>
</tr>
<tr>
<td>22</td>
<td>Chapter 13</td>
</tr>
<tr>
<td>22</td>
<td>Chapter 18 – Investment Banking and Issuing Securities</td>
</tr>
<tr>
<td>29</td>
<td>Chapter 18</td>
</tr>
<tr>
<td>29</td>
<td>Chapter 25 – Mergers and Acquisitions</td>
</tr>
<tr>
<td>Sep 5</td>
<td><strong>Chapter 26 – Financial Distress</strong></td>
</tr>
<tr>
<td>12</td>
<td><strong>EXAM 1</strong></td>
</tr>
<tr>
<td>19</td>
<td>Exam I Review, Project Discussion</td>
</tr>
<tr>
<td></td>
<td>Chapter 20 Leasing and Other Asset-Based Financing</td>
</tr>
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<td>26</td>
<td>Chapter 20</td>
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<td></td>
<td>Chapter 19 – Long-Term Debt</td>
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<tr>
<td>Oct 3</td>
<td>Chapter 27 – Multinational Financial Management</td>
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<td>10</td>
<td>Fall Break</td>
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<tr>
<td>17</td>
<td><strong>Exam 2</strong></td>
</tr>
<tr>
<td>24</td>
<td>Chapter 22 – Cash and Working Capital Management</td>
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<tr>
<td>31</td>
<td>Chapter 22 – Cash and Working Capital Management</td>
</tr>
<tr>
<td>Nov 7</td>
<td>Chapter 23 – <strong>Short-Term Financing</strong></td>
</tr>
<tr>
<td>14</td>
<td>Chapter 24 – Other Topics in Working Capital Management</td>
</tr>
<tr>
<td>21</td>
<td>Student Presentations</td>
</tr>
<tr>
<td>28</td>
<td>Student Presentations, Course Review and Synthesis</td>
</tr>
</tbody>
</table>

**FINAL EXAM --- December 5, 2006 --- 8:00 PM – 10:00 PM**

PLEASE NOTE: This schedule is tentative and could require modification.

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**NOTE 1:** The last day to withdraw with a W is October 6, 2006.

**NOTE 2:** This course covers the following AACSB perspectives:
- Influence of legal and regulatory issues
- Ethical issues
- Written and oral communication
- Social issues

**NOTE 3:** This course covers the following teaching objectives:
- Developing oral communication skills
- Develops analytical/critical thinking
- Encourages social responsibility

**NOTE 4:** I never allow extra credit and I never allow work completed for another class to be acceptable in any of my courses.
Applied Group Project- FINC 4532

The purpose of the project is to provide opportunities for students to learn how to work with large databases in a team setting. Being a team player is an important part of contributing to a productive work environment. A team consists of three-four students. Teams will be assigned by the instructor.

RESPONSIBILITIES OF TEAMS:

The purpose of this project is for you to complete a statistical exploration of that explains some aspect of corporate accounting or valuation. Suggested areas would include trying to find factors that will explain individual company’s (choose one area only) market capitalization, profitability, price/earnings ratio, dividends, or capital structure. To accomplish this research, I am requiring that you use the COMPUSTAT database (available in College of Business computer labs). In your research, you are to review the finance and popular press literature to find support for your theory of corporate behavior (probably using the ABI/Inform and Lexus/Nexus).

The format of your paper will generally follow a format of Introduction, Literature Review, Hypothesis, Statistical Analysis, and Conclusion. In your statistical analysis, you will perform correlation tests, t-tests of variables sorted by your dependent variable, and multiple regression where you try to predict your dependent variable using independent variables. For your correlation analysis, I expect correlations reported for 15-25 variables. In the t-tests, I expect analysis of between 5-15 variables (selected from the previous correlation analysis). I also expect a Descriptive Statistics for this subset of variables. In the multiple regression, I expect you to use 4-7 independent variables (selected from your t-test analysis) to explain your dependant variable. The largest numbers listed above (25 correlations, 15 t-tests, and 7 variables) are the maximum I will accept in your analysis. As to the length of the paper, I do not want the text to exceed fifteen pages, the reference list to exceed two pages, the number of pages for tables to exceed six pages, and the number of charts and graphs to exceed three pages. Each group will make a 20-minute presentation of their findings.

DATE DUE: The project is due November 28, 2006 at the beginning of class. The semester project grade will be reduced by 50 percent if submitted after this time but before 8 p.m. on December 5, 2006. I will not accept the project after December 5. Grades on this project will be based on the following criteria:

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Fair</th>
<th>Good</th>
<th>Excellent</th>
<th>Team Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis</td>
<td>20</td>
<td>26</td>
<td>30</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Statistical Summary</td>
<td>14</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Spreadsheet and Graphs (Tables)</td>
<td>14</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Appearance (Organization) of the Report</td>
<td>9</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Oral Presentation of the Report</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>10</td>
<td></td>
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<tr>
<td>TOTAL POINTS</td>
<td></td>
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</table>

A forced separation will be used on each grade component with 1/3 receiving fair, 1/3 receiving good, and 1/3 excellent. If poor quality work is submitted/observed, then the poor scores will be lumped with the 1/3 receiving fair. In addition, there is a peer grading aspect of the group work that can shift individual grades by up to +/- 20%. If there are only two groups, scoring will be the mid-points of Fair-Good (e.g., Analysis=28) and Good-Excellent (Analysis=32.5).