

FINC 4532 -- PROBLEMS IN CORPORATE FINANCE

Tuesdays and Thursdays 12:30 - 1:45 PM

Spring – 2010

Instructor: Dr. Charles Hodges

Office Hours: T, Th. 3:00-7:00

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W 1:00–4:00

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(You are **WELCOME** to drop in at other times)

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Course Webpage locations: **WEBCT** and http://www.westga.edu/~chodges/html/finc_4532.html

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 Economics 3402 and 3406 are used. Statistics is used throughout the course.

III. Expected Outcomes: (http://www.westga.edu/rcob/index_10607.php)

A. Improve communication effectiveness in oral and written presentations –LG 1 (Learning Goal 1)

B. Apply statistical techniques to finance problems--LG 2, 3, 6

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

D. Know where finance fits into the structure and organization of the firm--LG 2, 4, 6

IV. Text and References:

Emery, Finnerty, and Stowe – Corporate Financial Management, Pearson, 3rd edition, 2007.

V. Special or Unique Student Material:

A financial calculator with a "cash flow" button is recommended. 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: TI 83)

VI. Special or Unique University Facilities:

Access to Internet connected computer, library reference resources, and College of Business computer lab (Global Insight). http://www.westga.edu/~chodges/html/finc_4532.html is the location of the course webpage. WEBCT is used in this course for quizzes.

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 are assigned into groups of two to four 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. Additionally, there will be a peer-grading component of the project grade.

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		GRADING SCALE	
1 st exam	22%	Letter grade	Final Grade
2 nd exam	22%	A	90
3 rd exam	22%	B	80
Case/research project	20%	C	70
Online Quizzes	14%	D	60
<i>I reserve the right to curve grades.</i>		F	Below 60

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 using a seating chart or sign up sheet (the seating chart helps me to learn everyone's name). 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 six class sessions, I will drop you from the class and assign you a grade of WF. Attendance is a zero sum game. All points deducted from students missing class will be proportionally allocated to students missing two or fewer classes.

Online Quizzes:

There will be a short online WEBCT quiz for each chapter covered in the course, for a total of 10 quizzes. I will use your 9 highest quizzes in calculating your overall average. Each quiz will open when coverage of a chapter begins and remain open for 5 days after a chapter is completed.

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 are in attendance. It is recommended that you make a reciprocal agreement with a classmate to share missed notes and other class information.

4. Stuff required because some administrator felt a need to solve non-existing problems.

My.westga.edu

The policy of the University of West Georgia is that each student is responsible for checking his/her my.westga.edu e-mail account on a regular basis.

Extra Credit

There is no extra credit in this course beyond that explicitly stated in the course syllabus.

Work from Other Courses

Work submitted for credit in other courses will not be accepted for credit in this course.

5. 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, Evaluation.
2. Affective: Receiving, Responding, Valuing, Organization, Characterization.

TENTATIVE SCHEDULE

Jan	7	Overview
	12	Chapter 14 – Agency Theory
	14	Chapter 14
	19	Chapter 19 – Investment Banking and Issuing Securities
	21	Chapter 19
	26	Chapter 25 – Mergers and Acquisitions
	28	Chapter 25
Feb	2	Chapter 26 – Financial Distress
	4	Chapter 26
	9	EXAM I
	11	Exam I Review, Project Discussion
	16	Chapter 21 Leasing and Other Asset-Based Financing
	18	Chapter 21
	23	Chapter 20 – Long-Term Debt
	25	Chapter 20
Mar	2	Chapter 20, Group Project Discussion
	4	Chapter 27 – Multinational Financial Management
	9	Chapter 27
	11	Chapter 27
	16	EXAM II
	18	Chapter 22 – Liquidity Management
	23	Spring Break
	25	Spring Break
	30	Chapter 22 – Liquidity Management

- Apr 1 Chapter 23 – Accounts Receivable and Inventory Management
6 Outside Speaker on Presentation Skills
8 Presentation Skills and Research Day
13 Chapter 23 – Accounts Receivable and Inventory Management
15 Chapter 24 – Financial Planning
20 Student Presentations
22 Student Presentations
27 Course Review and Synthesis

FINAL EXAM --- May 6, 2008 --- 11:00 AM – 1:00 PM

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

NOTE 1: The last day to withdraw with a W is March 1, 2008.

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

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 around five 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 determine that explain (choose one area only) market capitalization, profitability, price/earnings ratio, dividends, or capital structure for firms in the United States. To accomplish this research, I am requiring that you use the COMPUSTAT/Global Insight 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 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 regressions 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 and this may vary by team) to explain your dependant variable. Your team grade will be reduced if you present more data (25 correlations and 15 t-tests) than the maximums listed above. As to the length of the paper, I do not want the text to exceed fifteen single spaced pages, the reference list to exceed two single spaced pages, the number of pages for tables to exceed six pages, and the pages of charts and graphs to exceed ten pages. Each group will make a 20-minute presentation of their findings, in which all members of the team will present.

DATE DUE: The project is due April 20, 2010 at 2:00 pm. The project grade will be reduced by 50 percent if submitted after this time but before the start of class on April 27. I will not accept the project after 2 pm on April 23. Grades on this project will be based on the following criteria:

	Poor	Fair	Good	Excellent	Team Score
Analysis	20	26	30	35	_____
Statistical Summary	14	16	18	20	_____
Spreadsheet and Graphs (Tables)	14	16	18	20	_____
Appearance (Organization) of the Report	9	11	13	15	_____
Oral Presentation of the Report	4	6	8	10	_____
TOTAL POINTS					_____

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%.