Financial Theory & Practice - 12839 - FINN 3226 - 090

Professor: Peter Nostrom  
E-mail: pdnostro@uncc.edu  
Office Hours: 1 hour prior to class - I encourage you to meet with me by appointment.  
Date Range: Aug 22, 2016 - Dec 07, 2016  
Time: Tuesday, 6:30 pm - 9:15 pm  
Location: McEniry 116 – Fall 2016  
Prerequisites: Undergraduate level FINN 3120 Minimum Grade of C  
Restricted to finance majors  

Course Description  
The course deals with modern finance theory and its applications to corporate finance. The course will cover equilibrium asset pricing models, efficient markets hypothesis, risk analysis and real options theory in corporate decision-making. The topics of informational asymmetry, optimal corporate structure and dividend policies will also be investigated in detail. Agency conflicts and their impact on corporate performance, financial restructuring and leasing policies will conclude the set of issues to be analyzed.

Course Objectives  
The objectives of the course are to ensure that all students have a mastery of the elements of corporate finance and are able to utilize the discussed theories and models to evaluate stocks, bonds, leases and to assess risk in the corporation. Students will be expected to measure cost of capital, make optimal capital budgeting decisions and to determine the best dividend policies and capital structures. They will also be expected to be able to assess agency costs and formulate plans for restructuring, if capital structures are incompatible with the objectives and resources of the firm.

You will be graded on three in-class exams, a company analysis and final exam.  
Grading scale:

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<tr>
<th>Grade</th>
<th>Percentage</th>
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<tr>
<td>A</td>
<td>90-100</td>
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<td>B</td>
<td>80-89</td>
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<td>C</td>
<td>70-79</td>
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<td>D</td>
<td>60-69</td>
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<td>F</td>
<td>0-59</td>
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Midterm Exams (3 @ 100 points each) 300 points  
Company Analysis 100 points  
Final Exam 200 points  
Total 600 points

Absences from Examinations  
There will be no makeup or early examinations of any sort. The Final Examination must be taken at the scheduled date and time. If you cannot take the Final Examination for medical reasons, you will be awarded an “I” and can complete the course requirements the following semester. If you miss one midterm examination, your final examination will have a 200 point weight. If you miss two midterm examinations you will be assigned an “F” for this course.

Assignments and Lectures  
The principal method of instruction will be primarily by means of lectures. Students will be expected to actively participate in classroom discussions and the solving of problems. You should be prepared for class by reading the assigned chapters, before the class meets. Solving problems, reading the textbook and participating in classroom discussions are ways in which you can work to improve your understanding of the course material.
Students are expected to have a single, good non-programmable financial calculator to assist them in solving assigned problems. Make sure that you know how to use your calculator as calculator use is your responsibility. Since corporate finance is a dynamic and constantly changing area students are expected to keep abreast of current events in financial markets. This can be achieved by reading the Wall Street Journal, Business Week or Economist, which are all good sources for current information.

**Academic Integrity**
Students are advised to apprise themselves of, and adhere to the rules specified in the UNC-Charlotte code of student integrity regulations, which will be strictly enforced in this class.

**Diversity Statement**
The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

**Typical Class Schedule**
- Headline Events, Administrative Issues
- Re-cap previous lecture and problem review
- Lecture
- Group work

**GENERAL COURSE OUTLINE & TOPICS OF DISCUSSION**

**Exam 1 – Tuesday, September 20, 6:30-7:45 PM**
Overview of Financial Management Chapter 1
Accounting for Financial Management Chapter 6
Analysis of Financial Statements Chapter 7
Corporate Valuation and Financial Planning chapter 9

**Exam 2 – Tuesday, October 25, 6:30-7:45 PM**
Determining the Cost of Capital Chapter 11
Capital Budgeting: Decision Criteria Chapter 12

**Exam 3 – Tuesday, November 22, 6:30-7:45 PM**
Distributions to Shareholders: Dividends & Repurchases Chapter 15
Capital Structure Decisions: Part 1 Chapter 16
Dynamic Capital Structures and Corporate Valuation chapter 17

**Company Analysis – Tuesday, December 6**

**Final Exam – Tuesday, December 13, 6:30-9:15 PM**
Enterprise Risk Management Chapter 24
Comprehensive Final

(Chapters included on each exam as shown are approximate.)
Company Analysis – Tuesday, December 16
Students will divide into 10 groups of 8. Each group would have a different industry – so 10 industries would be covered. Each group will pick their own company within their chosen industry and submit to professor for approval. For the analysis to work they would have to do:

- a historical 3 year trend of actuals for balance sheet and income statement
- a forecast for the outer 3 years based on some assumptions
- analyze how the ratios change through their trend of actuals / forecast
- do the same analysis for three of their peer companies within the industry
- see how the ratios compare to their peers
- present their review and key findings to class (15 minutes)
- submit a summary of their findings to the professor on December 13

Important Dates:

- Monday, 8/22/2016 - First day of evening classes starting at 5:00 PM
- Monday, 8/29/2016 - Last day to register, add, drop with no grade via the web * 11:59 pm
- Monday, 9/5/2016 - Labor Day - No Classes
- Monday, 10/10/2016 - Student Recess - no classes
- Tuesday, 10/11/2016 - Student Recess - no classes
- Wednesday, 11/23/2016 - Thanksgiving Break - No classes
- Thursday, 11/24/2016 - Thanksgiving Break - No classes
- Friday, 11/25/2016 - Thanksgiving Break - No classes
- Saturday, 11/26/2016 - Thanksgiving Break - No classes
- **Tuesday, 12/13/2016 - Final Examination**
- Monday, 12/19/2016 - Grades due by noon