Financial Theory & Practice FINN 3226-001  
Monday/Wednesday – 2:00-3:15 PM  
Friday 142 – Spring 2016

Professor: Judson W. Russell, Ph.D., CFA  
Office: Friday Building – 350-C  
Phone: 704-687-7618  
Email: jrussell@uncc.edu  

Office hours: Monday/Wednesday: 1:00 – 2:00  
I encourage you to meet with me, by appointment, to discuss the course.


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 solely on in-class exams. You will be awarded a grade based on your performance on exams.  

I follow a scale of:  

<table>
<thead>
<tr>
<th>Grade</th>
<th>90-100</th>
<th>80-89</th>
<th>70-79</th>
<th>60-69</th>
<th>0-59</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
<td>F</td>
</tr>
</tbody>
</table>

Midterm Exams (3 @ 100 points each) | 300 points  
Final Exam (100 points) | 100 points  
Total | 400 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 – 10 minutes
- Re-cap previous lecture and problem review – 10 minutes
- Lecture – 45 minutes
- Problem assignment and dismiss – 10 minutes
GENERAL COURSE OUTLINE & TOPICS OF DISCUSSION

Exam 1 – Monday, February 15, 2:00-3:15 PM
Overview of Financial Management  Chapter 1
Analysis of Financial Statements  Chapter 8
Financial Planning and Forecasting  Chapter 9

Exam 2 – Monday, March 21, 2:00-3:15 PM
Determining the Cost of Capital  Chapter 10
Corporate Valuation & Value-Based Management  Chapter 11
Capital Budgeting: Decision Criteria  Chapter 12

Exam 3 – Monday, April 18, 2:00-4:30 PM
Capital Structure Decisions: Part 1  Chapter 15
Capital Structure Decisions: Part 2  Chapter 16

Final Exam – Monday, May 9, 2:00-4:30 PM
Comprehensive (Chapters 1, 8-13, 15-16)
Distributions to Shareholders: Dividends & Repurchases  Chapter 17
Derivatives and Risk Management  Chapter 24

(Chapters included on each exam as shown are approximate.)

Important Dates:

University Closed January 18, Martin Luther King Jr. Holiday
Spring Break is March 7-11
Last day to withdraw from class with W is March 21
Reading Day is May 4
Final Exam is May 9
Grades will be entered on May 11
Commencement is May 13-14