

BA in Management Program
Spring 2024
FIN401 Corporate Finance

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Office Hours: Fridays 13:00-14:00 and by appointment.

Type	Time	Days	Where
Lecture	13:40 - 15:30	Wednesday	FENS L055
Lecture	10:40 - 12:30	Thursday	FMAN L018

Course Objective:

This course develops an understanding of the theoretical and practical issues relating to corporate financial management. Corporate finance involves three kinds of decisions made by any firm: investment decisions, financing decisions, and payout decisions. Investment decisions involve determining which projects to pursue in order to maximize shareholder wealth. Financing decisions determine how to finance selected projects. Payout decisions determine how much cash is returned to shareholders and how. Topics covered in the course include: valuation of stocks and bonds, investment decision criteria, capital budgeting, cost of capital, capital structure, and mergers and acquisitions.

Learning Outcomes:

1. Describe the goal of corporate financial management.
2. Assess the risk and return of projects and use different decision-making criteria to evaluate projects.
3. Interpret valuation techniques of companies with diverse capital structures.
4. Assess cost of capital.
5. Distinguish optimal capital structure.
6. Assess merger and acquisition decisions.

Course Material:

Principles of Corporate Finance, Richard A. Brealey, Stewart C. Myers, Franklin Allen, and Alex Edmans, 14th edition, Mcgraw Hill.

Weekly assignments will be conducted on McGraw-Hill’s Connect platform. Students are required to access Connect using the codes that come with the textbook or purchased separately. The bookstore on the university campus has the Connect codes for sale at the following link.

<https://www.homerbooks.com/urun/principles-of-corporate-finance-connect-code-14e>

Please note that other online vendors may sell invalid, used or expired codes which may not work for this course.

A brief introduction to Connect and instructions for registration are available here: <https://rb.gy/usmp7t>. Note that you must register using your Sabanci email address. The course registration page is:

<https://connect.mheducation.com/class/b-onal-spring-24>

If you have further questions or run into trouble on Connect, please contact McGraw-Hill directly at this link: <http://www.mhhe.com/SUPPORT>.

Students must also download the Top Hat app on their phones or tablets (search for “Top Hat” on the Appstore or Google Play) and sign up to the class roster using their Sabanci email addresses. The steps for signing up on Top Hat will be provided in a separate document.

Optional Reading Material:

The Wall Street Journal (available @IC through ProQuest), The New York Times Business Section, Financial Times, BusinessWeek, Dealbook @NYT.

Course Web:

SuCourse+ will be actively used throughout the semester. Students should check their accounts frequently to ensure that they have the most recent course materials. Course slides and announcements will be posted on SuCourse+. We will use McGraw-Hill’s Connect portal for solving weekly assignments and Top Hat for handling in-class quizzes.

Instructional Design:

Lectures will introduce students with the main concepts and methods in corporate finance. Students are expected to read the assigned documents before class and actively participate in discussions. Students will have the opportunity to apply the knowledge they acquire in classes by completing the quizzes and assignments.

Grading:

Assignments	: 10%
Quizzes	: 20%
Midterm exam	: 30%
Final exam	: 40%

Course Requirements:

Assignments:

There will be homework assignments during the semester. The due times of the assignments stated in the course schedule (attached) are sharp. No make-up assignment will be offered under any circumstances. Instead, the lowest *two* assignment grades will be dropped from the course grade.

In-class quizzes:

In-class quizzes will be presented on Top Hat and consist of brief follow-up questions on lecture material. Students are required to have access to Top Hat at any time during the lectures. No make-up quiz will be offered under any circumstances. Instead, the lowest *three* quiz grades will be dropped from the course grade.

Exams:

The midterm exam will cover the topics completed until then and the final exam will cover the entire course material. Both exams will be closed book and held physically on campus. Further information will be provided one week prior to each exam.

A make-up exam will be offered at the end of the semester for those students who missed an exam for valid reasons such as health problems. Requests for a make-up must be made directly to the instructor as soon as possible and be accompanied by relevant official document(s). In case of health problems, students must receive an approval from the university health center. No shows without official documentation will result in a grade of zero.

Academic Honesty:

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings. At the same time, as a matter of personal integrity, you should only represent your own work as yours. Any work that is submitted to be evaluated in this class should be an original piece of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites (including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is *plagiarism*. Copying from others or providing answers or information, written or oral, to others is *cheating*. Unauthorized help from another person or having someone else write one's paper or assignment is *collusion*. Cheating, plagiarism and collusion are serious offenses that could result in an F grade and disciplinary action. Please pay utmost attention to avoid such accusations.

Caution: Suspicious exam grades will be subject to verification by the instructor through oral exams. Oral exam results can supersede the written exam grades.

Classroom policies and conduct

Sabancı BA in Management Program values participatory learning. Establishing the necessary social order for a participatory learning environment requires that we all:

- Come to class on time and prepared to make helpful comments and ask questions that facilitate your own understanding and that of your classmates. This requires that you complete the assigned readings for each session before class starts.
- Listen to the person who has the floor.

Lectures & Attendance

Students are expected to attend all lectures and participate in discussions. Lectures start right on time. Missed lectures are at students' own responsibility.

Grade objections

Students should write up their objections and submit them to me no later than two days after receiving your grade. This document should clearly explain the basis of objection. Except for minor grading errors, no verbal objection will be accepted.

Students with special needs

Any student who, because of a disability, requires special arrangements in order to meet course requirements should contact me as soon as possible to make the arrangements.

Updates

Any change in course policies or schedule due to unforeseen circumstances will be announced as soon as possible.

Course Schedule (Tentative)

Week 1	Date: February 15 Topic: Introduction to Corporate Finance Readings: Chapter 1
Week 2	Date: February 21-22 Topic: Present Value Calculations, Valuing Bonds Readings: Chapters 2, 3 Requirements: Assignment 1, Deadline: February 28, 13:30
Week 3	Date: February 28-29 Topic: Valuing Bonds (Continued), Valuing Stocks Readings: Chapters 3, 4 Requirements: Assignment 2, Deadline: March 8, 18:00 (exceptional)
Week 4	Date: March 6-7 Topic: Valuing Stocks (Continued) Readings: Chapters 3, 4
Week 5	Date: March 13-14 Topic: Net Present Value and Other Investment Criteria Readings: Chapters 5, 6 Requirements: Assignment 3, Deadline: March 27, 13:30
Week 6	Date: March 20-21 Topic: Risk, Return, and Cost of Capital Readings: Chapters 7, 8
Week 7	Date: March 27-28 Topic: Risk, Return, and Cost of Capital (Continued) Readings: Chapter 9 Requirements: Assignment 4, Deadline: April 18, 13:30
Week 8	Date: April 3-4 Topic: Overview of Corporate Finance Readings: Chapters 13
Week 9	Date: April 10-11 No classes (Feast of Ramadan/Spring Break)
Week 10	Date: April 17-18 Topic: How Corporations Issue Securities Readings: Chapters 14 Requirements: Assignment 5, Deadline: April 23, 13:30
Week 11	Date: April 24-25 Topic: Payout Policy Readings: Chapter 15 Requirements: Assignment 6, Deadline: May 8, 13:30
Week 12	Date: May 2 Midterm exam, Date/Time: May 2, 10:40-11:30 & Room: TBD Topic: Does Debt Policy Matter? Readings: Chapter 16
Week 13	Date: May 8-9 Topic: Does Debt Policy Matter? (Continued), How Much Should a Corporation Borrow?

	Readings: Chapters 16, 17
	Requirements: Assignment 7, Deadline: May 15, 13:30
Week 14	Date: May 15-16
	Topic: Financing and Valuation
	Readings: Chapter 18
	Requirements: Assignment 8, Deadline: May 22, 13:30
Week 15	Date: May 22-23
	Topic: Mergers
	Guest lecture: Practice of Corporate Finance in Türkiye (May 23, 10:40-11:30)
	Guest speaker: Mert Bahçecik, Corporate & Investment Banking EVP, Misyon
	Readings: Chapter 32
Week 16	Date: May 29
	Topic: Mergers (Continued)
	Readings: Chapter 32
	Requirements: Assignment 9 (<i>Tentative</i>), Deadline: TBD