

**BA in Management Program**  
**Fall 2020**  
**401 – Corporate Finance**

**Instructor:** Sureyya Burcu Avcı

**Office:** SOM 1180

**Zoom:** ID: 731 016 1480, Password: 376743

**Zoom Connection Link:**

<https://sabanciuniv.zoom.us/j/7310161480?pwd=QjN2ZGhDZTdqYXNlbnJvbnFFDStjBOQT09>

**E-mail:** [avcis@sabanciuniv.edu](mailto:avcis@sabanciuniv.edu)

**Web:** <https://sucourse.sabanciuniv.edu/plus/>

**Office Hours:** By appointment

Type	Time	Days	Where
Class	12:40 am - 14:30 pm	M	Zoom
Class	8:40 pm - 9:30 pm	T	Video lectures

**Course Objective:**

This course develops an understanding of the theoretical and practical issues relating to corporate financial management. Corporate finance addresses three main problems of any firm: The investment decision, the financing decision, and the dividend decision. The investment decision problem questions which projects to pursue in order to maximize shareholder wealth. The financing decision addresses how to finance projects. The dividend decision investigates how much cash you should return to your investors. Topics covered in the course include: valuation of stocks and bonds, investment decision criteria, capital budgeting, cost of capital, capital structure, long-term financing, short-term financing and cash management, financial distress, and additional financial tools that provide hedging in international financial markets.

**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. Discuss long-term financial planning.
7. Explain short-term financial management.
8. Classify conditions under financial distress.

**Course Material:**

Required textbook: Ross, Westerfield, Jaffe, and Jordan (RWJJ), Corporate Finance, 12th Edition, McGraw Hill.

Weekly assignments will be handled through McGraw-Hill’s Connect website. Students are required to access Connect website using the codes that come with the textbook (or purchased separately). The bookstore at Sabanci has the Connect codes for sale at discounted prices. Please note that other online vendors may sell invalid, used or expired codes which may not work for this course.

Please note that you must register to the Connect section you are officially enrolled in and use your Sabanci email during registration. If you still have questions that are not addressed in this video, you may email Hakan Haktanir at McGraw-Hill for support ([hakan.haktanir@mheducation.com](mailto:hakan.haktanir@mheducation.com)).

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 the Top Hat app is provided in a separate document.

**List of Cases**

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<b>Case 1</b>	<b>Date:</b> October 19/ November 1 <b>Case:</b> Investment Analysis and Lockheed Tristar <b>Type:</b> Paper <b>Subject:</b> Capital budgeting <b>Teamwork?:</b> Yes <b>Grading:</b> Team
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<b>Case 3</b>	<b>Date:</b> November 30/ December 20 <b>Case:</b> The Relevance of Reliance Industries’ Dividend Policy to Shareholders’ Value <b>Type:</b> Paper <b>Subject:</b> Capital Structure <b>Teamwork:</b> Yes <b>Grading:</b> Team
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<b>Case 4</b>	<b>Date:</b> December 21 – January 3 <b>Case:</b> Nelson Nurseries <b>Type:</b> Paper <b>Subject:</b> Short-term Financial Management <b>Teamwork:</b> Yes <b>Grading:</b> Team

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**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:***In-class discussions:*

Each week's class will start with a short discussion of video lectures. Students are expected to read the assigned documents and videos before class and actively participate in discussions. There may be in-class quizzes at the end of the discussion sessions.

*In-class quizzes:*

In-class quizzes consist of brief questions related to the course material. They can be used to check for attendance as well. Quizzes will be presented on Top Hat. Please make sure that you can use the Top Hat app on your computer without technical problems.

The lowest 20% of the in-class quiz grades will be dropped at the end of the semester. If 20% corresponds to a fraction, the resulting number will be rounded to the closest integer. There are no make-up assignments for in-class quizzes.

*Weekly assignments:*

There is a total of 12 weekly assignments during the semester. The due dates of the weekly assignments are shown in the course outline. The lowest two weekly assignment grades are dropped at the end of the semester. There are no make-up assignments for the weekly assignments.

*Case Studies:*

Students are expected to form groups of three or four. Case studies will be assigned after the related topic is discussed in the class. Instructions on how to solve and report results will be explained in the class. Each case study will be graded evenly. Students will be asked to evaluate their team members at the end of the semester. Final case study grade will be adjusted according to peer evaluations.

**Grading:**

In-class quizzes	: 20%
Weekly assignments	: 30%
Case studies & discussion	: 50%

### **Peer Evaluation in Teamwork**

Students will be asked to provide an evaluation of the members of their case study team. Each student will divide 100 points between the members of her team, including herself. This division should reflect that person's judgment of the contribution of the members of her team. The scores should not be merely functions of time spent by each member, but they should be measures of the "contribution;" their relative contribution to the idea generation, research, analysis, writing, oral presentation, report writing, etc. If the team was highly functional, and each member did what they committed themselves to, then the student can assign the same mark to each member of the team. If, on the other hand, some members of the team did not fulfill their commitments and did not contribute as much as the others, then points can be distributed unevenly.

The points submitted by all members of the team will be aggregated by the instructor. Every student will be given his/her aggregate peer evaluation, without disclosing the individual peer evaluations to the students.

In case there is no consensus among the team, for example, if three students divide the marks evenly and the fourth one divides them unevenly, then the instructor will use his/her judgment to assign peer evaluation marks--possibly after meeting with the members of the team.

In cases where there are conflicting marks, it is most likely that the instructor will meet with the team members and provide a mark based on an interview. For example, in a group of four, if Students A and B believe they did most of the work, and Students C and D believe otherwise, the team may be called in for an interview in order to be fair to everyone.

Past experience indicates that in most groups points will be distributed evenly. There will be a few groups where peer evaluations will play a role in the marks. The primary goal of this exercise is to avoid giving undeserved credit to individuals who did not help their teams. However, it is possible to have upwards adjustments of marks in case of students who have done more than what the group expected of them.

The peer evaluation will have a direct impact on your case study grade. To give a simple example, if the group mark is 25 out of 30, and if your peer evaluation indicates that your contribution was less than what was expected, then your case study mark will be less than 25 out of 30. There are no simple rules for adjustment.

### **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.

### **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 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.
- Come to class on time.

### *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.

### *Grading*

Students should write up their objections and submit them to me no later than a week after receiving their graded work. This document should clearly explain the basis of objection. Except for minor grading errors, no verbal objection is accepted.

### *Special needs students*

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

### *Updates*

Changes or additions to any of the policies above, or course outline, if any, will be announced on the course website.

This is a tentative syllabus, subject to change.

**Course Schedule:**

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<b>Week 1</b>	<b>Date:</b> <b>October 5, 6</b>
	Topic: Introduction to corporate finance
	Readings: Chapters 1, 2, 3
	Requirements: None
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<b>Week 2</b>	<b>Date:</b> <b>October 12, 13</b>
	Topic: Review of bond valuation
	Readings: Chapters 4, 8
	Requirements: Assignment 1 is due on October 11, midnight.
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<b>Week 3</b>	<b>Date:</b> <b>October 19, 20</b>
	Topic: Capital investment decisions and risk analysis
	Readings: Chapters 5, 6, 7
	Requirements: Assignment 2 is due on October 18, midnight.
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<b>Week 4</b>	<b>Date:</b> <b>October 26, 27</b>
	Topic: Capital investment decisions and risk analysis
	Readings: Chapters 5, 6, 7
	Requirements: None
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<b>Week 5</b>	<b>Date:</b> <b>November 2, 3</b>
	Topic: Review of stock valuation
	Readings: Chapters 9, 10
	Requirements: Assignment 3 & Case 1 are due on November 1, midnight.
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<b>Week 6</b>	<b>Date:</b> <b>November 9, 10</b>
	Topic: CAPM and Cost of capital
	Readings: Chapters 11, 13
	Requirements: Assignment 4 is due on November 8, midnight.
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<b>Week 7</b>	<b>Date:</b> <b>November 16, 17</b>
	Topic: Long-term financing and dividend policy
	Readings: Chapters 15, 19
	Requirements: Assignment 5 is due on November 15, midnight.
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<b>Week 8</b>	<b>Date:</b> <b>November 23, 24</b>
	Topic: Capital structure
	Readings: Chapter 16
	Requirements: Assignment 6 is due on November 22, midnight.
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<b>Week 9</b>	<b>Date:</b> <b>November 30, December 1</b>
	Topic: Capital structure
	Readings: Chapter 17
	Requirements: Assignment 7 is due on November 29, midnight.
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<b>Week 10</b>	<b>Date:</b> <b>December 7, 8</b>
	Topic: Valuation of a levered firm
	Readings: Chapter 18
	Requirements: Assignment 8 is due on December 6, midnight.
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<b>Week 11</b>	<b>Date:</b> <b>December 14, 15</b>
	Topic: Raising capital, short-term finance and planning, cash management
	Readings: Chapters 20
	Requirements: Assignment 9 is due on December 13, midnight.

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<b>Week 12</b>	<b>Date:</b> <b>December 21, 22</b>
	Topic: Raising capital, short-term finance and planning, cash management
	Readings: Chapters 26, 27
	Requirements: Assignment 10 & Case 2 are due on December 20, midnight.

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<b>Week 13</b>	<b>Date:</b> <b>December 28, 29</b>
	Topic: International corporate finance
	Readings: Chapter 31
	Requirements: Assignment 11 is due on December 27, midnight.

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<b>Week 14</b>	<b>Date:</b> <b>January 4, 5</b>
	Topic: Review and Discussion of Case Study 3
	Readings:
	Requirements: Case 3 is due on January 3, midnight.

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