

Sabancı MiF Program
Fall 2023
MFİN 851 – Corporate Finance

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Classroom: Altunizade campus
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Course Objective:

The objective of this course is to familiarize you with the general concepts related to the theory and practice of corporate financial decision-making. In the process, we will primarily try to achieve a sound understanding of the

- Basic valuation models and valuation of financial securities
- Decision rules used to value and choose between corporate projects
- Risk-return relationship in financial management

Learning Outcomes:

Upon successful completion of the course, the student should be able to:

1. Discount/compound cash flows over multiple time periods,
2. Perform capital budgeting analysis using several methods, such as NPV and IRR,
3. Value stocks and bonds,
4. Discuss the relation between risk and return.

Course Material:

1. Textbook: Brealy, Myers and Allen (BMA), Principles of Corporate Finance, 11th edition, McGraw Hill-Irwin. (recommended)
2. Classroom access to Excel and/or a financial calculator or any type of calculator that can handle exponents and natural logarithms is required.

Course Web:

Material that will be posted on the website will include but not be limited to lecture notes, problem sets, solution keys, etc. Downloadable material may be found in SUcourse folder of your class. (If applicable) For any Zoom recordings, please see the google drive for your corresponding class. (If applicable) Some of the material may be handed in during class as hard copy.

Instructional Design:

The class will use lectures to introduce the material and the theoretical construct of each topic. Within these lectures, we will also solve examples and use in-class exercises to demonstrate the practical application of such concepts whenever applicable.

Grading: (tentative)

Participation	: 10%
Assignments/Cases	: 30%
Quiz/Midterm	: 20%
Final Exam	: 40%

Requirements:

Lectures and Participation: Lectures will stress the most important issues addressed in the text. **You are responsible for all material covered in class, assigned readings, suggested problems and study questions, and problem sets.** Lectures may go beyond the scope of the textbook for certain topics. Therefore, it is important for you to attend class or make arrangements to get the class material from your classmates. **You are responsible for all announcements made in class.** Class lectures will sometimes involve working through problems. Thus, you should bring a calculator or computer to class so that you may work problems and participate in class. These in-class exercises will also become a part of your ‘participation’ grade.

You will benefit from this course in proportion to the effort you put in and may get frustrated unless you come to class prepared. Preparing for a class includes reading and thinking about the assigned material and working on the assigned exercises. Your class participation grade will be based on your level of preparation for class throughout the semester, which will be evidenced, by the quality of your questions, answers, and overall contribution to class discussion. Although I do not follow a strict attendance policy, you will inevitably receive a low class-participation grade unless you are regularly present in class.

Exams and Make-up policy: No letter grades will be assigned to any individual component in the evaluation process. Letter grades will be assigned only at the end of the semester based on **performance relative to the rest of the class.** In addition, your general academic situation cannot be considered. (For example, “I need a ‘B’ in this course to graduate.”)

Exams may contain any combination of multiple choice, short answer, and fill-in-the-blank questions as well as numerical problems. Any individual suspected of cheating, including stealing or using stolen examinations, will be disciplined to the maximum extent possible.

If you feel your examination grade is incorrect, you must **notify me in writing** – explaining why you think the grade is incorrect – up until one week after the grade announcement date.

I have established a **no-make-up** policy for this class. If you are ill, evidence of the illness documented by a doctor is required. You are expected to be present at the indicated time and date for all examinations. Students missing an exam without my permission will receive zero on that exam. If you miss an exam due to a university-approved excuse and also convince ME for the validity of that excuse, the weight of the missed exam will be added to the final. You realize that this is a risky proposal for you, and if I were you, I would do everything in my power not to miss a scheduled exam.

Office Hours: Office hours may change during the semester. Such changes will be announced in class or on the class web page.

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 MiF 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.

Course Schedule:

Each topic and week includes *recommended* readings from Brealey, Myers and Allen (BMA).

Dates in the course schedule are approximate and subject to change with appropriate notice. (TENTATIVE SCHEDULE)

Lecture 1	Date: September 29 (18:00-21:00) (Fri) Topic: Overview/Introduction to Corporate Finance (BMA, Chapter 1) Valuation Fundamentals (BMA, Chapters 2&3)
Lecture 2	Date: September 30 (9:30-12:30/13:30-17:30) (Sat) Topic: Valuation Fundamentals (BMA, Chapters 2&3), cont'd Bond and Stock Valuation (BMA, Chapters 4&5)
Lecture 3	Date: October 6 (18:00-21:00) (Fri) Topic: Bond and Stock Valuation (BMA, Chapters 4&5), cont'd Financial Statement Analysis and Investment Criteria (BMA, Chapter 6)
Lecture 4	Date: October 7 (9:30-12:30/13:30-17:30) (Sat) Topic: Financial Statement Analysis and Investment Criteria, cont'd Capital Budgeting (Discounted Cash Flow Valuation)
Lecture 5	Date: October 13 (18:00-21:00) (Fri) Topic: Capital Budgeting (Discounted Cash Flow Valuation), cont'd Midterm
Lecture 6	Date: October 14 (9:30-12:30/13:30-17:30) (Sat) Topic: Case #1 Risk and Return/CAPM/WACC (BMA, Chapters 7&8)
Lecture 7	Date: October 20 (18:00-21:00) (Fri) Topic: Risk and Return/CAPM/WACC (BMA, Chapters 7&8), cont'd
Lecture 8	Date: October 21 (9:30-12:30/13:30-17:30) (Sat) Topic: TBD
Final Exam	Date: October 27 (18:00-21:00) (Fri) Topic: Final Exam + Case #2 due
