

4811 & BA 5811 – Corporate Finance  
Class Times: TTh 9:00 – 10:15 in G 107

<b>Instructor:</b>	Dr. Z. Nuray Güner
<b>Office:</b>	FEAS Building B, H 113
<b>Phone:</b>	210 3075
<b>E-mail:</b>	<a href="mailto:nurayg@metu.edu.tr">nurayg@metu.edu.tr</a>
<b>Online Office Hours:</b>	TTh 14:45 – 16:00
<b>Course Web Page:</b>	<a href="https://odtuclass.metu.edu.tr/">https://odtuclass.metu.edu.tr/</a> Students are a natural member of ODTUClass page of this course. Solutions to end of chapter problems, your grades, assignments and announcements will be posted there. In order to not to miss anything, please check your METU email accounts regularly.

**Course Description:**

As an intermediate finance course, BA 4811 is designed to provide an in-depth examination of some important corporate financial concepts by focusing on the techniques and methods involved in financial planning and decision making of the firm. In the first quarter of the course, we will concentrate on short and long term financial planning. We will talk about some additional considerations in capital budgeting in the second quarter of the course. In the third quarter of the course, we will focus on dividend and capital structure policies of the firm. In the fourth quarter of the course, we will deal with leasing vs buying decision and valuation of mergers and acquisitions. At the end of the term, students will have a very good understanding of these topics. Case studies will be used in providing students with hands on experience with the topics, after briefly covering relevant topics during the lectures. Students are expected to study the relevant concepts in depth before and during the preparation of the assigned cases that will be submitted as reports, and will be presented by selected groups in the classroom.

**Course Student Learning Objectives: (CSLO)**

*Upon successful completion of this course, students should be able to:*

**Course Specific Skills:**

Students who complete this course should be able to:

1. Understand and apply methods of long-term financing, and policies related to capital structure of a business
2. Understand cash and accounts receivables management and use appropriate methods in order to satisfy the needs
3. Develop appropriate dividend policy and understand the results of different policy choices
4. Understand the basic legal, accounting and tax aspects of mergers and acquisitions, as well as the synergy created by, and the premium to be paid for an acquisition.
5. Understand complex financing structures as financial leasing
6. Comprehend the effects of behavioral biases on financial decisions

**Discipline Specific Skills:**

By the end of this course the students will be able to:

7. Demonstrate broad knowledge of literature and concepts on corporate finance
8. Analyze corporate finance problems and interpret results
9. Develop skills in financial analysis, planning, and decision-making;

**Personal and Key Skills:**

10. Develop critical thinking on corporate finance issues
11. Develop problem solving skills
12. Develop writing and discussion skills

This course is going to make use of formal lectures, in-class discussions and problem solving.

**Required Reading:**

Stephen A. Ross, Randolph W. Westerfield and Bradford D. Jordan, 12<sup>th</sup> Edition, Fundamentals of Corporate Finance. McGraw Hill Education.

Highly Recommended: Reading Financial Magazines and financial pages of daily newspapers on a regular basis. Topics and articles found in current periodicals, as well as articles found on the internet, will be integrated into classroom discussion.

**Assessment and Grading:**

Form of Assessment	% Contribution	Size of the assessment	CSLOs covered by this assessment	Feedback Method
Interim Exams	66	Essay-type examination (Total of 3)	1, 2, 3, 4, 5, 10, 11, 12, 13	Written and oral (during office hours)
Make-Up Exam (During the Final Exams Period)		One essay-type comprehensive examination	3, 4, 5, 10, 11, 12, 13	Written and oral (during office hours)
Cases	21	Written report and peer evaluation	1, 2, 4, 9, 10, 11, 12, 13	Written and oral (during office hours)
Quizzes and Class Participation	13	Written report	6, 10, 11, 12, 13	Written and oral (during office hours)

No "extra" work above the aforementioned will be accepted or credited.

**Makeup Examinations:** One comprehensive make-up exam will be given to those who missed a **an exam**. If you are going to miss an exam, please try to notify me in writing before the exam and obtain my permission for not taking the exam. Please make sure that you add all supporting documents to your letter. If you cannot notify me before the exam, then please try to do so as soon as possible after the exam in writing.

**Important Note About Re-sit (Bütünleme) Exams:** Please note that re-sit exams are no longer given at METU.

**Incompletes:** A grade of incomplete will not be granted except for the most extreme circumstances and only after stringent verification and approval by the Department. A grade of incomplete will be granted only as a result of circumstances beyond the student's control. A grade of "I" is not given in lieu of an "FF".

**Course Policies:****Prerequisites**

Understanding of accounting, economics, college algebra and statistics is a must. Knowing how to use a spreadsheet program like EXCEL is a plus. *Students who feel weak in any of these areas may require additional preparation time for class and to complete assignments.*

**Course Requirements**

**Reading Assignments:** The following pages give the schedule for the reading assignments. The lectures will stress the most important and/or most difficult material. The students are required to read the chapters before they are covered in class. While we may deviate slightly from this schedule, it provides the structure for the course. Some of the assignments may require use of a spreadsheet program like EXCEL.

**Class Participation:** The students will be assigned readings from the textbook and are **expected** to come to class prepared and ready to take part in class discussions. Therefore, attendance is strongly recommended in this class. Past experience repeatedly demonstrated that students who regularly attend class and read the chapter assignments perform **significantly** better than students who have an intermittent attendance and/or who do not keep current in reading the chapters. A student who did not participate at all but came to all the class sessions will only get 40% of the class participation grade. A seating chart is maintained and absences are recorded periodically.

**Student Pictures:** Students are required to change their photos and upload a recent picture of themselves to the METU system before class on Tuesday **October 15, 2023**. These pictures will help me learn the names of students and associate names with faces.

**Quizzes:** Unannounced quizzes will be given throughout the semester. These quizzes will be given at the beginning of the class. You will have 10-15 minutes to complete the quiz. Each quiz will consist of material that is covered previously. Each student may drop one quiz. **No make up quizzes will be given.**

**Case Studies:** During the term you will prepare 3 (three) case reports in groups. Groups of 4 to 6 students will be formed by the instructor. Each group will prepare a written (word processed) analysis of the case no longer than 5 pages excluding executive summary, exhibits and tables. Each case report should be accompanied by a one page executive summary outlining the main points of the case report. In preparing these case reports, groups should work under the honor code and should not discuss the case with other groups. A violation of this requirement will be punished severely. The due dates for the case reports are shown on the day by day assignment sheet. The case reports will be collected at the beginning of the class period and **late case reports will not be accepted**. At the end of the term, every student will be required to provide an evaluation of the contribution of each of the group members to the group's output. These peer evaluations are going to make up 50% of your overall case grade.

**Exams:** There will be 3 exams throughout the semester. These exams will be administered in the evenings and will start at 18:30 unless otherwise stated. The exams will be on closed notes and closed book basis. Please make a careful note of these examination and other due dates. These dates are fixed and non-negotiable. They will NOT be changed unless something *very important* and *unforeseeable* comes up during the term.

**STUDENT DISABILITIES:** Any student, who, because of a disabling condition, may require special arrangements in order to meet course requirements, should contact the instructor as soon as possible. Students should present the appropriate documentation from the university's Disability Support Office (Engelsiz ODTÜ Birimi, ODTÜ Kütüphanesi, Solmaz İzdemir Salonu, Tel: 210.7196; [engelsiz@metu.edu.tr](mailto:engelsiz@metu.edu.tr)) verifying their disability, and outlining the special arrangements required. Please note that no accommodations will be provided to the disabled students prior to the completion of this approved University process.

**ACADEMIC DISHONESTY:** The Department of Business Administration has no tolerance for acts of academic dishonesty. Such acts damage the reputation of METU, the department and the BS/MBA degree and demean the honest efforts of the majority of the students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

**CHEATING:** All university, faculty/institute, and department principles on academic honesty will be strictly enforced. The usual consequence for academic dishonesty is failure of the course and referral of the case to the Dean of the Faculty or the Graduate School of Social Sciences for additional disciplinary action. Examinations are individual and are to be completed without outside assistance of any sort. Persons observed cheating during examinations will receive a failing grade in the course. Homework assignments are individual, unless otherwise specified by the instructor, and are to be completed without outside assistance of any sort, as well. Persons observed cheating in their homework assignments will receive a score of zero for the portion of the semester grade that is allocated to such assignments.

**PLAGIARISM:** The instructor assumes that students will do their own work. By placing their names on assignments (individual or team), students are affirming that the contents are their original work. Any previous work available from files or past students, as well as materials available on the internet may be used only as a suggestive model. Violation of this provision will be considered as unethical behavior, subject to disciplinary action. If you have any doubt about the use of a specific material, see the instructor ahead of time. Any material used from outside sources should be referenced appropriately. Persons observed to plagiarize while preparing assignments will be referred to the Dean of the Faculty or the Graduate School of Social Sciences for additional disciplinary action and also they will receive a score of zero for the portion of the semester grade that is allocated to such assignments.

### **METU HONOR CODE**

Every member of METU community adopts the following honor code as one of the core principles of academic life and strives to develop an academic environment where continuous adherence to this code is promoted.

"The members of the METU community are reliable, responsible and honorable people who embrace only the success and recognition they deserve, and act with integrity in their use, evaluation and presentation of facts, data and documents."

**CIVILITY IN THE CLASSROOM:** Students are expected to assist in maintaining a classroom environment which is conducive to learning. In order to assure that all students have an opportunity to gain from time spent in class, unless otherwise approved by the instructor, students are prohibited from using laptop computers and cellular phones, making offensive remarks, reading newspapers, sleeping, or engaging in any other form of distraction. Inappropriate behavior in classroom shall result, minimally, in a request to leave class.

Past observations showed that the classroom experience is improved when the following are true:

**Students arrive on time.** Timely arrival ensures that classes are able to start and finish at the scheduled times. Timely arrival shows respect for both fellow students and faculty and it helps to create a better learning environment by reducing avoidable distractions.

**Students are fully prepared for each class.** Much of the learning in this course takes place during classroom discussions. When students are not prepared, they cannot contribute to the learning process. This affects not only the individual but also the classmates who count on them.

**Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged; however, intolerance for the views of others is unacceptable.

**Phones and wireless devices are turned off.**

**STUDENT EXCUSES:** Unless you inform me in advance, I will not excuse you from any of the grade requirements. At the same time, this does not mean that I will allow you to miss a test or an assignment with any excuse that you present to me. Please note that the excuse is acceptable for only the most extreme circumstances and only after stringent verification and approval by the Department.

**KNOW YOUR RIGHTS AND RESPONSIBILITIES!** <http://oidb.metu.edu.tr/en/academic-rules-and-regulations>

**NOTE THE IMPORTANT DATES ON THE ACADEMIC CALENDAR!**  
<http://oidb.metu.edu.tr/en/academic-calendar>

The instructor assumes that students who attend the next class have understood and accepted to agree with all the requirements and rules of this course.

**Notes:**

- Usage of cell phones is strictly prohibited during class. Please be courteous to your classmates and me and make sure that your phones are on silent mode before the class begins.
- Please arrive on time and do not enter the classroom if I already have closed the classroom doors. If you have to leave early, please inform me in advance. If, due to uncontrollable circumstances, you end up being late for class, please wait outside until the first in-class break during which I will open the classroom door and let you in.
- You are encouraged to come to my online office hours for questions, concerns, or, suggestions. Outside the office hours, please make an appointment with me in advance, before or after the class, via phone or e-mail. For quick questions that you may have, note that e-mailing is a very effective means of communicating with me.

**Good luck to all of you and let's have a very enjoyable semester together!!**

**Don't be Trashy. Recycle.**

**Do not throw items away in the trash that should go into the recycling bin. Show a little class.**

**RECYCLING**

**WORKS**

**Color Coded Tentative Class Schedule (subject to change)**Students Assignments and due dates are shown in **Blue**.Exam dates are shown in **Purple**.Extra Class Sessions are shown in **Hot Pink**.

Color Coded Tentative Course Schedule				
Month	Day	Topic	Reading/ Assignment	CSLO
<b>October</b>	1	Long Term Financial Planning and Growth	Chapter 4 Handout 1	
	3	Long Term Financial Planning and Growth (cont.'d)	Chapter 4 Handout 1	
	<b>5</b>	<b>Extra Session – Saturday 10:15-13:00</b> Short Term Finance and Planning	Chapter 18	
	8	Cash and Liquidity Management	Chapter 19	
	10	Cash and Liquidity Management (cont.'d) Credit and Inventory Management	Chapter 19 Chapter 20	
	15	Credit and Inventory Management (cont.'d)	Chapter 20	
	<b>15</b>	<b>Deadline to upload a recent photo to METU System</b>		
	17	Inflation and Capital Budgeting	Handout 2	
	22	Bid Price Determination (Pages 333-335)	Chapter 10	
	24	Risk Analysis, Real Options and Capital Budgeting	Handout 3	
	<b>29</b>	<b>NO CLASS – Holiday</b>		
	31	Risk Analysis, Real Options and Capital Budgeting (cont.'d)	Handout 3	
<b>Nov</b>	<b>1</b>	<b>First Exam (Chap. 4, 18, 19, 20, Handouts 1 and 2)</b>		
	5	Raising Capital	Chapter 15	
	7	Raising Capital (cont.'d)	Chapter 15	
	12	Financial Leverage and Capital Structure Policy	Chapter 16	
	14	Financial Leverage and Capital Structure Policy (cont.'d)	Chapter 16	
	19	Bond Refunding (cont.'d)	Handout 4	
	21	Bond Refunding	Handout 4	
	26	Leasing	Chapter 27	
	28	Leasing (cont.'d)	Chapter 27	
	<b>29</b>	<b>Second Exam (Chap. 10, 15, 16, Handouts 3 and 4)</b>		
<b>Dec</b>	3	Dividends and Payout Policy	Chapter 17	
	5	Dividends and Payout Policy (cont.'d)	Chapter 17	
	10	Mergers and Acquisitions	Chapter 26	
	12	Mergers and Acquisitions (cont.'d)	Chapter 26	
	17	Sustainable Finance	Handout 5	
	19	Sustainable Finance (cont.'d)	Handout 5	
	24	Behavioral Finance: Implications for Financial Management	Chapter 22	
	26	Behavioral Finance: Implications for Financial Management (cont.'d)	Chapter 22	
<b>Jan</b>	2	Review and Questions and Answers		
	<b>TBA</b>	<b>Final Exam (Chap. 27, 17, 22, 26 and Handout 5)</b>		
	<b>TBA</b>	<b>Comprehensive Make-Up Exam</b>		

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Assessment and Grading:				
Form of Assessment	% Contribution	Size of the assessment	CSLOs covered by this assessment	Feedback Method
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