

BA 5802 – Financial Management

TTh 10:40 – 11:55 @ <https://zoom.us/j/96501624669?pwd=S1hYdkNsVWxFelVReW5YbU5SUW9BZz09>

Meeting number: 965 0162 4669

Passcode: 5802

Instructor:	Dr. Seza Danişoğlu
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Office Hours:	Tuesday and Thursday: 14:30 – 15:30 @ https://zoom.us/j/93081991835?pwd=b1FjYjg3Zm4yUlhMcGFYN2pUL1NRZz09 Meeting number: 930 8199 1835 Passcode: 4825 or, strictly by appointment
Course Web Page:	https://odtuclass2022s.metu.edu.tr/course/view.php?id=1440
Course Description:	
<p>The objective of this course is to familiarize the students with the world of finance, viewed especially from a corporation's angle. The technical objectives include teaching about a wide array of concepts ranging from the basics of risk, return, time value of money and valuation to the more advanced discussions of capital budgeting and capital structure. The conceptual objectives include creating awareness about the variety and complexity of the financial decisions that are faced by the manager of a corporation on a daily basis. Finally, the philosophical objectives include demonstrating how the "world of finance" can be fascinatingly interesting and surprisingly challenging in a rather enjoyable way!</p>	
Course Student Learning Objectives: (CSLO)	
<p><i>Upon successful completion of this course, students should be able to:</i></p> <p>Course Specific Skills:</p> <ol style="list-style-type: none"> 1. Understand how the various parts of a business and its environments interact with the financial decisions of the firm 2. Develop skills in financial statement analysis, pro-forma preparation and performance evaluation by using financial statements 3. Understand the fundamental risk/return tradeoff in finance 4. Acquire the state-of-the-art know-how related to asset pricing by learning the chronological evolution of asset pricing models 5. Understand the essentials of bond and stock valuation and learn how to apply the basic framework to valuation in general 6. Learn the project evaluation process; acquire the technical skills for assessing project alternatives financially; understand the practical difficulties in capital budgeting; identify, analyze, and propose reasonable solutions to these problems 7. Understand the strategic financial decisions of a firm by learning about the dividend policy and capital structure choices 8. Develop additional skills in evaluating lease contracts 9. Understand the process of a company going public and the implications of this choice for the company and the financial markets <p>Discipline Specific Skills:</p> <ol style="list-style-type: none"> 10. Develop skills in time value of money and valuation <p>Develop an understanding of:</p> <ol style="list-style-type: none"> 11. The role played by the financial sector in an economy 	

12. How firms make their long-term financing decisions
 13. How firms make their long-term investing decisions

Personal and Key Skills:

14. Develop problem solving skills
 15. Develop writing and discussion skills
 16. Learn to apply the abstract concepts learned in the classroom to everyday financial decisions made by corporations

Learning and Teaching Methods:

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

Required Reading:

Brigham, E.F. and M.C. Ehrhardt *Financial Management: Theory and Practice*, 13th Edition, CENGAGE Learning, 2011, ISBN: 978-1-4390-7810-5.

Assessment and Grading:

Form of Assessment	% Contribution	Size of the assessment	CSLOs covered by this assessment	Feedback Method
Written Examinations (Three Examinations). (Final Examination to replace the lowest midterm)	66	135-minute essay-type examination	1 through 16	Written and oral (in class)
Case Reports (Two Reports)	12	Self-study hours (4+ hours)	2, 6, 10, 11, 12, 13, 14, 15, 16	Written
Problem Sets (Two Sets)	12	Self-study hours (4+ hours)	1, 2, 3, 4, 5, 10, 11, 12, 13, 14, 15, 16	Written
Case Discussions, Attendance, Quizzes (Not recorded unless the student's camera is on during the meeting)	10	Class participation during regular lectures	1 through 16	Oral (in class)

Please note that failure to attend a minimum of 75% of all classes (a minimum of 21 class periods) will result in an automatic FF grade in this course.

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

Makeup Examinations: There will be no make-ups for exams or assignments. If you have a time conflict, please contact me ahead of time.

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:

Course Requirements: 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.

Attendance is mandatory 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.

Cases: Two cases will be assigned during the term. All cases will be discussed in detail during a regular class session. Students are expected to respond to specific questions and to critique other student comments. Therefore, each student is expected to come to class ready to discuss the case. Please note that up to 10 percent of your overall grade will depend on your participation in the case discussions.

In addition, a written report on both cases will be submitted. You need to prepare these reports in groups of two people. You do not have to form a group with the same person for each case study. The cover page of the case reports should state the names of the students clearly. The reports should be concise yet address all of the major issues raised in the case. They should be similar in style and content to an executive summary and should be no more than three typed pages of narrative plus exhibits. The reports for the case studies will be submitted via the plagiarism detection service Turn-it-in's link available at the course page and instructions will be provided with each case study.

Problem Sets: Two problem sets will be assigned during the term. The assignments should be prepared as hand-written versions of your original work and they should be prepared individually. However, I do encourage working together among classmates and if you choose to do so, please make a note of the person(s) that you have worked with alongside your own name on the assignment. The solutions to the problem sets will be made available at the course web page once the assignments are collected from the students.

There will be no make-ups for missed assignments.

Reading Assignments: The following pages give the schedule for the reading assignments. The lectures will stress the most important and/or most difficult material. Appendices are required only if they are assigned.

Presentation Slides: A copy of the presentation slides is available at the course web page. These slides can be used as chapter summaries and utilized while taking down notes during class.

Case Study Texts: A copy of the case study texts will be distributed in class after the add/drop week.

Recitation Hour: There is going to be a weekly recitation hour. A teaching assistant from the department is going to work on sample problems on the topics that are covered during class from the previous weeks. These sample problems are made available at the course web page one day before the recitation hour so that you can take a look at them and may be even attempt to solve them before coming to class. Attendance to the recitation hour is not mandatory but highly recommended.

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) 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 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 METU 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.

Laptops, 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 drop by my office during 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!! SD

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

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

REFUSE, REDUCE, REUSE, REPURPOSE, RECYCLE!



The following table gives the tentative schedule for the semester. The lectures will stress the most important and/or most difficult material. Appendices are required only if they are assigned. The students are required to read the chapters and appendices before they are covered in class.

Tentative Course Schedule				
Month	Day	Topic	Reading Assignment	CSLO
March	7	Introduction An Overview of Financial Management and the Financial Environment	Chapter 1	1
	9	An Overview of Financial Management and the Financial Environment (Cont'd) Analysis of Financial Statements	Chapter 1 Chapter 3	1, 2
	14	Analysis of Financial Statements (Cont'd)	Chapter 3	2
	16	Financial Planning and Forecasting Financial Statements	Chapter 12	2
	21	Financial Planning and Forecasting Financial Statements (Cont'd) Risk, Return, and the Capital Asset Pricing Model	Chapter 12 Chapter 6	2 3, 4
	23	Risk, Return, and the Capital Asset Pricing Model (Cont'd)	Chapter 6	3, 4
	28	Risk, Return, and the Capital Asset Pricing Model (Cont'd) Portfolio Theory, Asset Pricing Models, and Behavioral Finance	Chapter 6 Chapter 24	3, 4
	30	Portfolio Theory, Asset Pricing Models, and Behavioral Finance (Cont'd)	Chapter 24	3, 4
April	4	Time Value of Money	Chapter 4	5
	6	Time Value of Money (Cont'd) Problem Set #1 Due by 10:40 via ODTUClass	Chapter 4	5
	7	Midterm 1 @20:00 Chps 1, 3, 6, 12, 24		1, 2, 3, 4
	11	Bonds, Bond Valuation, and Interest Rates	Chapter 5	5
	13	Case Study 1 (Report due by 10:40 via ODTUClass)		2
	18	Bonds, Bond Valuation, and Interest Rates (Cont'd)	Chapter 5	5
	20	Stocks, Stock Valuation, and Stock Market Equilibrium	Chapter 7	5
	25	Stocks, Stock Valuation, and Stock Market Equilibrium (Cont'd)	Chapter 7	5
May	27	The Cost of Capital	Chapter 9	6
	2	The Basics of Capital Budgeting: Evaluating Cash Flows	Chapter 10	6
	4	The Basics of Capital Budgeting: Evaluating Cash Flows (Cont'd) Problem Set #2 Due by 10:40 via ODTUClass	Chapter 10	6
	5	Midterm 2 @ 20:00 Chps 4, 5, 7, 9		5, 6
	9	Cash Flow Estimation and Risk Analysis	Chapter 11	6
	11	Cash Flow Estimation and Risk Analysis (Cont'd)	Chapter 11	6
	16	Distribution to Shareholders: Dividends and Repurchases	Chapter 14	7
	18	Distribution to Shareholders: Dividends and Repurchases (Cont'd) Capital Structure Decisions	Chapter 14 Chapter 15	7
June	23	Capital Structure Decisions (Cont'd)	Chapter 15	7
	25	Case Study 2		6
	30	Lease Financing	Chapter 18	8
	1	Public and Private Financing: Initial Public Offerings, Seasoned Offerings and Investment Banks	Chapter 20	9
June	2	Midterm 3 @ 20:00 Chps 10, 11, 14, 15		6, 7
	6	Public and Private Financing: Initial Public Offerings, Seasoned Offerings and Investment Banks	Chapter 20	9
	8	Semester Review		
	16	Final Examination @ 20:00 %80: Chapters 1, 3, 4, 5, 6, 7, 9, 10, 11, 12, 14, 15, 24 %20: Chapters 18, 20		6 - 9