

Antalya Bilim University
Department of B.A., BUSI 222
INTRODUCTION TO CORPORATE FINANCE

Welcome to the course. This course examines important issues in corporate finance from the perspective of financial managers who are responsible for making significant investment and financing decisions. The concept of net present value, suitably adapted to account for taxes, uncertainty, and strategic concerns, is used to analyze how investment and financing decisions interact to affect the value of the firm. The course covers topics that are important to decision-making in marketing, operations management, and corporate strategy. A large portion of the course covers capital budgeting, first without uncertainty, and then in the presence of uncertainty. Throughout, emphasis is placed on the interaction between (corporate and personal) taxes and the cost of capital. Topics covered in this context will include leasing and leveraged buyouts. The course also includes a treatment of dividend policy and capital market efficiency, as they relate to the value-maximization objective of the firm. While the course is not designed to dwell on abstraction, the basic theoretical underpinnings of the various topics are a prerequisite to competent analysis and intellectual discussion. We emphasize the development of problem-solving skills based on a good understanding of the business environment as opposed to pure theorizing or mindless numbers exercises. Because of the practical importance of the material and as an illustration of the relevant theory, we will discuss examples and cases.

Course book:

Corporate Finance, Global Edition, Jonathan Berk, Peter Demarzo, 2016, Paperback, 1.170 pages

Recommended readings:

Additional reading material will be provided by the lecturer.

Developing Graduate Attributes

Students will be encouraged to develop the following graduate attributes by undertaking the course activities and mastering the course contents. These attributes will be assessed within the assessment tasks:

- skills involved in scholarly enquiry;
- an in-depth engagement with the relevant disciplinary knowledge;
- the capacity for analytical and critical thinking;
- the ability to engage in independent and reflective learning.

Academic Honesty and Plagiarism

Plagiarism is using the words or ideas of others and presenting them as your own. Plagiarism is a type of intellectual theft. It can take many forms, from deliberate cheating to accidentally copying from a source without acknowledgement. Although plagiarism is well established in Turkish educational system, you will be punished heavily if you are caught do it.

Assessment Criteria:

- 1) **Midterm (40%):** Students are responsible for all class material covered until the midterm exam.
- 2) **Final exam (60%):** This exam is cumulative and will focus on all units and topics studied throughout the course, but emphasis will be on the topics covered after midterm.
- 3) **IMPORTANT: In order to be considered successful in the course, your grade must be at least 50 pts.**

Course Schedule (Tentative and could be changed based on the development of the course through the semester.)

WEEK 1 Introduction & The Corporation

Jonathan Berk, Peter Demarzo, Chapter 1, pp. 34-54

WEEK 2 Introduction to Financial Statement Analysis

Jonathan Berk, Peter Demarzo, Chapter 1, pp. 55-92

WEEK 3 Financial Decision Making and The Law of One Price

Jonathan Berk, Peter Demarzo, Chapter 3, pp. 93-110

WEEK 4 Financial Decision Making and The Law of One Price

Jonathan Berk, Peter Demarzo, Chapter 3, pp. 111-129

WEEK 5 Time Value of Money

Jonathan Berk, Peter Demarzo, Chapter 4, pp. 130-152

WEEK 6 Time Value of Money

Jonathan Berk, Peter Demarzo, Chapter 4, pp. 153-174

WEEK 7 Review

WEEK 8 Midterm Exam (April 1, 2020)

WEEK 9 Valuing Projects, Investment Decision Rules

Jonathan Berk, Peter Demarzo, Chapter 7, pp. 244-262

WEEK 10 Valuing Projects, Investment Decision Rules

Jonathan Berk, Peter Demarzo, Chapter 7, pp. 262-271

WEEK 11 Financial Distress Managerial Incentives and Information

Jonathan Berk, Peter Demarzo, Chapter 16, pp. 583-600

WEEK 12 Financial Distress Managerial Incentives and Information

Jonathan Berk, Peter Demarzo, Chapter 16, pp. 601-629

WEEK 13-14 Review