

## Financial Economics – ECN 314E Spring 2020 Syllabus

Istanbul Technical University

Department of Economics

**Instructor:** Associate Professor Resul Aydemir

**Office:** E-203

**Classroom:** Med A12

**Lecture Hours:** Tue 11:30-14:30

**Office Hours:** By appointment (Send an email to schedule an appointment)

**Email:** [resulaydemir@itu.edu.tr](mailto:resulaydemir@itu.edu.tr) or [resul.aydemir@gmail.com](mailto:resul.aydemir@gmail.com)

**Required Textbook:** Ross, Westerfield, and Jordan, Fundamentals of Corporate Finance, Standard Edition, 12th Edition, McGraw-Hill

### Course Description:

The course is designed to provide an understanding of finance principles at a basic level and it lays the foundation for more advanced finance studies. The course introduces various approaches for effective financial decision-making in companies and provides a working knowledge of the concepts, tools, and applications that are covered. Many topics covered in this course are also very useful in managing one's personal finances.

### Course Requirements:

- 1) You are urged to attend classes regularly. (**At least 70% attendance is required to avoid VF**)
- 2) You need to prepare a term project (**15 points**) and present (**10 points**) it in class.  
Final due date: 12<sup>th</sup> of May, 2020  
Presentation dates: 12<sup>th</sup> and 19<sup>th</sup> of May, 2020
- 3) There will be one midterm and a final.
- 4) **In order to be eligible for final exam, you need to get at least 30 points (out of 100) from all midterm, quizzes and project (and at least 70% attendance as well).**

Class time will be used mostly to introduce concepts and tools and then to solve examples. Students are strongly encouraged to solve the end-of-chapter questions and problems.

There will be some pop quizzes (Short: 5 points; Big: 10 points) throughout the semester. More than two short or one big quiz will be considered as bonus quizzes. Midterm and final will consist of short answer questions and application problems. The tentative date for the midterm is **7<sup>th</sup> of April, 2020**.

Final exam will be comprehensive. The final exam date will be announced later.

All exams are closed book and closed notes exams. There will be **no make-ups** for missed exams unless there is a serious personal or medical excuse.

The final grade will be determined as follows:

Quizzes	: 10 %
Midterm	: 25 %
Project	: 25 %
Final	: 40 %
Total	: 100 %

**Grading Scale:**

Letter grades will be determined according to curve system.

**Other Policies:**

Academic Misconduct: Academic integrity is central to the mission of this institution. Hence, cheating, falsification, and/or plagiarism of any form will not be tolerated. Any instance of academic dishonesty will result in a 0% grade on the related assignment or exam. The misconduct will also be reported to University Administration for disciplinary action.

**Tentative Course Outline:**

All the reading listed is required. While the lectures will follow the book fairly closely, it is not possible to go into detail to the same degree as the book, so you will be expected to read the book on your own.

PART 1 OVERVIEW OF CORPORATE FINANCE

- 1) An Introduction to Corporate Finance (Chapter 1)
- 2) Financial Statements, Taxes, and Cash Flow (Chapter 2)

PART 2 FINANCIAL STATEMENTS AND LONG-TERM FINANCIAL PLANNING

- 3) Working with Financial Statements (Chapter 3)
- 4) Long-term Financial Planning and Growth (Chapter 4)

PART 3 VALUATION OF FUTURE CASH FLOWS

- 5) Introduction to Valuation: The Time Value of Money (Chapter 5)

- 6) Discounted Cash Flow Valuation (Chapter 6)
- 7) Interest Rates and Bond Valuation (Chapter 7)
- 8) Stock Valuation (Chapter 8)

#### PART 4 CAPITAL BUDGETING

- 9) Net Present Value and Other Investment Criteria (Chapter 9)
- 12) Making Capital Investment Decisions (Chapter 10)
- 13) Project Analysis and Evaluation (Chapter 11)

#### PART 5 RISK AND RETURN

- 14) Some Lessons from Capital Market History (Chapter 12)
- 15) Return, Risk and the Security Market Line (Chapter 13)

Notes:

Please check your emails regularly for a possible announcement regarding the course!!!

You can also find all the relevant information about the course on Ninova.