

**MIDDLE EAST TECHNICAL UNIVERSITY**

EM532 Finance for Engineering Management

Spring, 2012

Asst. Prof. Dr. Adil ORAN

Phone: 210-2041

**Class Hours:** T 18:20-21:00 (IE-105???)

Office: H114

**Office Hours:** MW 10:15-11:30

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**Text:**

Ross, Westerfield and Jordan, Essentials of Corporate Finance 6<sup>th</sup> ed. McGraw-Hill, 2008.

**Course Description and Objectives:**

Finance is an area that is essential to the long term health of any company. A basic understanding of the subject is necessary even for non-finance track employees trying to make decisions to benefit the company. Individuals who have this knowledge of Finance can make better, more informed decisions and bring forth project proposals that are better thought out, presented and more likely to be accepted.

Students completing this course will gain an understanding of the financial decisions made in organizations. Students will be familiarized to the concepts and principles of financial management, with particular emphasis on risk, rates of return, and valuation. They will also be able to understand the basics of contemporary financial events as they occur.

**Background required**

A basic understanding of Economics, Financial Accounting and Statistics is required. Students without these skills may take the course but should be aware that they will have to do extra preparation.

**Assignments:**

A number of Homework and in-class assignments will be given throughout the semester.

**Class Conduct:**

In addition to traditional lectures, participative learning techniques will be utilized. Students will be required to come to class having read the relevant material, complete in-class assignments given and a number of homework assignments.

**Class Preparation:**

You should come to class having read the relevant material prior to class, and prepared any assignments for the topic to be covered that day. Proper preparation for the class will significantly increase your understanding of the lecture and related subject. Questions are expected and encouraged.

## EM532 Finance for Engineering Management

### Grading:

|                                     |                               |
|-------------------------------------|-------------------------------|
| Mid-Term                            | 40 points                     |
| Final (Comprehensive)               | 40 points                     |
| Assignments and Class Participation | 20 points (up to this amount) |
| <b>TOTAL</b>                        | <b>100 points</b>             |

### Email list:

You are required to join the email list for this course (em532@yahoogroups.com) in order to receive information about assignments, and the latest information concerning the course such as new resources, changes in dates, etc.

### Class Web Page:

The webpage will contain all of the class material, links to useful sites, link to the book's webpage, assignments, class notes (ppt), and grades.

### Course outline:

| <b>Date</b> | <b>Topic (Chapters)</b>                                      | <b>Assignments</b> |
|-------------|--|--------------------|
| Week 1      | Syllabus, Introduction and Financial Statements (1, 2)       |                    |
| Week 2      | Financial Statement Analysis (3)                             |                    |
| Week 3      | Time Value of Money and Discounted Cash Flow Valuation (4-5) |                    |
| Week 4      | Interest Rates and Bond Valuation (6)                        |                    |
| Week 5      | Equity Markets and Stock Valuation (7)                       |                    |
| Week 6      | Net Present Value and Other Investment Criteria (8)          |                    |
| Week 7      | Midterm exam (April 3, 2012)                                 |                    |
| Week 8      | Making Capital Investment Decisions (9)                      |                    |
| Week 9      | Some Lessons from Capital Market History (10)                |                    |
| Week 10     | Risk and Return (11)   |                    |
| Week 11     | Cost of Capital (12)   |                    |
| Week 12     | Leverage and Capital Structure (13)                          |                    |
| Week 13     | Selected topics (Dividends, Derivatives, Working Capital)    |                    |
| Week 14     | Selected topics (Dividends, Derivatives, Working Capital)    |                    |