



Principles of Corporate Finance

13th Edition

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Brealey, Principles of Corporate Finance, 13e, describes the theory and practice of corporate finance. We hardly need to explain why financial managers have to master the practical aspects of their job, but we should spell out why down-to-earth managers need to bother with theory. Throughout this book, we show how managers use financial theory to solve practical problems. Much of this book is concerned with understanding what financial managers do and why. But we also say what financial managers should do to increase company value.

Some of the biggest changes in this edition were prompted by the tax changes enacted in the U.S. Tax Cuts and Jobs Act passed in December 2017. In the current edition, we have also continued to augment the international content as well as a number of chapters that have been thoroughly rewritten. For example, the material on agency issues in Chapter 12 has been substantially revised. Chapter 13 on market efficiency and behavioral finance is now fresher and more up to date. Chapter 23 on credit risk focuses more on the practical issues of forecasting default probabilities.

NEW FEATURES

The Tax Cuts and Jobs Act (TCJA) passed in December 2017 is incorporated throughout the text.

- One of the chapters most affected was Chapter 6, which is concerned with calculating the present value of capital projects.
- Another 2017 tax change was the limit imposed on interest tax shields and is covered in Chapters 18, 19, 25, and 32.
- The third important change was the switch by the United States to a territorial tax system and is updated in Chapters 30 and 31.

Chapters 12, 13 and 23 have thoroughly been rewritten.

Added digital extensions through our Beyond the Page features, or “apps” as we call them. This extra material can allow us to escape from some of the constraints of the printed page by providing more explanation for readers who need it and additional material for those who would like to dig deeper. The Beyond the Page features include extra examples and spreadsheet programs, as well as some interesting anecdotes.

Added end-of-chapter questions, merged what was becoming a false distinction between basic and intermediate questions, and reordered the questions to follow better the same sequence as the chapter.

New! SmartBook 2.0 identifies and closes knowledge gaps through a continually adapting reading and questioning experience that helps students master the key concepts in the chapter. SmartBook 2.0 is the latest version of SmartBook, with key updates to: improve accessibility, provide mobile functionality, allow a more granular level of content selection, and provide the ability to assign Recharge activities.

New! Interactive Data Problems assignable in Connect allow students to visualize and interact with data in different ways. Students use this tool to manipulate data and answer a variety of accompanying problems that test multiple levels of understanding.



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