

Fall 2019

FIN 315-001: Fundamentals of Corporate Finance

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NEW JERSEY INSTITUTET OF TECHNOLOGY

Martin Tuchman School of Management

FIN 315: Fundamentals of Corporate Finance
Academic year 2019-20

1. Instructor – Contact details

Name: Alberto

Last name: Martin-Utrera

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Office hours: Tuesday-Friday 9-10am

Office number: 4033

Classes: Tuesdays & Fridays 1pm-2:20pm; Location: [KUPF 208](#)

2. Course Objectives

This is an introductory course to corporate finance. The course will equip the student with a strong skillset to answer questions related to the long-term investment and financing decisions made by a company. Topics covered in this course include: time value of money, capital budgeting, risk and return, capital structure, hedging, and international finance.

3. Textbook

- Ross, Stephen A., Randolph Westerfield, Bradford D. Jordan, and Ernest N. Biktimirov. Essentials of corporate finance, 10th Edition. McGraw-Hill/Irwin, 2010.

The material covered in the slides during classes is exam-relevant unless stated otherwise. Classes and slides should give the conceptual knowledge necessary to satisfactory pass the course.

4. Assessment

The final grade is a combination of in-class exercises, tests and the final exam. The in-class exercises correspond with **two classwork exercises** where each student will be asked to solve an exercise related to the topic covered in that session. For this type of assessment, the student is allowed to use slides/book/notes/calculator. It is the student's responsibility to bring all this material.

Each of the two tests are not cumulative, and only cover a specific part of the course. Test one covers all topics discussed in the lectures up to the previous lecture before the test. Test two covers all topics discussed in the lectures between the first test and up to the previous lecture before the second test.

The final exam covers all the topics discussed in the course.

Therefore, each student should take two tests, two classwork assessments, and a final exam. 66% of the final mark is based on the best two assessments from Test 1, Test 2, and the two Classwork exercises. The two classwork exercises belong to the same part of the assessment, and they have an equal weight. Therefore, if a student obtains 10 points in Classwork 1 and 50 points in Classwork 2, the final grade for the Classwork assessment will be $(10 + 50)/2 = 30$ points.

Example: A student obtains 60 points in Test 1, 40 points in Test 2, 10 points in Classwork 1, 50 points in Classwork 2, and 70 points in the Final exam. The final grade will be calculated as follows:

- Because the average mark of the two Classwork exercises is smaller than the marks obtained from Test 1 and Test 2, then Test 1 and Test 2 will make 66% of the final grade.
- **Final grade** = $60 \times 33\% + 40 \times 33\% + 70 \times 34\% = 56.8$ points

Summary of grading policy is:

| Task | % |
|-----------------------|------------|
| Test 1 | 33 |
| Test 2 | 33 |
| Classwork | 33 |
| Final Cumulative Exam | 34 |
| Total | 100 |

5. Boost grade and honor students

There is a compulsory assignment for honor students. The assignment will be uploaded on Canvas in week 10, and will be briefly discussed in class. This piece of assessment will be 10% of the final grade for honor students. Their grading policy will be:

| Task | % |
|-----------------------|------------|
| Test 1 | 28 |
| Test 2 | 28 |
| Classwork | 28 |
| Assignment | 10 |
| Final Cumulative Exam | 34 |
| Total | 100 |

Non-honor students can also do the assignment, but this is entirely optional for them. The grade that non-honor students can obtain from this assessment will be considered as a boost grade. The maximum number of extra points that non-honor students can get from this assignment is 5.

This assignment is **individual**, therefore each honor student has to submit a unique piece of work. The assignment should be submitted in hard-copy form during the last class of the course.

6. Grading system

| Grade | Scores |
|--------------|-------------------------|
| A | scores \geq 90 |
| B+ | $85 \leq$ scores $<$ 90 |
| B | $80 \leq$ scores $<$ 85 |
| C+ | $75 \leq$ scores $<$ 80 |
| C | $70 \leq$ scores $<$ 75 |
| D | $60 \leq$ scores $<$ 70 |
| F | scores $<$ 60 |

7. Canvas

There is a Canvas website at <http://canvas.njit.edu/> for the course on which documents will be posted as needed. All announcements, assignments, changes, etc. are posted on this website. The student is responsible for remaining up to date at all times. Announcement e-mails will be sent through our Canvas website. By default, Canvas uses your NJIT email address. There is no excuse for not receiving information sent to the class via email.

8. Academic Integrity

Academic misconduct will NOT be tolerated. Academic misconduct includes but is not limited to cheating on assignments or examinations, plagiarizing, and sabotaging another's work. Please refer more information to the undergraduate student handbook and academic integrity: <http://www.njit.edu/academics/integrity.php>

9. Accommodation for students with disabilities

Students with special needs as outlined under the Americans with Disabilities Act should first register with the Counseling Center, 205 Campbell Hall 973 596-3414. Go to the web site <http://www.njit.edu/counseling/services/disabilities.php> for more information. If you wish to have a reasonable accommodation made for you in this class, please discuss the matter with me at the earliest possible time.

10. Exams

For each test and for the final exam, you can bring one-page double sided cheat sheet (8.5" x 11") and a simple or financial calculator. Cell phone, laptops, iPads, and other unauthorized electronic devices, textbooks, and class notes are NOT allowed during exams.

The final exam will most likely be a mix of multiple-choice questions, quantitative problems, and open-ended questions. One extra-credit question might be asked. If you get it right, your grade will be curved up but never curved down.

Make-up exams are allowed ONLY for serious illness or emergency. For an illness, you should let me know in advance with a doctor's note. For emergency, you will need to present relevant documentation as soon as possible after the exam.

Tentative calendar

This is a tentative calendar of what it will be covered in each class of the course. I reserve the right to adjust the topic and the calendar. Any modification will be updated and posted on Moodle. The student is fully responsible for keeping up-to-date with the latest version of the calendar.

| Week | Dates | Topic |
|------|----------|--|
| 1 | 9/3/19 | Syllabus |
| | 9/6/19 | Intro |
| 2 | 9/10/19 | Financial Statements |
| | 9/13/19 | |
| 3 | 9/17/19 | Valuation |
| | 9/20/19 | Discounted Cash flows |
| 4 | 9/24/19 | Bonds |
| | 9/27/19 | |
| 5 | 10/1/19 | Review |
| | 10/4/19 | Test |
| 6 | 10/8/19 | Equity |
| | 10/11/19 | NPV |
| 7 | 10/15/19 | Other investment criteria |
| | 10/18/19 | |
| 8 | 10/22/19 | Risk and Return |
| | 10/25/19 | Risk and Return + Classwork assessment |
| 9 | 10/29/19 | Cost of capital |
| | 11/1/19 | |
| 10 | 11/5/19 | Capital Structure |
| | 11/8/19 | |
| 11 | 11/12/19 | Review |
| | 11/15/19 | Test |
| 12 | 11/19/19 | Dividends |
| | 11/22/19 | Dividends + Classwork assessment |
| 13 | 11/27/19 | Short term financial planning |
| | 11/29/19 | Thanksgiving recess |
| 14 | 12/3/19 | |
| | 12/6/19 | Working capital management |
| 15 | 12/10/19 | |
| | 12/13/19 | Course review |
| | TBD | Final Exam |

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