

Fall 2019

# FIN 315-103: Fundamentals of Corporate Finance

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**NEW JERSEY INSTITUTE OF TECHNOLOGY  
MARTIN TUCHMAN SCHOOL OF MANAGEMENT  
Fundamentals of Corporate Finance – Course Number 12886  
FIN 315 – 103, Fall 2019**

Instructor: Wayne G. Fox, Esq. JD/MBA, Professor of Practice

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When emailing, please put “FIN 315” in the subject line.

Duration: Sep 03, 2019 - Dec 20, 2019

**Office Hours:** Central Avenue Building, MTSM, Room 4027 3:30 pm – 4:30 pm Monday, Wednesday and Thursday, and other times by appointment.

**Class:** Thursday 6:00 pm - 8:50 pm Cullimore Hall Room 110

**Final Exam:** Thursday December 19, 2019

**Course Description:** Course Description: FIN 315 is the traditional first course in corporate finance, focusing on how companies invest in real assets and how they raise the money to pay for those investments. Topics covered include the firm and the financial manager, time value of money, bonds, stocks, net present value, risk, and return, capital structure, dividends, and international finance. We will consider these topics from the point of view of the corporate financial manager, but also from the point of view of the investor, where appropriate.

Prerequisites: ACCT 115 or 117, ECON 201 or 265, MATH 105 or equivalent (statistics).

Required Materials: Textbook, calculator, and financial news awareness. Textbook: Ross, Westerfield, and Jordan, **Essentials of Corporate Finance**, 9th Ed., McGraw-- - Hill Irwin Book ISBN: 978-1-259-27721-4 (the NJIT Bookstore has bundled books with Connect).

**Required Materials:** Textbook, calculator, and financial news awareness.

You don't need to buy any books until after the first class. The Connect course site will be set next week, after we discuss whether you want the resource (and cost) associated with the on-line connect courseware.

You can buy access there, either with or without an electronic version of the book. You can get the book on-line for about \$150 (2018 price, current price may be higher) (and a loose-leaf textbook has been available for \$40 more (old price)). If you have a code, you can enter it there.

**Study Resources:** At the textbook web site listed above, you can choose a chapter and you will find a multiple choice quiz on topics from that chapter that you can take and then see the correct answers. At the Connect Finance homework web site listed above, you will find in the “my course resources” on the right side, a link to LearnSmart, which also provides you with a way to test yourself on a chapter in an interactive process that will give you more questions on topics with which you are having trouble.

**Calculator:** It is required that you have a financial calculator. I prefer the HP12c, and the textbook gives examples using the TI BA II+. Other recommended models include the HP 10B, and any calculator that can compute financial values such as IRR, YTM, and NPV will work. Some general-purpose scientific calculators such as the TI-83 series have financial modes, although they operate somewhat differently from the dedicated financial calculators. We may also use Excel for some calculations. You can also find financial calculator apps for use on an iPhone or iPad or other phones or tablet computers.

**Financial Publications:** We may spend some time in class discussing relevant current financial news. You should regularly read at least one of the following publications (go to the library where it's free) for financial news: Wall Street Journal, New York Times business section, Financial Times, Business Week, Fortune, or the Economist, and be prepared to talk about important events in the financial world. All reading can be done electronically, and you can share interesting articles with the class on the Moodle News Forum. At the textbook web site listed above, under "New to This Edition" you will find a link to the authors' blog, in which they discuss current news items of interest and reference them to the relevant chapters of the book. Here is the link to register for the NY Times. <https://researchguides.njit.edu/nytimes> and here is the link to the Factiva Database <https://global.factiva.com/sb/SimpleSearch.aspx?NAPC=p> Davida Scharf (atscharf@njit.edu) is the librarian who provides assistance to the students and faculty in MTSM. For DIY help, consult the Business Research Guide. <https://researchguides.njit.edu/business>

**Moodle:** There is a Moodle site (at <http://moodle.njit.edu/>) for this course on which documents will be posted as needed. Login to Moodle using your UCID and password. All announcements, assignments, changes, etc. are posted there. The student is responsible for remaining up to date at all times. I will send e-mails to the class through Moodle. By default, Moodle uses your NJIT email address. If you do not check that regularly, you must change the address in your Moodle profile to one that you do check. There is no excuse for not having information that I send to the class in an email.

## **Learning Goals and Outcomes:**

1. Analytical and Problem Solving Skills
  - a. Students will display an ability to apply knowledge of financial concepts to solve business problems
  - b. Students will be able to use quantitative methodologies, such as Time Value of Money, Net Present Value, the Capital Asset Pricing Model, and the Modigliani and Miller Propositions, as tools to help solve business problems.
2. Communication and Information Literacy Skills
  - a. Students will be able to explain basic concepts of financial theory in writing.
  - b. Students will know important sources that can be used to obtain relevant data for solving financial problems and how to collect data from them.
3. Ethical Reasoning
  - a. Students will be able to recognize ethical dilemmas that may occur in a financial management context and determine correct responses to these situations.
  - b. Students will learn why interpersonal trust is more important than simply relying on written regulations and laws.
4. Global Context of Business
  - a. Students will show the ability to apply knowledge of international business practices and relationships to making corporate decisions.
5. Introduction to Dynamic Modeling using Excel
  - a. Students will learn how to use Excel spreadsheets to build integrated financial models, what-if analysis, and goal seeking

**Attendance:** You are expected to arrive at class on time and stay until the end. You are responsible for everything that is said in class, which may include material not covered in the readings, modifications to the syllabus, and announcements concerning exams. Attendance and class participation are included in your grade.

**Classroom Conduct:** Classes are for learning and you are expected to pay attention. If you are engaged in other activities, you will not learn and you will make it harder for other students to learn. Do not have conversations with other students. If you have a question related to the class, raise your hand and ask it, so that everyone can benefit from the answer.

**Electronic Devices in Class:** Please do not use electronic devices in class unless the use is directly related to the work we are doing. Turn off cell phones, MP3 players, laptops, etc. Remove all earphones. If you want to use an electronic device to take notes, please let me know.

**Homework:** Readings from the textbook (and possibly other sources) will be assigned for each class. You should read these before class and be prepared to respond to questions in class about the readings. There will also be questions or problems from the textbook to answer. Homework will not be collected physically, although you are encouraged to upload assignments to Moodle for point credit. We will go over problems in class as needed. If you don't understand how to do a problem, you can ask me about it by email or bring your question to class.

**Exams:** There will be three exams, two midterms and a final. Tests given in class are closed book, but you will be allowed to bring a formula sheet. There will also be frequent shorter quizzes, which may be given in class or online using Moodle. There will be no makeups for quizzes.

**Grading Policy:** Final exam 220 points midterm exams 110 points each; quizzes, assignments and attendance 10-20+ points each (There are 1,000 points possible plus 50 bonus Moodle Miles) If you cannot be in class the day of an exam, you must notify me in advance. The instructor reserves the right to modify the weighting of the grades as to be of greatest benefit of the class as a whole.

**Academic Integrity:** Students are expected to observe the NJIT Academic Integrity Code. Cheating and plagiarism will not be tolerated and may result in failing the course. See the Academic Integrity Code web site for details: <http://www.njit.edu/academics/integrity.php>

**Disability:** 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.

**Changes to this Syllabus:** This syllabus may change. New versions will be announced and posted on Moodle. You are responsible for knowing what is in the latest version.

## Chapter Topics

### Part One --- Overview of Financial Management

Chapter 1 Introduction to Financial Management

### Part Two --- Understanding Financial Statements and Cash Flow

Chapter 2 Financial Statements, Taxes, and Cash Flow

Chapter 3 Working with Financial Statements

### Part Three --- Valuation of Future Cash Flows

Chapter 4 Introduction to Valuation: The Time Value of Money

Chapter 5 Discounted Cash Flow Valuation

### Part Four --- Valuing Stocks and Bonds

Chapter 6 Interest Rates and Bond Valuation

Chapter 7 Equity Markets and Stock Valuation

### Part Five --- Capital Budgeting

Chapter 8 Net Present Value and Other Investment Criteria

Chapter 9 Making Capital Investment Decisions

### Part Six --- Risk and Return

Chapter 10 Some Lessons from Capital Market History

Chapter 11 Risk and Return

### Part Seven --- Long---Term Financing

Chapter 12 Cost of Capital

Chapter 13 Leverage and Capital Structure

Chapter 14 Dividends and Dividend Policy

Chapter 15 Raising Capital

### Part Eight --- Short---Term Financial Management

Chapter 16 Short---Term Financial Planning

Chapter 17 Working Capital Management

A. Mathematical Tables

B. Key Equations

C. Answers to Selected End---of---Chapter Problems

D. Using the HP---10B and TI BA II Plus Financial Calculators