

Fall 2023

FIN 315-003: Fund of Corporate Finance

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FIN 315
Fundamentals of Corporate Finance
Fall 2023
3 credits

Instructor: Dr. Ajim Uddin

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Classroom: CAB-3052

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Class Hours: Tue and Thu, 1:00PM – 2:20 PM

Phone: 973-596-3238

Class Dates: Sept 05 – Dec 23

Office Hour: Tuesday 2:30PM – 4:00PM or by appointment

Webex: <https://njit.webex.com/meet/au76njit.edu>

Course Overview

This course focuses 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, and net present value. International finance, risk management, capital structure strategy and case studies of technology-based companies will be introduced. We will consider these topics mainly from the point of view as a manager (insider), and sometimes from the point of view as an investor (outsider) where appropriate.

Learning Outcomes

By the end of the course, you will be able to:

1. Explain fundamental business concepts, especially those related to corporate finance.
2. Evaluate the goal and main functions of firm management.
3. Apply basic quantitative models, such as NPV, DDM, and CAPM, to conduct financial statements analysis and scenario analysis.
4. Evaluate different sources of funds available to financial managers and their pros and cons in specific business settings.
5. Recognize ethical dilemmas that may occur in a financial management context and determine correct responses to these situations.

Required Materials:

Textbook, Access to McGraw Hill Connect, Calculator, and Financial News Awareness.

Textbook

Ross, Westerfield, and Jordan, *Essentials of Corporate Finance*, 11th Ed., McGraw-Hill Irwin. You can get access to the textbook, by registering to the connect course.

Textbook Web site:

<https://www.mheducation.com/highered/product/essentials-corporate-finance-ross-westerfield/M9781264101573.html>

[Make sure to buy the book with Connect with connect you get to get a e-book, and all the class assignments plus additional resources to practice]

Connect

Please create a McGraw Hill connect account and registrar to the course at [this link](https://connect.mheducation.com/class/ajim-uddin-fall-003) <https://connect.mheducation.com/class/ajim-uddin-fall-003>

Calculator

It is required that you have a financial calculator e.g., HP12c, TA BA II+ (Preferred) . 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.

However, for Exams I will only allow financial calculator, no iPhone, iPad or Laptop. Also for most in-class demonstration I will use TA BA II+, Therefore it is highly recommended that you get TA BA II+ (only \$29 on amazon).

Course Website

Please go to CANVAS. The Canvas site is where most course materials are posted. Make sure you have an NJIT UCID and password so that you are able to access Canvas. I will use Canvas to post announcements and supplemental materials throughout the semester. **So, please be sure to check the site (canvas.njit.edu) frequently. Please contact helpdesk (973-596-2900) for problems associated with Canvas.**

Expectation:

- First course (entry-level) in corporate finance, focusing on firm-level
- Your main perspective: firm managers (such as CEO, CFO, ...)
- Your responsibility: operating a firm
 - What is your target/goal?
 - How to reach the target? Channels
 - In each channel, what are the tools? Tools can be general or specific
- Why need to learn corporate finance? I am interested in investment!!
 - This course is NOT about investment (such as stock markets)
 - Little related to real world
 - Some tools/concepts are general and basic for finance world/business
 - Fundamental analysis technical analysis
- Difficulty level: various among students

- Very challenging for some.
- Seemingly “repeated” and “boring” quiz questions
- Sufficient quantitative problems.
- No class recording;
- In-class participation and attendance will be credited (**Late arrival will be penalized**)
- Email is the best way for communication. Please include FIN315 in the subject

Grading Policy

Final grades will be based on the weights as follows:

Task	Points
2 best Tests out of 3	25*2 =50
Homework and Quizzes	30
Attendance	10
Participation	10
Total	100

The scale used for grading is as follows:

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

Exams and Quizzes

There will be three exams in total, two mid-term exams and one final exam. Two out of three higher scores will be counted, i.e., the lowest one will be automatically dropped. The final exam is **CUMULATIVE**.

Exams most likely will be a mixture 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.

If you missed either mid-term exams, you are asked to take the final exam by default. If you miss two exams for valid reason (Illness/Injury) you and can request for make-up exam. For an illness,

you should let me know in advance with a doctor's note. For emergency, you will need to present relevant documentation, which **must be approved** by the Dean of Students and Campus Life.

Homework

There will be **Weekly Homework Assignment on Connect**. For each assignment, you will have the whole week to complete, The due date is Monday at 11:59pm, with unlimited attempts and highest one will be recorded.

Homework is an integral part of the course, which offers a good opportunity to review what you have learned in the class. You may discuss jointly with your peers on homework assignments. However, I strongly recommend that you try to solve the questions independently. This will help you to better understand the theories and analytical tools that will be covered on the exams.

Presentation

You can choose to do one presentation to replace one homework.

Finance is more than theory and formula. Learning and understanding what is happening in the real business world is also of great importance. You are encouraged to share business news that happens most recently (in the most recent one month). If you choose to do the presentation rather than homework, you should let me know **no later than Sept 28 11:59pm EST Thursday**. The presentation date can be any Thursday with regular classes during the semester. First come, first reserve.

Guidance:

- Prepare the **presentation (5 – 10 minutes)** with **visual notes** (such as PowerPoint slides, PDF, and so forth)
- Has to be “new”, i.e., happen in the **most recent three months**.
- Either 1) present one news with more details and your critical thinking, or 2) just summarize and present 3 - 5 news
- Prepare for questions from me and the class (it is fine if you do not know the answers)

Attendance and in-class participation

This course is designed with **face-to-face** delivery mode. In-class attendance and participation are credited.

I will strictly follow timely attendance in the class. 10% of your final grade will be based on attendance. Late arrival will be penalized. Three late arrival will be equal to one missed class.

Finally, class participation is an integral part of this course. You are encouraged to raise questions, answer questions, share thoughts, discuss topics and solve quantitative problems in the class. 10% of your final grade depends on your in-class participation. **Please notice this is in-addition to class attendance. Therefore, in order to receive this 10% you have to actively participate in the class.**

Late Assignments

Late assignments will not be accepted for grading unless there is a severe illness or an emergency situation. In these cases, legitimate documentation of the emergency must be presented and approved by the office of the Dean of Students before extensions will be granted.

Email Etiquette

This is a business course, and the expectation is that you will conform to appropriate business letter writing practice in all of your email to me. The following are the basics.

- Put the course name (e.g. course name/course number) in the subject line
 - Identify the subject of the e-mail with a brief but descriptive summary of the topic: include a proper salutation and the assignment details such as the title, homework, or test.
 - Proofread your e-mail for proper sentence structure, capitalization, spelling and punctuation.
 - Conclude the e-mail message with a proper closing (e.g. Regards, Sincerely) and your full name.
- (Note: Do not e-mail requests for additional grade points unless there is an error in the grading. Please note that any grade discrepancies must be addressed within 2 weeks of the assignment due date. Grades are not ‘given out’ by the professor; they are ‘earned’ by the student. So, make sure that you ‘earn’ a grade that you can live with.)

Academic Integrity

Learning is both an individual and a cooperative experience. Asking for and giving help freely in appropriate settings helps you learn. However, you should present only YOUR work as your own. University rules and standards define and prohibit “academic misconduct” by all members of the academic community including students. You are asked and expected to be familiar with these standards and abide by them.

Academic Integrity is the cornerstone of higher education and is central to the ideals of this course and the university. Cheating is strictly prohibited and devalues the degree that you are working on. As a member of the NJIT community, it is your responsibility to protect your educational investment by knowing and following the academic code of integrity policy that is found at: <http://www5.njit.edu/policies/sites/policies/files/academic-integrity-code.pdf>.

*Please note that it is my professional obligation and responsibility to report any academic misconduct to the Dean of Students Office. **Any student found in violation of the code by cheating, plagiarizing or using any online software inappropriately will result in disciplinary action. This may include a failing grade of F, and/or suspension or dismissal from the university.** If you have any questions about the code of Academic Integrity, please contact the Dean of Students Office at dos@njit.edu.*

Accommodations

Educational access is the provision of classroom accommodations, auxiliary aids and services to ensure equal educational opportunities for all students regardless of their disability. *If you are in need of accommodations due to a disability please contact Scott Janz (oars@njit.edu), Associate Director of the Office of Accessibility Resources & Services (OARS), Kupfrian Hall 201, to discuss your specific needs. A Letter of Accommodation Eligibility from the OARS authorizing your*

accommodations will be required. Accommodations need to be requested in advance and will not be granted retroactively.

Final Comments

I reserve the right to change any aspect of this syllabus or the course schedule at any time, as the need arises. Students registered for this course assume full responsibility for reading and understanding the course policies as stated above.

Tentative Calendar:

Please note that this is a tentative schedule. I reserve the right to adjust if necessary and new version will be announced and posted on Canvas. You are responsible for knowing what is in the latest version.

Dates	Day	Schedule	Textbook chapter
09/05/2023	Tue	Syllabus, Intro	1
09/07/2023	Thu	Intro	1
09/12/2023	Tue	Financial statements	2
09/14/2023	Thu	Financial statements	3
09/19/2023	Tue	Valuation	4
09/21/2023	Thu	Valuation	4
09/26/2023	Tue	Discounted Cash Flow	5
09/28/2023	Thu	Discounted Cash Flow	5
10/03/2023	Tue	Review	1-5
10/05/2023	Thu	Mock Test (No-Class)	1-5
10/10/2023	Tue	Test 1	1 - 5
10/12/2023	Thu	Bond	6
10/17/2023	Tue	Equity	7
10/19/2023	Thu	Equity	7
10/24/2023	Tue	NPV	8
10/26/2023	Thu	NPV	8
10/31/2023	Tue	Risk & return	11
11/02/2023	Thu	Risk & return	11
11/07/2023	Mon	Cost of capital	12
11/09/2023	Wed	Cost of capital	12
11/14/2023	Mon	Capital structure	13
11/16/2023	Wed	Capital structure	13
11/21/2023	Tue	Review + Mock Test 2	
11/23/2023	Thu	Thanksgiving (No-Class)	

11/27/2023	Tue	Test 2	6,7,8, 11,12,13
11/30/2023	Thu	Dividends	14
12/05/2023	Tue	Dividends	14
12/07/2023	Thu	Short-term financial planning	16
12/12/2023	Tue	Q&A for Final	Cumulative
TBD	TBD	Final Exam	Cumulative