



**MARTIN TUCHMAN SCHOOL OF MANAGEMENT**  
**Fundamentals of Corporate Finance**  
**FIN 315, Sections 001, HM1**  
**FALL, 2016**

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**Office Hours:** TBD

**Class: 001, HM1:** Tuesday and Thursday, 1:00 - 2:25 pm, KUPF 207

**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, Financial news publications. More details below.

**Textbook:** Ross, Westerfield, and Jordan, **Essentials of Corporate Finance, 9<sup>th</sup> Ed.**, McGraw-Hill Irwin,

ISBN for Hardcover with Connect Access: 9781259697456

ISBN for Loose-leaf with Connect Access: 9781259724473

ISBN for Connect Access only (with eBook): 9781259351020

Textbook Web site: [http://highered.mheducation.com/sites/1259277216/student\\_view0/index.html](http://highered.mheducation.com/sites/1259277216/student_view0/index.html)

The version that has been ordered by the bookstore includes a key for using McGraw-Hill's Connect Finance, which we will use for homework and quizzes. If you buy a used book or one that comes without this key, you can still purchase access to Connect Finance online at the web site for this course, which is:

**Connect Web Site:** <http://connect.mheducation.com/class/w-tamke-fall-2016-section-001-tr>

Go to this web site and click on Register Now. If you have a code, you can enter it. Otherwise, you can buy access there (with an electronic version of the book).

**Connect Homework and Quizzes:** At the Connect web site listed above, you will find homework assignments and quizzes by chapter and associated due dates.

**Study Resources:** Also at the Connect web site, you will find in the “my course resources” on the right side, a link to LearnSmart, which provides an excellent way to learn / test yourself through an interactive process, by chapter, that provides a series of questions with immediate feedback (i.e. correct answers).

**Calculator:** You’ll need a financial calculator. The model I use is the TI BA II+. Other recommended models are HP 10BII, or HP 12C, but 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.

**Financial Publications:** We may spend time discussing relevant current financial news. There is a link to the author’s blog in which they discuss current news items of interest and reference them to the relevant chapters of the book. The link is: <http://essentialsofcorporatefinance.blogspot.com/> Also, you are encouraged to regularly read at least one of the following publications 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.

**Honors Assignments:** Students enrolled in the honors section (HM1) may be required to do additional assignments such as make presentations of financial news items to the class during the course.

**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 receiving information that I send to the class via 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.
4. Global Context of Business
  - a. Students will show the ability to apply knowledge of international business practices and relationships to making corporate decisions.

**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. If you have a question unrelated the class, save it for later.

**No 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. Any audio/visual recordings may only be done with the expressed written permission of the instructor.

**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 unless I specifically say so for a particular assignment. 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 Connect Access. There will be no makeups for quizzes. In computing your course grade, I will drop your lowest quiz score, so you can miss one without penalty.

## GRADING

Your final grade will be calculated as follows:

90 – 100%	A
86 – 89%	B+
80 – 85%	B
76 – 79%	C+
70 – 75%	C
60 – 69%	D
0 – 59%	F

- Midterm Exams (two): 45%
- Comprehensive Final Exam 30%
- Connect HW / Quizzes /Attendance 25%

**Exam Policy:** If you cannot be in class the day of an exam, you must notify me in advance. Otherwise, your grade will be zero.

**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.

**SCHEDULE OF TOPICS TO BE COVERED (Sections 001, HM1 – Tuesdays – Thursdays)**

DATE	TOPIC	CHAPTERS (to be read before class)
9/6, 8	Introduction to Financial Management Accounting Review: Financial Statements and Ratios	1 - 3
9/13, 15	Time Value of Money	4
9/20, 22	Discounted Cash Flow Valuation	5
9/27, 29	Bonds and Interest Rates	6
10/4, 6	Stocks and Stock Markets	7
10/11	Catch up, Review	
<b>10/13</b>	<b>Midterm 1</b>	1 -7
10/18, 20	NPV & Other Investment Criteria	8
10/25, 27	Capital Markets Risk and Return	10 11
11/1, 3	Risk and Return (cont.) Cost of Capital	11 12
11/8, 10	Capital Structure	13
11/15	Catch up, Review	
<b>11/17</b>	<b>Midterm 2</b>	8, 10 -13
11/22	Dividends	14
11/29, 12/1	Dividends (cont.) Short-Term Financial Planning	14 16
12/6, 8	Working Capital Management International Financial Management	17 18
12/13	Catch up, Review	
12/16 – 22 TBD	<b>FINAL EXAM</b>	All