

Syllabus

Faculty Contact Information

Instructor: Dr. Zhipeng Yan, CFA, FRM

Email: zyan@njit.edu

Office Hours: Thursdays, 2:30 – 5:30PM and by appointment

Course Description

This is a second course in Corporate Finance. It aims to develop an understanding of how and why financial decisions are made in a modern corporation. These decisions include what assets to invest in and how to finance those investments. The course extends the material covered in the introductory course and covers additional topics that were not included there. We will study methods for calculating the values involved in financial decisions and some of the theories behind them. The goal is to provide students with the conceptual tools necessary for valuation.

Topics Covered:

- Efficient capital markets and behavioral finance
- Capital structure and MM Theorem
- Issuing securities
- Valuation of derivatives
- Short-term finance and planning
- Mergers and acquisitions

Throughout the course, our primary viewpoint is that of a corporate financial manager; however, since corporations get funds from investors, we will often look at issues from an investor's point of view and then examine the implications for managers.

This course is essential for anyone planning a career in finance, whether at a corporation or a financial institution, and it is recommended for all business students. This course is demanding. You need passion and time to excel.

Textbook and Materials

Required:

- Ross, S., Westerfield, R., and Jaffe, J. *Corporate Finance*. McGraw-Hill, 10th edition, 2012, ISBN 978-0078034770
- Financial publications: You will present and discuss relevant current financial news as a group via videos. You should regularly read financial publications such as the *Wall Street Journal*, *New York Times* business section, *Financial Times*, *Business Week*, *Fortune*, or the *Economist*.

Recommended:

- Marthinsen, J., *Risk Takers*. Pearson Prentice Hall, 2nd edition, 2008, ISBN 978-0321542564.

Financial Calculator:

A financial calculator is STRONGLY RECOMMENDED! I recommend the Texas Instrument BAII Plus financial calculator. If you have another financial calculator that you are comfortable with, you may use it. TI - BA II Plus and HP 12C are the only two calculators permitted on the CFA Exams. *It is your own responsibility to learn how to use your calculator.*

Course Outcomes

- a. To introduce the subject of corporate financial management
- b. To identify factors that impact financial decision-making, implementation and evaluation
- c. To understand how corporations raise equity and debt capital
- d. To learn the basic techniques of valuing options and futures
- e. To learn and understand short-term finance and planning
- f. To understand mergers and acquisitions

Learning Goal 1: Analytical & Problem Solving Skills

- **Learning Outcome 1.1** Demonstrates knowledge of concepts in corporate finance and the ability to apply these concepts to solve financial problems, such as MM theorem

- **Learning Outcome 1.2** Ability to use quantitative methodologies, such as options pricing, as tools to help understand financial problems

Learning Goal 2: Information & Communication Skills

- **Learning Outcome 2.1** (Oral Communication) Ability to deliver effective presentations enhanced by technology
- **Learning Outcome 2.2** (Written Communication & Information Literacy) Ability to write clear and concise reports

Learning Goal 3: Reflective Thinking Skills

- **Learning Outcome 3.1** Ability to think and understand various concepts clearly

Learning Goal 4: Ethical Understanding & Reasoning Abilities

- **Learning Outcome 4.1** Understand the moral implications and ethical schema of individual (financial managers and corporate executives) and corporation decisions and actions

Grading Scale

Grade	Percentile	Percentage
A	4.0	90-100%
B+	3.5	85-89.99%
B	3.0	80-84.99%
C+	2.5	70-79.99%
C	2.0	60-69.99%
F	N/A	>60%

Grading Categories

Categories	Percentage
Online Participation	6%
Group Presentation	9%
Quizzes	25% *
Midterm Exam #1	30% *
Midterm Exam #2	30% *
Final Exam (Cumulative)	30% *

** Your grade will be determined by the best 2 of the 3 exams, the best 10 of the 12 quizzes, the mini-case report/news presentations, and online participation.*

Course Structure

Module Number	Dates
Module 1: Introduction to Behavioral Finance	September 6 – September 12
Module 2: Capital Structure and MM Theorem	September 13 – September 19
Module 3: Capital Structure (Cont.)	September 20 – September 26
Module 4: Valuation and Capital Budgeting	September 27 – October 3
Module 5: Dividends	October 4 – October 10
Midterm Exam I	October 11 – October 17
Module 6: Long-Term Financing	October 18 – October 24
Module 7: Options I	October 25 – October 31
Module 8: Options II	November 1 – November 7
Module 9: Options and Applications	November 8 – November 14
Module 10: Derivatives and Hedging Risks	November 15 – November 21
Module 11: Short-Term Finance	November 22 – November 28
Module 12: Cash Management	November 29 – December 4
Midterm Exam II	December 5 – December 11
Final Exam	December 16 – December 22

Time Commitment

This course requires not only much reading, but also requires students to stay on top of current events in reference to the content. Students will be responsible for working with their designated groups at a time and in a manner that works for all team members. Students are also responsible for addressing all deliverables of the course. Review the Course Schedule to see what will be due in the upcoming modules.

Late Work and Make-Up Exams

Late work will not be accepted. If you have issues completing the work in the allotted time, speak to your professor at the start of the course.

Sharing Information

With respect to your answers on the problem sets, midterm exam, and final exam, no common or group answers will be accepted to any question. Further, any material from the text should *not* be quoted but must be paraphrased in your own words.

Student Conduct

The NJIT University code on academic integrity, found at <http://www5.njit.edu/policies/sites/policies/files/academic-integrity-code.pdf>, will be followed in all courses.

Student with Disabilities Codes

NJIT adheres to section 504 of the Rehabilitation Act (ADA) of 1990. Appropriate accommodations are provided at no cost to the student. If you have any questions or would like additional information, please contact Dr. Phyllis Bolling, Center for Counseling and Psychological Services (C-CAPS), Campbell Hall, (entry level), room 205, (973) 596-3420. For further information, visit the [Student Disability Services](#) website.

Technical Support

For assistance with the following items, please contact NJIT IST Helpdesk at: 1-973-596-2900 or <http://ist.njit.edu/support/helpdesk.php>

- UCID
- Library database access
- Webmail by Google email system
- Sessions
- Password assistance*

For assistance with the following items, please contact Technical Support at: 1-888-789-0407 or <https://supportcenter.embanet.com/NJIT>

- Content within this course
- Assignments
- Discussion Forums
- Quizzes
- Exams
- All other items related to the running of this course

*NJIT passwords may be changed using the [Global Password Change mechanism](#). You will need to know your current UCID and UCID password. Questions can be referred to 1-973-596-2900.

Periodic changing of passwords and strategies for managing them are best practice for anyone using a computer. All members of the university community are encouraged to review [tips for password management](#) and to change passwords regularly.

Software and Hardware Requirements

Sometimes, you will be required to use word processing and presentation software, such as MS Word and PowerPoint found in Microsoft Office. You will also need to be comfortable with various aspects of using the Internet such as:

- Search engines
- Newsgroups
- E-mail
- Ability to download files

To view certain media elements in this course, you will need to have several browser plug-ins such as Shockwave, Flash, and Adobe Acrobat on your computer. Use the links in the course to download and install the appropriate software application.

Important: With regards to plug-ins, ensure you are using the most recent version of each plug-in you require. View the [hardware and software requirements](#) for this course.

Browser Check

To test your web browser for compatibility in the Moodle environment, go to the [Online Support Center](#) page and select the "Check My Browser" link located on the right side.

Student Services and Support

Heather Minton

h.minton@onlineprograms.njit.edu

877-615-8696 ext. 5112

Contact the program coordinator for:

- Change of address, phone, or email
- If you have not received your course materials
- If you are having difficulty contacting a faculty member
- If you have difficulty completing your course work due to personal issues
- To drop/withdraw from a course
- General program information

