

Fundamentals of Corporate Finance

FIN 315 001

Spring 2025

Faculty Contact Information

Instructor: Dr. Alice Liu, Ph.D.

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(office)

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Class Time & Location: Online

Office Hours on Campus and Zoom: Thursdays 3:00-4:00pm in office or by
appointment Join Zoom Meeting:

[https://njit-
edu.zoom.us/j/92577651445?pwd=BFHBHo9NHvKqMfYntOwfHUDyxafUHN.1Li](https://njit-edu.zoom.us/j/92577651445?pwd=BFHBHo9NHvKqMfYntOwfHUDyxafUHN.1Li)
[nks to an external site.](#)

Passcode: 602224

COURSE DESCRIPTION:

Welcome to Fundamentals of Corporate Finance. The main objective of this course is to apply the corporate Finance principles and concepts. After completing this course, students should have a theoretical background and a framework for considering corporate finance problems and issues, including capital budgeting, cost of capital, capital structure, payout policy, valuation models and other special topics. Students will also master skills to analyze corporate finance problems using Microsoft Excel.

LEARNING OBJECTIVES:

The course has three broad objectives: enhancing your general knowledge in corporate finance, honing your spreadsheet skills, and making financial decisions “on your own” via case studies and projects. Some detailed examples are:

- Analyzing historical cash flows and financial information.
- Projecting future cash flows and required rates of return using historical information.
- Use your projections to make decisions on corporate financial policy.
- Using cases to enhance technical skills, as well as learning economic/business intuition.
- Explain how growth affects financing needs.
- Explain how growth and financing interact to affect valuation.
- Master teamwork skills through group projects

The course will provide participants with approaches to deal with major issues firms face today. They will develop analytical frameworks for financial decision making in changing national and international capital markets, and in situations where information is imperfect and behavior is not always rational. To ensure currency, participants are expected to read the Wall Street Journal or Financial Times (better international

coverage) and/or publications like the Economist and Business Week or Yahoo Finance on a regular basis. These are available in the library and at discounted rates for students. Large portions are also available on the internet without subscription.

TEXTS/ MATERIALS:

1. Text: Ross, Westerfield, Jaffe, and Jordan, Corporate Finance, 12th Edition (ISBN 9781259918940). This text is available at the bookstore and includes access to CONNECT for online homework problems. Access will be provided to you and the cost is included in the charges for this course. This program is offered through the NJIT Bookstore to ensure that students receive the best price available for their REQUIRED digital course materials. These materials are required for the course and are necessary to complete the course work. To access your materials, on the first day of class, login to Canvas and register for CONNECT (separate instructions are provided). When you register for CONNECT you will not be asked for payment or an access code. If you drop the course within the add drop period, you will not be charged for materials. If you would like to purchase a *recommended* print text, they will be available in the bookstore at a discounted price. If for any reason you would like to Opt Out of the FIRST DAY ACCESS Program you have the option to do so. You may contact the bookstore for more information on how to do this. However, please note that the bookstore and publisher have partnered in order to offer you the best price available so if you Opt Out to purchase elsewhere, you will pay more for the materials.

Connect Online Registration Instructions / Access

To register or access McGraw-Hill Connect:

- Go to the Content area of Canvas
- In the Content area, scroll down and click on the “McGraw-Hill Connect” module
- Next click on the “Accessing McGraw-Hill Connect” sub-module where you will see two items:
 - “MH UCampus” link. The first time you click on this it will guide you through the registration process. After you register, click on this link to access Connect subsequently
 - The second item, “Accessing Connect” is a link that will guide you through the registration process after you click on the “MH UCampus” link.

2. **Calculator** (Highly Recommended): A financial calculator is highly recommended. I recommend the Texas Instruments BA II Plus. The classroom examples use the BA II Plus calculator. If you buy another calculator you must learn to use it on your own. When you buy a calculator, make sure the operating manual is included, especially if you buy a model other than the BA II Plus. Each calculator uses a unique button sequence. **Important note:** Scientific calculators cannot do the financial functions you will need in this and other finance courses. You will need to purchase your calculator by the first day of class; we will start using your calculator as soon as we finish some preliminary material on the first day of class.

3. **Excel:** The classroom examples use excel.

ADMINISTRATIVE MATTERS

1. E-MAIL & CANVAS:

Periodically, I will be sending e-mails to the class and/or posting course information on CANVAS. You are responsible for the information in the e-mails and postings. E-mail will be sent to your NJIT address. Please check your e-mail and CANVAS accounts daily if possible!!!!

2. Attendance Policy

While this class is delivered asynchronously online, it is expected that students have watched all online lectures. Office hours will be held live via Zoom on Thursdays 3:00-4:00pm. At the conclusion of office hours, a recording of any activity will be posted online for review later. ALL meetings for this course, even ad hoc meetings, will take place in the Virtual Office Hours Chat Room.

3. Groups:

You will often be allowed to work on assignments and projects using groups of up to three people. **Generally,**

group work will not be allowed early in the semester, and I will add the ability to work in groups as the semester progresses. You can choose to work individually or work in a group. I will tell you when you can use a group. Group members will also evaluate the participation of other group members. I will use these evaluations when assigning individual grades to group projects. You are also allowed to discuss the business cases in groups of any size. However, each student must write their own analysis.

4. Homework:

Chapter-end Homework problems must be submitted through the CANVAS CONNECT access.

Solutions to the problems will also be available through CONNECT after the due date. Teaching Assistant is available to help you with homework, but you **MUST** bring your work and show it to TA so that TA can see what you are doing wrong. TA is not there to simply solve the problem for you.

5. Empirical Projects, Assignments, and Cases:

There will be several empirical projects, assignments, and cases which will involve data analysis with Excel. I will discuss these projects, assignments, and cases in recorded lecture.

6. Participation grades mainly include three parts:

(1) Participation in Corporate Finance Presentation: Student needs to upload a short presentation video (around 5 min) to one weekly discussion board over the whole semester about one interesting finance topic/news/event that happened in the U.S.. You only need to present once during this semester. You can use zoom to record your presentation and attach the video in your post on the discussion board. The title of the post will be “Corporate Finance Presentation-Presentation topic-Your Name”. **There will be 15 weekly discussion boards and every week 5 students can upload the presentation videos (or the link to presentation videos). You can choose one week to upload the video and please upload the video before Wednesday of that week.** Please sign up for time slots on Corporate Finance Presentation Google Sheet and the time slots are assigned on a first-come-first-serve basis. The google sheet is due on 2/2/2025. Please also upload your presentation slides in the Corporate Finance Presentation folder for grading purposes. Corporate Finance Presentation is 60 points.

Corporate Finance Presentation Rubric

Delivery	Points
Finance topic clear and interesting	
Communicated sincerity & enthusiasm	
Strong eye-contact	
Avoid distracting mannerisms	
Presented visual aids well	
Seemed knowledgeable & confident	
Completed speech within time limit	
Main points well-organized	
Used supporting evidence & example	
Respond to audience questions	

(2) Participation in weekly discussions: The Discussion Board feature in CANVAS is an excellent tool for students to use to communicate with each other. Please feel free to post your questions or discussion items to the Discussion Board, especially questions about practice homework problems. I will monitor the discussions that take place there, but I would like the Discussion Board to provide an opportunity for students to interact with each other. There are 2 majors ways to earn discussion points:

a. Posting questions and responding to questions about the course material

b. Sharing and commenting a news article (or commenting our Corporate Finance Presentation) that is relevant to the course material. In this case other students can jump in to provide input

There will be 15 weekly discussion boards and students can earn 10 points per weekly discussion (total:30 points). You can choose any 3 discussion boards to participate in and get the 30 points. The deadline for weekly discussion boards is 11:59pm Sunday of that week. When posting in the discussions, each student must abide by the “Netiquette” section in the Online Student Handbook, which can be found in the “Getting

Started” widget on the Course Home page. Additionally, each student will need to post a substantive response to the question or questions posed by the instructor or classmates. A substantive response is more than simply saying, “I agree,” or “I disagree;” rather, it will provide arguments to support the student’s response. The grading rubric for the weekly discussions can be found below:

Discussion Board Grading Rubric

Performance Points	Proficient 3	Competent 2	Average 1	Poor 0
Contribution to Discussion	Posts are clear, concise, reflective, and substantive. Where need references are used to support claims and ideas. Contribution builds on previous posts and advances the discussion. Contributions are free of grammar or spelling errors.	Information is factually correct but ideas are not fully developed. Some references or personal experiences are incorporated in the discussion. There are minor grammar or spelling errors.	Post repeats but does not add substantive information to the discussion. There are errors in grammar and spelling.	You did not participate in the discussion.

(3) Personal Introduction: Complete your introduction on the discussion board. The purpose of the introduction is to provide the opportunity to share a bit of information about yourself with your classmates. Please include information about why you want to take this course, why you are interested in finance, career goals, education background, the part of the country or world in which you live, the subject matter you studied as an undergraduate, and maybe a bit about your family if you feel comfortable sharing that information. Your hobbies and interests, your favorite dish/ meal and any other thing you would like to share. Please complete this task no later than Sunday 1/26/2025 at 11:59pm for 10 points.

7. Exams:

There will be quizzes and exams. The exams are based on the material presented in recorded lectures or assigned in the text and cases. If this final exam time according to the University Schedule does not work for you, you must notify me at least 30 days prior to the final to make alternative arrangements.

All grade appeals must be in writing and submitted to the instructor by the next class. No late appeals will be considered.

8. Make ups / Incompletes

(1) Quiz 1, Quiz 2, Midterm Exam, and Final Exam: While every case is considered on an individual basis, no make-up exams, or grades of Incomplete will be, ordinarily, given in the course. If for unavoidable professional / personal emergencies, a scheduled exam cannot be taken, the PRIOR (if at all possible) approval of the instructor is needed. In such cases, the weight of the final exam will be increased appropriately. Students are encouraged to contact me early, to work out any specific difficulties they may have.

(2) Cases, Assignments, and chapter-end homework: We use the following late assignment policy:

Late policy: just the facts

-The cutoff for on-time submission is 11:59pm on the due date. Late days are counted in 24-hour periods. Submitting between 12:01am on the next day and 11:59pm the next day is one day late, and so on.

-You are given 3 “grace days” (self-granted extensions) which you can use to give yourself extra time without penalty.

-Instructor-granted extensions are only considered after all grace days are used and only given in exceptional situations.

-Late work handed in when you have run out of grace is discounted 10 % per day late.

-Every assignment/case/chapter end homework has a hard deadline, usually 3 days past the original due date. I will usually upload the answer key to assignments 3 days past the original due date, so late

submissions (penalty or not) are not accepted after the hard deadline.

Late policy: long-winded version

The philosophy driving this late policy has three goals:

Discourage lateness. We want to provide incentives for you to balance your commitments and adapt/triage as necessary to meet deadlines. We curtail lateness by providing only a limited amount of grace, applying a penalty for lateness beyond grace, and enforcing a hard deadline.

Empower you to make your own decisions. You decide when your situation warrants the use of a grace day.

Keep things fair. Students are allowed an equal amount of grace. Only a truly exceptional situation is granted extension beyond the grace days.

Self-granted extensions (AKA “grace days”)

Grace days are “self-granted extensions”. We recognize that the competing demands of a challenging course load and extracurriculars can be an unforgiving landscape and even the most careful of plans can be derailed by an unforeseen event. When the unexpected happens – you get the flu, the network goes down, you delete a critical file, a personal situation escalates – you would usually have to request an extension from the staff. Instead you are given the privilege to grant yourself an extension without our oversight. One grace day extends the deadline by 24 hours. Grace days are your means to cover real problems: illness, stolen laptops, bike accidents, and so on. We don't intend them to cover ski trips, overcommitment, or poor planning, but you can use them as you choose and we don't check up on you. You may use all of your grace days for one assignment, distribute them across several assignments, or even better, hoard them for a crisis that thankfully never comes.

Instructor-granted extensions

Grace days are extensions, no different than what would be given by the instructor (other than you have the authority to determine when one is warranted). Your first line of recourse when crisis strikes is always to grant your own extension through use of a grace day. A request for an instructor-granted extension instead of using your own grace days will never be approved. Only after you have exhausted all of your grace days in valid use should you request further accommodation. In those extenuating circumstances, please contact me, preferably in person.

Students often go to great lengths to meet deadlines and conserve grace days: pull all-nighters, ignore other classes, miss events they wanted to attend, work when feeling poorly, submit unpolished programs, or take penalty late days as a last resort. It would not be respectful of their efforts to hand out extra days to students who were less committed to meeting deadlines or not as cautious in conserving grace days. If asking for an instructor-granted extension, you will be expected to legitimize how all of your grace days were used, and make a compelling case for additional accommodation beyond the grace days everyone else receives. We use this information to find an appropriate balance between providing relief to you and maintaining fairness to others.

If 1/3 of the students in the whole class ask for an extension of the deadline, I can extend the deadline for the whole class.

Late work with penalty

When you are out of grace days, submitting late work will be penalized 10% per day. By this calculation, it is worth taking a penalty late day if you have significant work you can complete, but if you have only small details to polish, it is better to turn it in and move on.

Submitting late work

If you are choosing to use one of your grace days, you do not need to confirm with us, just submit your work normally and it will be time-stamped accordingly. Note that no assignments (penalty or not) will be accepted after the hard deadline.

Tips for Better Grades

Grades are a reflection of the level of understanding of course content. Therefore, to achieve

the grade of A or B in this class expect to:

- Participate 100% of the weeks. During each week new content is introduced, explained and then applied for better understanding.
- Turn in all course deliverables in a timely and professional manner.
- Ask any and all questions in Canvas.
- Take the bonus assignment!

With less preparation and participation expect the grade of C or lower.

Classroom Policies

Success in business depends on the combined performance of the professional team, not the self- centered interests of one individual. Similarly, a good learning environment is collectively created and requires the contribution of ALL students within the class. To maximize classroom learning:

- **Engage in learning.** Actively contribute to discussion, exercises, and assignments.
- **Show respect.** Be respectful of others' thoughts and ideas.
- **Attendance Policy:** no classroom attendance is required.

Email Etiquette

- Put the course name **FIN 315 - XXX** in the subject line.
- Identify the subject of the e-mail with a brief but descriptive summary of the topic: include a proper salutation (e.g. Dr. Liu), and the assignment details such as the title, homework, or test.
- Conclude the e-mail message with a proper closing (e.g. Regards, Sincerely) and your full name.

9. Points:

Item	Percent
Corporate Finance Presentation	60
Participation on weekly Discussion Board	30
Your Introduction on the Discussion Board	10
Chapter End Homework	150
Assignments & Cases	300
Quiz1&Quiz2	100
Midterm project/Exam	150
Final Empirical Project/Exam	200
Total Grade	1000

10. Final Grades:

Final grades will be based upon a maximum of 1,000 points, and typically will be assigned as follows:

- 900 and above A
- 800 - 899 B
- 700 - 799 C

- 600 - 699 D
- Below 599 F

Graded material (exams, homeworks, and empirical projects) will not be curved; however, final adjustments may be made to the grading scale at the end of the course if warranted, at the discretion of the instructor. However, in no event will more than 900 of available points be necessary for a grade of A, no more than 800 of available points be necessary for a grade of B, etc.

11. 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. A link to the NJIT academic integrity policy can be found at:

<https://www.njit.edu/dos/code-student-conduct-article-11-university-policy-academic-integrity>

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.

12. Accommodations 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.

13. Withdrawal Policy:

The last day to drop a full term class with a full refund and without having the class recorded on your academic record is **February 3, 2025**. The last day to withdraw a full term class is **April 7, 2025**.

14. Statement on Recording of Lectures by Students

Lectures, presentations, and other course materials are protected intellectual property under NJIT Policy. Accordingly, recording and disseminating lectures, presentations or course materials is strictly prohibited without the express permission of the faculty member.

FINAL WORD:

I will do my best to give you a good understanding of managerial finance. I will attempt to make it as interesting as possible. You must do your part. You must read the text, do the problems, and address any confusing material. Coming to class, paying attention, and getting help from me is your responsibility.

It has been my experience that students wait way too long to start studying the material. Most of the material covered does not lend itself to last minute cramming sessions. Some students also tend to kid themselves about their understanding of the material and their ability to solve problems. Don't make this mistake. Just because you've seen how a problem is solved does not mean that you can solve it on your own. You must actually try to work the problems on your own.

Wall Street Journal / Financial Times: I recommend daily reading to ensure that the appropriate connections are made between the materials covered in lectures and the current business & economic developments. It is crucial to understand the international dimensions of business, especially in these turbulent times when developments in one country have spill-over effects on firms, residents, and economies around the world. Regular reading of the Wall Street Journal / Financial Times will prepare participants to understand these issues. Reading Bloomberg Business Week and/or the Economist or Yahoo Finance (<http://finance.yahoo.com/>) could also provide alternative viewpoints on current developments and enhance the class participation / learning.

Your attitude is all-important! A positive attitude will make this course more interesting and rewarding. Not only is your attitude going to help you do well in this course but it is an important part of your business education that will help you in other courses and your career. Some of this material is of practical value in everyday life. Make the best of it!

INSTRUCTIONAL OUTLINE

This course outline provides a general plan for the course; deviations may be necessary. Any schedule change will be announced in CANVAS or transmitted via email, and you are responsible for the announced change regardless of whether you have read your email.

Tentative Course Outline and Schedule

Except for dates for the midterms and final exam, dates in the course schedule are approximate and subject to change.

Week	Dates	RWJ Chapter	Concept Topic	Application topic	Items Due
1	1/21	1	Introduction	accounting activity	
		26, 2	Accounting Statements	cashflow inclclass	
2	1/27	3	Ratio Analysis		
				Review/Case 1 Financial Analyst	Case 1, Due 2/2
3	2/3	4	Discounted cash flow valuation		
					Quiz 1 (ch1,2,26) online, Due 2/9
4	2/10	5	NPV and Capital Budgeting	Case 2 - Riley Supply pro forma	Quiz 2 (ch3,4) online, Due 2/16
		6,7	Making capital investment decisions	time value of money	
5	2/17	6,7	Capital budgeting	npv	
		15,8	Bond valuation, long term financing		Case 2 Due 2/23
6	2/24	15,8	Bond valuation, long term financing		
		9	Stock valuation	assignment 1	Assignment 1 Due 3/2
7	3/3	10,11	Risk and Return, CAPM	capital budgeting in excel, midterm	
		13	Cost of Capital		
8	3/10		Open office hours		
		16	Capital structure		Take-home Midterm Due 3/16
9	Spring Break				
10	3/24	17	Capital structure 2	assignment 2	
		18	Valuation and capital budgeting		Assignment 2 Due 3/30
11	3/31	18	Valuation and capital budgeting	assignment 3	
		18	Valuation and capital budgeting		
12	4/7	18	Valuation and capital budgeting	Riley valuation	
		18	Valuation and capital budgeting		Assignment 3 Due 4/13
13	4/14	19	Dividends	Riley valuation capstructure	
		19	Dividends	Riley valuation black scholes	
14	4/21		corporate valuation and modeling	assignment 4	
			corporate valuation and modeling		Assignment 4 Due 4/27
15	4/28		corporate valuation and modeling	final project	
16	5/5		Special topics (Merger etc)		
			Review&Zoom office hours		
17	5/10-5/16				
	Final ExamWeek				FINAL PROJECT DUE 5/10