



QUINLAN
SCHOOL of BUSINESS

Schreiber Center • 16 E. Pearson St.
Water Tower Campus • Chicago, IL 60611
LUC.edu/Quinlan

**FINC 450 Financial Management
Fall 2018; Wednesday 6-9 p.m. ON LINE**

Revised on: July 19, 2018

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**Catalog Description
Prerequisite: ACCT 400**

The goal of this course is to provide students with an understanding of managerial finance. We focus on valuation, capital investment, financing, capital structure, and business ethics as they relate to finance.

Course Overview

This course focuses on the core concepts of finance: the role of finance in business and society; the time value of money; the connection between risk and expected return; and the fundamental techniques of wealth creation which provide virtually all of the economic resources on which our entire society depends. The course relies on reading, lectures, discussion, and problem solving as key learning tools.

Course Objectives and Learning Outcomes

Outcome: Upon completing this course, students will have a fundamental understanding of the role of finance in business and society.

Quinlan School of Business Policies

Attendance and Make-Up Examinations:

For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

Academic Integrity:

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism

or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://luc.edu/media/lucedu/quinlan-graduate/pdfs/Honor-Code-Quinlan-July2012.pdf>

Instructor’s Additional Policies on Academic Dishonesty:

Any student determined to be cheating will receive an F for the course and will be dismissed from the class.

Academic Integrity and Quiz Behavior in this Course:

During each quiz you are free to use your textbook, your notes, your calculator, Excel, and all other such resources. The only restriction is the following: **Do not communicate with any other person during the quiz by any means, including but not limited to: phone conversations, emails, or texting.**

Text

Fundamentals of Corporate Finance 11e—by Ross, Westerfield, and Jordan
McGraw Hill: ISBN:978-0-07-786170-4 (for the printed book)

Be sure to acquire the eleventh edition.

The following elements of each chapter are **not** assigned and will not be covered in quizzes: Calculator Hints, Excel Master It!, Spreadsheet Strategies, Work the Web. You will need a financial calculator and access to Excel. See “Learning Hints for This Course” below.

On-Line Resources

The following items are available to you for download at this URL:

<https://app.box.com/s/k7aw3fgp9cqwtkd146w2r37b5rno5tuc>

Chapter Lectures: 20+ hours of recorded lectures—see details below

Chapter Lectures Spreadsheets—All spreadsheets discussed in lectures

Handouts—Useful equations and summaries for most chapter

Selected Problems with Solutions—Detailed solutions for key end-of-chapter problems

Narrate Problems with Solutions—Problems solved before your eyes

Learning Hints for This Course

Read the Book with Care
Study the Lectures
Work Problems

Work Problems!

There is no substitute for working many problems to develop and confirm your mastery of the concepts covered in this course. The end of each chapter has MANY problems for you to try. For many problems, I have provided detailed solutions. There are many other problems for which Appendix C of our text supplies the final answer.

Financial Calculator and Excel:

You will need access to Excel and perhaps a financial calculator. The course assumes that you know how to use these tools, and we will not spend class time discussing how to use them. Excel contains many financial functions that can make many of the calculations that we will encounter in the course. At this point, I recommend that you **do not** use those functions. We want to understand the concepts that underlie these functions. Plugging numbers into those Excel functions makes the concepts opaque, plus **it is extremely easy to make errors** if you just plug numbers into those functions without having the intuition for what are reasonable results to expect from those functions.

One-to-One and Small Group Sessions

I am available for one-to-one and small group sessions to go over problems or to discuss any other aspect of the course. This can be over the phone, in my office at Schreiber 526, or on line with a special Zoom session for just two of us or just a few of us.

Grading

Three Quizzes: Your course grade will be based on the average of three equally-weighted quizzes, each consisting of about 50 multiple choice questions. The test will be conducted using the Sakai testing platform. In general, this is an excellent tool—it records each answer; at the end of the quiz it grades the quiz and reports the grade to the student and the instructor.

Practice Quiz: In the third class, we will have a shortened practice quiz to ensure that everyone is familiar with the technology and to illustrate the kinds of questions you should expect.

Quiz Times: Each quiz will be about 90-100 minutes and start at 18:02:00. After the test, we will take a short break and then review the quiz and correct answers.

COURSE SCHEDULE:

| <p>Synchronous: There are seven synchronous class sessions: we meet as a class on line at the regularly schedule time.</p> <p>Asynchronous: There are three asynchronous class sessions. Study on your own. No class session this date.</p> | |
|---|--|
| Date | Notes |
| August 29 | <p style="text-align: center;">Synchronous</p> <p>I will discuss the syllabus and the course in considerable detail and answer your questions. I will review the technology and can test the technology of individual students.</p> |
| September 5 | Asynchronous |
| September 12 | <p style="text-align: center;">Synchronous</p> <p>Practice Exam: We will have a brief practice exam to illustrate the types of questions you will face. Also, this will give you an important opportunity to be comfortable with the testing technology.</p> <p>I will briefly discuss the test in preparation for next week. I will also answer questions and work problems in response to your questions.</p> <p>For those who wish: In small groups, we will work on end-of-chapter problems from Chapters 1 and 5-8. Please be sure to have access to your text and Excel or your favorite financial calculator.</p> |
| September 19 | <p style="text-align: center;">Synchronous</p> <p style="text-align: center;">QUIZ 1—Exam Coverage: Chapters 1 & 5-8</p> |
| September 26 | Asynchronous |
| October 3 | <p style="text-align: center;">Synchronous</p> <p>I will briefly discuss the test in preparation for next week. I will also answer questions and work problems in response to your questions.</p> <p>For those who wish: In small groups, we will work on end-of-chapter problems from Chapters 9-12.</p> |
| October 10 | <p style="text-align: center;">Synchronous</p> <p style="text-align: center;">QUIZ 2—Exam Coverage: Chapters 9-12</p> |
| October 17 | Asynchronous |
| October 24 | <p style="text-align: center;">Synchronous</p> <p>I will briefly discuss the test in preparation for next week. I will also answer questions and work problems in response to your questions.</p> <p>For those who wish: In small groups, we will work on end-of-chapter problems from Chapters 13-17.</p> |
| October 31 | <p style="text-align: center;">Synchronous</p> <p style="text-align: center;">QUIZ 3—Exam Coverage: Chapters 13-17</p> |

| Recorded Lectures | | | |
|--------------------------|---|---------------|----------------|
| Chapter | Title | Slides | Minutes |
| 1 | Introduction to Corporate Finance | 17 | 35 |
| 5 | Time Value of Single Payments | 32 | 37 |
| 6 | Time Value of Series of Payments—Part 1 | 16 | 29 |
| 6 | Time Value of Series of Payments—Part 2 | 18 | 36 |
| 6 | Time Value of Series of Payments—Part 3 | 8 | 19 |
| 6 | Time Value of Series of Payments—Part 4 | 6 | 14 |
| 6 | Time Value of Series of Payments—Part 5 | 31 | 34 |
| 6 | Time Value of Series of Payments—Part 6 | 45 | 44 |
| 7 | Interest Rates and Bond Valuation—Part 1 | 22 | 29 |
| 7 | Interest Rates and Bond Valuation—Part 2 | 19 | 40 |
| 7 | Interest Rates and Bond Valuation—Part 3 | 23 | 36 |
| 8 | Stock Valuation--Part 1 | 27 | 40 |
| 8 | Stock Valuation--Part 2 | 20 | 32 |
| 9 | Net Present Value--Part 1 | 38 | 40 |
| 9 | Net Present Value--Part 2 | 27 | 35 |
| 10 | Making Capital Investment Decisions—Part 1 | 19 | 28 |
| 10 | Making Capital Investment Decisions—Part 2 | 16 | 32 |
| 10 | Making Capital Investment Decisions—Part 3 | 13 | 28 |
| 10 | Making Capital Investment Decisions—Part 4 | 6 | 30 |
| 11 | Project Analysis and Valuation—Part 1 | 11 | 26 |
| 11 | Project Analysis and Valuation—Part 2 | 23 | 47 |
| 11 | Project Analysis and Valuation—Part 3 | 9 | 27 |
| 11 | Project Analysis and Valuation—Part 4 | 9 | 26 |
| 12 | Lessons from Capital Market Theory | 30 | 56 |
| 13 | Return Risk and the Security Market Line—Part 1 | 14 | 28 |
| 13 | Return Risk and the Security Market Line—Part 2 | 14 | 28 |
| 13 | Return Risk and the Security Market Line—Part 3 | 14 | 34 |
| 13 | Return Risk and the Security Market Line—Part 4 | 31 | 43 |
| 13A | Interlude5 | 5 | 6 |
| 14 | Cost of Capital—Part 1 | 31 | 34 |
| 14 | Cost of Capital—Part 2 | 16 | 23 |
| 15 | Raising Capital | 28 | 44 |
| 16 | Financial Leverage and Capital Structure—Part 1 | 21 | 33 |
| 16 | Financial Leverage and Capital Structure—Part 2 | 14 | 29 |
| 16 | Financial Leverage and Capital Structure—Part 3 | 19 | 38 |
| 16 | Financial Leverage and Capital Structure—Part 4 | 15 | 24 |
| 17 | Dividends and Payout Policy | 24 | 30 |

Some Special Features and Requirements for an Online Class

Quiet Environment:

If you are in a noisy environment (a public space, coffee shop, room with a crying baby, etc.) and I open your microphone all of the noise in your environment will be broadcast to the class. This is disturbing to everyone, so to participate in the class, you need to be in a quiet environment.

Necessary Equipment:

To participate in the class, you must have a headphone/microphone combination. This is necessary, because otherwise when your microphone is open and you speak, your voice will be broadcast into your room through your computer and will then be retransmitted through your microphone. This creates an audio feedback loop which is extremely annoying. A simple ear bud plus microphone setup, such as those that come with most cell phones, should be fine.

Communicate with Instructor:

I try to be extremely responsive to student communications. I know most of you are not on campus during the day. So try me by email for the fastest response. I am also more than happy to meet with you by appointment through these three means: in person at the Schreiber Center, phone conversation, or a one-to-one Zoom session. **Let me know what you need!**