FINANCE 450, SECTION 001, FINANCIAL MANAGEMENT, FALL QUARTER 2014, THURSDAY EVENINGS: 6 to 9 PM, CORBOY LAW CENTER Room 207

Catalog Description
Prerequisite: ACCT 400.
The goal of this course is to provide students with an understanding of managerial finance: valuation, capital investment, financing, capital structure, and business ethics as they relate to finance.

Course Overview
The objective of the course is to analyze the framework within which institutions -- particularly private, profit-making corporations -- make financial decisions. Topics will include: the time value of money, capital budgeting, the stock & bond markets, capital market history, efficient financial markets, capital structure policy, & dividend policy.

Course Objectives and Learning Outcomes
Upon completion of the course, students should understand the following: i) how to value future cash flows, ii) the major techniques used by firms in evaluating capital budgeting investments such as Net Present Value and Internal Rate of Return, iii) how stock and bonds are priced, iv) capital market historical performance and its implications for current investments, v) the relationship between risk and return of investments, vi) how corporations raising funds determine their balance between debt and equity, and vii) how firms determine their dividend policy.

Required Materials

Course Requirements and Grading Criteria
Please note that grades will be determined entirely by two examinations -- a mid-term (45%) and a final exam (55%). There are NO additional assignments for extra credit. Thus, sufficient preparation for examinations is very important. Examinations will be primarily problems, multiple choice, and short essays. Normally, the grade point average for a class ranges from 2.9 to 3.1. Plus and minus grades are given for the final grades but not for the midterm.
Homework

The homework assignments consist of problems posted on Sakai. I have constructed these problems. All glitches and typos should have been corrected by now, but if you do spot any remaining errors, please bring them to my attention, immediately. Homework problems are not graded or corrected, but **mastery of these problems is essential**! I also strongly recommend that you **do them on a timely basis**. Solutions to homework problems are also on Sakai. A calculator is highly recommended.

Calculators

Students are expected to master the concepts necessary to solve homework and exam problems. Calculators are highly recommended. Calculators that can perform simple arithmetic calculations should suffice though students considering majoring in finance and / or planning to take further courses in finance should seriously consider purchasing financial calculators. Thus, financial calculators may ease calculations but are not required. (Students using financial calculators are entirely responsible for learning how to use them on their own.)

Power point slides are on Sakai

The power point slides used in lectures are available on Sakai. These slides provide an outline of points covered in the lectures, and are not intended to cover the topics in great detail. Thus, they may assist note taking, but because of their brevity and because they are subject to minor changes, they are a poor substitute for attendance. As mentioned above, homework problems and solutions are also posted on Sakai.
Quinlan School of Business Policies:

**Attendance**

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence.

**Make-Up Examinations**

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations, whether earlier or later than the scheduled date are discouraged.** Exceptions may be granted only by the faculty member or department chair, and **only for unavoidable circumstances** (e.g., illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean. **Make-up examinations are more challenging than the exam given on the scheduled date.**

**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. **The above penalties also apply to students assisting other students to cheat on an examination.**

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:
# Class by Class/Week by Week Course Outline

<table>
<thead>
<tr>
<th>CLASS NUMBER &amp; DATE</th>
<th>LECTURE TOPICS: ASSIGNED CHAPTERS</th>
<th>HOMEWORK PROBLEMS</th>
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<tr>
<td>1) AUG 28</td>
<td>(1) INTRO (SKIM); 2) FINANCIAL STATEMENTS (SKIM: SHOULD ALREADY BE FAMILIAR) (5) TIME VALUE OF MONEY (IMPORTANT!)</td>
<td>I – A, 1 -B</td>
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<tr>
<td>2) SEPT 4</td>
<td>(6) DISCOUNTED CASH FLOW VALUATION</td>
<td>I-C</td>
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<td>3) SEPT 11</td>
<td>(7) BOND AND (8) STOCK VALUATION</td>
<td>II – A; II - B</td>
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<td>4) SEPT 18</td>
<td>(9) CAPITAL BUDGETING: NPV &amp; OTHER INVESTMENT. CRITERIA</td>
<td>III – A, III –B</td>
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<td>5) SEPT 25</td>
<td>MIDTERM EXAM: 45% OF COURSE GRADE</td>
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<td>6) OCT 2</td>
<td>(10) : CAPITAL. INVESTMENT. DECISIONS 10.1, 10.2 and 10.4 (312-314) (11) PROJECT ANALYSIS (11.1, 11.2, 11.3 &amp; 11.6)</td>
<td>III –C</td>
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<tr>
<td>7) OCT 9</td>
<td>(12) CAPITAL MARKET HISTORY (13) RISK, RETURN &amp; THE SECURITY MARKET LINE</td>
<td>IV-A IV - B</td>
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<tr>
<td>8) OCT 16</td>
<td>(14) COST OF CAPITAL (16) FINANCIAL LEVERAGE &amp; CAPITAL STRUCTURE</td>
<td>V-A; V-B; V-C</td>
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<td>9) OCT 23</td>
<td>(17) DIVIDEND POLICY (15) RAISING CAPITAL (IF TIME PERMITS)</td>
<td>V-D</td>
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<td>10) OCT 30</td>
<td>FINAL EXAM: 55% OF COURSE GRADE</td>
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**Please note:** This class may occasionally deviate from the course outline above. I reserve the right to make changes as needed to the course syllabus.