Fall Quarter 2014

FINC 450 – Financial Management, Sec-02
Tuesday 6:00PM –9:00PM, Corboy Law Center 207

Catalog Description
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.

Prerequisites ACCT 400

Course Overview
Students will demonstrate knowledge of financial analysis, time value of money, risk-reward, asset valuation, capital budgeting, capital structure, and working capital management.

Course Objectives and Learning Outcomes
By the end of this course the student should be able to:
1. Explain time value of money basics
2. Estimate the value of financial assets including stock and bonds
3. Evaluate capital budgeting projects
4. Explain the trade-off between risk and return
Course Requirements and Grading Criteria

Course grade will be based upon components below.

Midterm exam 45%
Comprehensive final exam 55%

Please strive to do your best on the components that comprise your grade. Extra credit is not available.

The final course grade is computed based upon the percentage scale below.

<table>
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<tr>
<th>Letter Grade</th>
<th>Percentage Range</th>
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<tbody>
<tr>
<td>A</td>
<td>93.0% and above</td>
</tr>
<tr>
<td>A-</td>
<td>90.0% – 92.9%</td>
</tr>
<tr>
<td>B+</td>
<td>87.0% – 89.9%</td>
</tr>
<tr>
<td>B</td>
<td>83.0% – 86.9%</td>
</tr>
<tr>
<td>B-</td>
<td>80.0% – 82.9%</td>
</tr>
<tr>
<td>C+</td>
<td>77.0% – 79.9%</td>
</tr>
<tr>
<td>C</td>
<td>73.0% – 76.9%</td>
</tr>
<tr>
<td>C-</td>
<td>70.0% – 72.9%</td>
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Examinations

The dates for the midterm and final exams are indicated on the course outline. These dates are firm and will only change in an emergency such as the closing of the university. The content covered by the midterm and final exams will be determined the class period prior to the exam. If content in the course calendar has not been covered by the class before an exam, that content will not be on the exam. Exams may consist of various types of questions including multiple choice, fill in the blank, essay, and calculations.
When taking exams, you are permitted to use one dedicated calculator. Calculator apps on smartphones or other electronic devices are not permitted. All electronic devices other than your calculator must be turned off and/or muted and put away. You may use one 8 ½ x 11 inch page of notes. Turn in this page of notes with your exam.

Make up exams will only be given in extenuating circumstances as detailed in the Quinlan School of Business examination policy below. You should notify me via email or telephone as soon as you become aware of a situation requiring you to miss an exam. All requests for make up exams must be accompanied by documented, verifiable proof indicating the absence on the original exam date and time was unavoidable. I will review the documentation and make a final decision on whether a make up exam will be given. Make up exams may be in a different format than the original exam. Please note scheduling non-emergency appointments including medical appointments is not a valid reason to miss an exam.

Strategies for Success

Finance is a disciple many students do not find intuitive at first. The course outline includes questions and problems for review. You should review the concept questions and attempt some of the basic problems before the lecture. While these questions and problems will not be collected for a grade, they will help you get more from the lectures. These questions and problems along with others detailed in lectures will also help you prepare for exams. I may call on students to answer some of the questions and problems listed. Most students need to review and work through problems again and again to develop the financial intuition to do well in this course. Try your best to keep up with each week’s material and review additional material covered in lectures. Since financial concepts build upon each other, once students fall behind it is often very difficult for them to catch up.

Quinlan School of Business Policies:

<table>
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<tr>
<th>Attendance</th>
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<td>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.</td>
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<tr>
<th>Make-Up Examinations</th>
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<tbody>
<tr>
<td>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.</td>
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</tbody>
</table>
**Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (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.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. Limited assistance in proctoring make-up exams may be available through a designated Quinlan administrative assistant. 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:

# Course Outline Fall Quarter 2014

<table>
<thead>
<tr>
<th>Week # and date</th>
<th>Material Covered</th>
<th>Questions and Problems for Review</th>
</tr>
</thead>
</table>
| (1) 8/26        | Introduction to course, review of syllabus and course policies  
Ch. 1 Introduction to Corporate Finance  
Ch. 2 Financial Statements and Cash Flow  
Ch. 18 Short-Term Finance and Planning – sources and uses of cash only | Ch. 1 Concept questions 1,2,3,6,8  
Ch. 1 no Q&P*  
Ch. 2 Concept questions 1,2,6,8  
Ch. 2 Q&P 2,8,9,10  
Ch. 18 Concept question 3 only |
| (2) 9/2         | Ch. 3 Financial Statement Analysis and Financial Models – financial leverage ratios; EPS, and ratios in the DuPont Identity  
Ch. 4 Discounted Cash Flow Valuation | Ch. 3 Concept question 13  
Ch. 3 Q&P 2,3  
Ch. 4 Concept questions 1,2,3  
Ch. 4 Q&P 2,7,13,17 |
| (3) 9/9         | Ch. 5 Interest Rates and Bond Valuation  
Ch. 6 Stock Valuation | Ch. 5 Concept questions 1,5,8,17  
Ch. 5 Q&P 2,3,7,19  
Ch. 6 Concept questions 1,4,6,7  
Ch. 6 Q&P 2,3,8,15 |
| (4) 9/16        | Ch. 7 Net Present Value and Other Investment Rules – focus on Payback, NPV, and IRR  
Ch. 8 Making Capital Investment Decisions | Ch. 7 Concept questions 3a,c,e  
Ch. 7 Q&P 1,7  
Ch. 8 Concept questions 1,4,8  
Ch. 8 Q&P 1,3,4 |
| (5) 9/23        | Midterm Exam |  |
| (6) 9/30        | Review midterm exam  
Ch. 10 Risk and Return: Lessons from Capital Market History  
Ch. 11 Risk and Return: The CAPM | Ch. 10 Concept questions 3,4  
Ch. 10 Q&P 1,10,12  
Ch. 11 Concept questions 1,2,3,6  
Ch. 11 Q&P 6,10,14 |

*Q&P refers to Questions and Problems which are numbered separately from Concept Questions.*
| (7) 10/7 | Ch. 12 Risk, Cost of Capital and Valuation  
Ch. 13 Efficient Capital Markets and Behavioral Challenges | Ch. 12 Concept questions 2,4,8  
Ch. 12 Q&P 1,2,9  
Ch. 13 Concept questions 2,3,9  
Ch. 13 no Q&P assigned |
|---------|---------------------------------------------------------------|
| (8) 10/14 | Ch. 14 Capital Structure: Basic Concepts  
Ch. 18 Short-Term Finance and Planning | Ch. 14 Concept questions 5,7,8,10  
Ch. 14 Q&P 4,12  
Ch. 18 Concept questions 1,2,11  
Ch. 18 Q&P 3,6,9,10 |
| (9) 10/21 | Ch. 19 Raising Capital | Ch. 19 Concept questions 1,2,3  
Ch. 19 Q&P 1,7,8 |
| (10) 10/28 | **Comprehensive Final Exam** | |

**Please note:** This class may occasionally deviate from the course outline above. The instructor reserves the right to make changes as needed to the course syllabus.