

Syllabus
Finance 555-301
Financial Management
Spring 2007-2008
Room: DPC TBA
Time: Wednesdays from 5:45 p.m. – 9:00 p.m.

CONTACT INFORMATION:

Instructor: Dr. Rebel A. Cole
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Office Hours: By Appointment

COURSE DESCRIPTION:

This is an introductory course in financial management.

REQUIRED READINGS:

Corporate Finance: Core Principles and Applications. 1st Edition by Ross, Westerfield, Jaffe and Jordan. ISBN: 007353059x

Aplia Homework Manager. You will need to purchase the *Aplia Homework Manager* from the website www.aplia.com. Click on the "Register New Student" button. That will take you to another webpage specific to our course, where you will need to enter a special code (RTQM-H3XE-REFD). That will take you to another page where you will begin the registration process. Each student will need the Homework Manager product, which I will use to administer weekly graded quizzes and the midterm exam. I will post additional information about how to register and use Homework Manager.

The Wall Street Journal. You will need to obtain access to the *Wall Street Journal* daily newspaper. You can subscribe for our ten-week class for \$19.95 at <http://subscribe.wsj.com/quarter>. We will begin each class with a discussion of current developments in the world of corporate finance.

PREREQUISITES:

ACC 500, ECO 500, ECO 555 or equivalent

COURSE GOALS:

- (i.) To provide an understanding of the basic concepts and tools of corporate finance, including net present value, the valuation of financial assets, capital budgeting, modern portfolio theory and the CAPM, and capital structure theory
- (ii.) To develop expertise in applying financial mathematics to the types of problems that arise in managing a corporation.

LEARNING OUTCOMES:

Upon successful completion of this course, it is expected that the student will be able to:

- (i.) Explain basic concepts in corporate finance, such as net present value, capital budgeting, modern portfolio theory, the CAPM, capital structure theory and dividend policy.
- (ii.) Apply financial mathematics to solve problems that arise in the management of modern corporations, including the valuation of financial and real assets.

ACADEMIC INTEGRITY POLICY:

As a condition of their enrollment in this course, students are expected to understand and abide by DePaul University's Academic Integrity Policy (AIP) as outlined in <http://studentaffairs.depaul.edu/handbook/code16.html>. A violation of the AIP will result in sanctions, including a failing grade for the course.

COURSE FORMAT:

Our class meetings will include a combination of discussion, lectures and problem solving. I will post lecture material online for you to review. In addition, you are expected to read the textbook, work homework problems and participate in an online Discussion Board, where you can post questions and provide answers to any questions your classmates might have.

GRADING:

Your letter grade for the class will be determined using a curve based upon the distribution of your numerical grade, which will be a weighted average of your grades on a final exam, homework assignments and class participation via the discussion board. The weights are:

- Midterm exam: 23%
- Final Exam: 40%
- Homework: 27%
- Class participation: 10%

The median score will be set as the mid-point for a “B” letter grade. The “A” range typically will begin one standard error above the median and the “C” range typically will begin one standard error below the median. A score more than two standard errors below the median typically will be an “F”. (In practice, grade distributions are skewed so that there rarely is a score in the "F" range.)

Exams: There will be two exams—a mid-term and a final. The mid-term exam will account for 23% of your grade while the final exam will account for 40% of your grade. The exams will be closed-book. The midterm exam will be administered via the *Aplia Homework Manager* while the final exam will be administered in person on Wednesday, June 11th and will consist of multiple-choice and short-answer problems. For the final exam, you will be provided with a scientific calculator; no financial calculators will be allowed.

Homework Assignments: Homework assignments and the midterm exam will be delivered, collected and graded online via Blackboard and/or the *Aplia Homework Manager*. You are responsible for checking Blackboard regularly to find assignments and announcements; reading assigned materials prior to each class; and for solving assigned homework problems and posting your solutions online prior to their due dates. The best way to learn and understand the quantitative material thoroughly is by solving problems. Homework assignments for each week will be graded online. Each of the nine assignments will count for 3% of your final grade. No late assignments will be accepted. Missed assignments will be scored as zeros.

Class participation: The final 10% of your grade will be based upon class participation in class AND via the discussion board. There are no extra-credit assignments.

COURSE ASSIGNMENTS:

The tentative timing of individual assignments for each class is presented below but is subject to change. You are responsible for checking Blackboard regularly for any changes to this schedule.

Class 1:

Chapter 1: Introduction to Corporate Finance
Chapter 4: Discounted Cash Flow Analysis

Class 2:

Chapter 5: Interest Rates and Bond Valuation
Chapter 6: Stock Valuation

Class 3:

Chapter 7: Net Present Value and Other Investment Rules

Class 4:

Chapter 8: Making Capital Investment Decisions

Class 5:

Chapter 10: Risk and Return Lessons from Market History

Class 6:

Chapter 11: Risk and Return: The Capital Asset Pricing Model

Class 7:

Chapter 12: Risk, Cost of Capital and Capital Budgeting

Class 8:

Chapter 14: Capital Structure: Basic Concepts

Chapter 15: Capital Structure: Limits to the Use of Debt

Class 9:

Chapter 17: Options and Corporate Finance: Basics

Class 10:

Chapter 3: Financial Statement Analysis

COURSE MATERIAL ON THE WEB

I will be placing course material on the web. You will be able to access the material through Blackboard under the course titled "FIN_555_301_2007-2008_SPRING" using your Campus Connect user name and password. Please check the "Announcements" section (on Blackboard) periodically and the day before class for information related to the course.