



**Illinois Institute of Technology  
Stuart School of Business  
Course Syllabus: BUS 351  
Spring Semester 2012**

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**Instructor Information**

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**Office hours:** Tues/Thurs, 3:30 PM to 5:00 PM; and by appointment.

**TA Information:** See Blackboard.

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**Course Information**

**Course #:** BUS 351.

**Course name:** Financial Management and Decision-Making.

**Course description: BUS 351: Financial Management and Decision-Making** is an introductory course in corporate financial management, although many of the principles that you will study are valid not only for other business forms but also your personal financial management. The course begins by introducing some fundamental financial concepts and, later, it explores some financial policy issues. The fundamental concepts include accounting and financial terminology, the time value of money, financial instruments, and the risks associated with investment choices. The financial policy issues include capital structure, investment evaluation, and working capital management. Prerequisites are a working knowledge financial accounting, managerial accounting and statistics (principally regression).

**Course day and time:** Tuesdays/Thursdays, 1:50 PM to 3:05 PM (PH 108)

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**Course Objectives:** Upon completion of this course, the student should be able to (1) use time value of money concepts to find present values, future values and annuity amounts; (2) determine after-tax cash flows arising from an investment opportunity and evaluate the cash flows using various decision models; (3) understand the reasons that companies issue debt versus equity (and be able to value debt and equity offerings); and (4) have a basic knowledge of working capital management.

**Prerequisites:** Corequisite is BUS 212.

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### Required Course Materials

**Text:** Ross, Westerfield and Jaffe, Corporate Finance, 9th Edition, McGraw-Hill Irwin, 2010.  
(ISBN #978-0-07-338233-3)

**Materials:** Cases/Problems -- to be provided.

**Software:** None.

**Programming Skills:** None.

**Text References:** None.

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### Recommended Course Materials

**Supplemental texts/readings:** None.

**Software:** I personally use a Hewlett-Packard financial calculator, the HP-10BII. If you were to purchase one, I could help you use it.

**Some other good books:** The Wealthy Barber, Updated 3rd Edition: Everyone's Commonsense Guide to Becoming Financially Independent (Paperback) and The Millionaire Next Door (Paperback).

**Text References:** None.

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## Course & Instructor Policies

**Make-up:** Only in very special circumstances will I allow make-up work.

**Late work:** Late work will not be accepted.

**Special assignments:** All students must complete the assignments on the syllabus.

**Class attendance:** I don't require class attendance, but prior students have indicated that it very important to attend class. The Provost's Office might require sign-in sheets.

**Classroom conduct:** Don't disturb other students or me. If you come late, or have to leave early, do so quietly and without fanfare.

**Discipline:** Be courteous to all members of the class and expect that of them.

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## Grading System/Policy

### Percentages for assignments:

Attendance/Participation	0%	+/-	
Cases/Problem Sets/Quizzes	30%	or 30%	or 30%
First Hourly Exam	20%	0%	0%
Second Hourly Exam	20%	20%	0%
Final	30%	50%	70%

**Grade scale:** I customarily curve grades based on a student's performance on two hourly exams, a final exam, assigned cases/problem sets, quizzes, and class attendance (+ or -). The weights assigned to these metrics will be: 30% for the cases/quizzes and either: (1) 40% for the hourly exams and 30% for the final exam; or (2) 20% for the second hourly exam and 50% for the final exam; or (3) 70% for the final exam, whichever gives the student the best course grade. (Cases/problem sets must be done individually or in groups of no more than two (2) students. One submission may suffice for the entire group, so long as both members of the group are listed on the submission).

**Incompletes:** I only give "I's" in extreme circumstances, since the final exam can take the place of the other two exams.

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## Disabilities

Reasonable accommodations will be made for students with documented disabilities. In order to receive accommodations, students must obtain a letter of accommodation from the Center for Disability Resources and make an appointment to speak with me as soon as possible. My office hours are listed on the first page of the syllabus. The Center for Disability Resources is located in the Life Sciences Building, room 218, 312-567-5744 or [disabilities@iit.edu](mailto:disabilities@iit.edu)

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## Copyright/Plagiarism/Academic Integrity

### Rules on Plagiarism and Academic Integrity

Plagiarism and other violations of academic integrity are strictly prohibited and subject to penalty as defined by the University. The academic integrity material in the handbook is found at page 31 in the IIT student handbook. Students will be expected to conform to the rules and procedures set forth in the handbook.

The code of conduct governing writing by students at IIT requires original writing, prohibits plagiarism and provides severe sanctions for plagiarism. Original writing consists of thinking through ideas and expressing them in your own way. If the ideas are from other sources, use footnotes or other citation methods to indicate the source of the ideas. Plagiarism is the act of passing off someone else's work or ideas as your own. The sanctions include, but are not limited to, expulsion and the imposition of a punitive grade of 'E'.

#### What is Plagiarism?

Often there is some confusion as to what constitutes plagiarism. Plagiarism is the act of passing off someone else's work as your own. To assist in providing an understanding of the types of writing that constitute plagiarism, three types of are each discussed below. Also discussed below is the problem of "string citations." String citations are not plagiarism, but many professors will reject string citations because they are not the student's original work.

Word for Word copying: The use of any phrase or excerpt from another source requires the use of quotation marks around the copied material, or if the material is more than a few lines, the copied material should be placed in its own indented paragraph. A citation in proper form is always required to identify the source.

Plagiarizing by Paraphrase: When a writer uses a source, substitutes words and sentences, or even changes the order but keeps the meaning of the original, a citation is required. In the example given below, the original is on the left. The paraphrase in the right box constitutes plagiarism.

<p><u>Original:</u> It is not generally recognized that at the same time when women are making their way into every corner of our work-world, only one percent of the professional engineers in the nation are female. A generation ago, this statistic would have raised no eyebrows, but today, it is hard to believe.</p>	<p><u>Paraphrase:</u> Few people realize now that women are finding jobs in all fields, that a tiny percentage of the country's engineers are female. Years ago this would have surprised no one, but now it seems incredible.</p>
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The writer could avoid plagiarism here by acknowledging the source and providing a proper citation.

Mosaic Plagiarism: Here the writer lifts phrases and terms from the source and embeds them in his own prose. An example follows in which the lifted phrases are underlined:

The pressure is on to get more women into engineering. The engineering schools and major corporations have opened wide their gates and are recruiting women zealously. Practically all women engineering graduates can find attractive jobs. Nevertheless, at the moment, only one percent of the professional engineers in the country are female.

Mosaic plagiarism is sometimes caused by careless note taking. However, it looks dishonest and is judged as such. The use of quotation marks around the original wording and citation avoid the problem of plagiarism. Often a better approach is to use paraphrase or to quote directly (with appropriate citations).



Plagiarism can be avoided by providing citations for the sources of any material, including *ideas, phrases, or sentences* that you have used in your paper. A number of different systems are available for providing citations. The key to all of them is that the writer must clearly identify for the reader the sources of all material (including ideas) that have come from somewhere else.

**String Quotation Problem:** Sometimes a student will write a paper consisting of a string of quotations. It is usually much better for a student to provide his or her own analysis and write the paper in his or her own words. Many professors will reject a paper consisting primarily of material quoted from other sources because they do not view such a paper as the student's own work. You should understand your professor's view with respect to string quotations prior to writing your paper.

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## Academic/Class Calendar & Assignments

<u>Meeting #</u>	<u>Date</u>	<u>Topic</u>	<u>Read</u>	<u>Do Problems</u>
1	Jan. 10 (T)	Introduction to Corporate Finance	Chapter 1	None
2	Jan. 12 (R)	Financial Statements and Cash Flow	Chapter 2	4, 5, 13, 17, 18.
3	Jan. 17 (T)	Financial Statement Analysis	Chapter 3	2, 12, 14, 16, 17.
4	Jan. 19 (R)	Financial Modeling	Chapter 3	5, 6 19, 20.
*	<b>Jan. 20 (F)</b>	<b>Last day to DROP with no notation on your transcript</b>		
5	Jan. 24 (T)	Time Value of Money (TVM) Discounted Cash Flow (DCF) Analysis <b>Quiz #1 (of 3)</b>	Chapter 4	4, 5, 6, 7, 9, 10.
6	Jan. 26 (R)	TVM (DCF) continued	Chapter 4	15, 16, 26, 29, 44.
7	Jan. 31 (T)	TVM (DCF) continued	Chapter 4	50, 56, 64.
8	Feb. 2 (R)	Valuing Bonds	Chapter 8	2, 5, 9, 14.
9	Feb. 7 (T)	Valuing Bonds	Chapter 8	19, 22, 24, 26.
<b>9</b>	<b>Feb. 7 (T)</b>	<b>Turn-In: First Case (1 of 2)</b>		
10	Feb. 9 (R)	Valuing Stocks	Chapter 9	1, 7, 10, 14.
11	Feb. 14 (T)	Valuing Stocks	Chapter 9	26, 32.
<b>12</b>	<b>Feb. 16 (R)</b>	<b>First Hourly Exam</b>	<b>Prior Work</b>	<b>On the exam.</b>
13	Feb. 21 (T)	Investment Decision Rules	Chapter 5	4, 8, 10.
14	Feb. 23 (R)	Investment Decision Rules	Chapter 5	11, 12, 13, 22, 24.
15	Feb. 28 (T)	Capital Investment Decisions <b>Quiz #2 (of 3)</b>	Chapter 6	2, 6, 8.
16	Mar. 1 (R)	Capital Investment Decisions	Chapter 6	12, 13, 22, 30.
17	Mar. 6 (T)	Capital Budgeting and Risk Analysis	Chapter 7	4, 5, 6.
18	Mar. 8 (R)	Capital Budgeting and Risk Analysis	Chapter 7	9, 17, 18.
19	Mar. 13 (T)	Capital Budgeting and Risk Analysis	Chapter 7	30.
<b>20</b>	<b>Mar. 15 (R)</b>	<b>Second Hourly Exam</b>	<b>Prior Work</b>	<b>On the exam.</b>
*	<b>Mar. 19-25</b>	<b>Spring Break</b>		



## Academic/Class Calendar & Assignments

<u>Meeting #</u>	<u>Date</u>	<u>Topic</u>	<u>Read</u>	<u>Do Problems</u>
21	Mar. 27 (T)	Risk and Return	Chapter 10	1, 2, 3, 4.
22	Mar. 29 (R)	Risk and Return	Chapter 10	7, 23, 25, 26.
*	<b>Apr. 2 (M)</b>	<b>Last Day for Official Withdrawal</b>		
23	Apr. 3 (T)	Return and Risk <b>Quiz #3 (of 3)</b>	Chapter 11	2, 3, 4, 8.
24	Apr. 5 (R)	Return and Risk	Chapter 11	11, 13, 17, 22, 24.
25	Apr. 10 (T)	Cost of Capital	Chapter 13	1, 2, 3, 5.
26	Apr. 12 (R)	Cost of Capital	Chapter 13	8, 10, 14, 18, 21.
27	Apr. 17 (T)	Short-term Finance	Chapter 26	3, 4, 6, 9.
28	Apr. 19 (R)	Cash Management	Chapter 27	1, 3, 5, 11.
29 <b>29</b>	Apr. 24 (T) <b>Apr. 24 (T)</b>	Credit and Inventory Management <b>Turn-In: Second Case (2 of 2)</b>	Chapter 28	3, 4, 7, 15, 19.
30	Apr. 26 (R)	Catch-up/Review	Prior Work	
<b>31</b>	<b>May 3 (R)</b>	<b>Final Examination</b> 2:00 PM to 4:00 PM	<b>All Prior Work</b>	On the exam.

- **Case #1:** Selected Time Value of Money Exercises (Twombly Problem Set). Answer Questions on the Problem Set. These must be done individually, without consultation. **Due February 7, 2012.**
- **Case #2:** Check Blackboard for this case. **Due April 24, 2012.**