

Economics assignment



**ASSIGN
BUSTER**

A comprehensive and advanced study of financial products and services for investors and corporations; of financial analysis, planning, and control techniques for a business entity with emphasis on corporations. Ours

Objectives: On completion of the course, the student should be able to: –

- Identify the primary duties and responsibilities of financial managers. –
- Understand agency problems and different financial incentives for stakeholders. –
- Understand the mechanisms of financial markets. –
- Analyze the financial condition of a firm using financial-statement analysis, financial-ratio analysis, Du Pont analysis, common-size analysis, comparative analysis, indexed analysis, and trend analysis. Calculate financial values based on the concept of the time value of money. –
- Conduct investment project appraisal, and implement the sensitivity analysis. –
- Understand the financial products such as stocks and bonds. –
- Implement stock and bond valuation.
- Understand the relationship between risks and returns. –
- Calculate the value and yield of corporate bonds, preferred stocks, and common stocks. –
- Evaluate financial assets and portfolios using fundamental analysis, modern portfolio theory, CAMP, and capital structure. Calculate the weighted average cost of capital for a firm, and explain how to determine target capital structure. –
- Understand payout policy (by dividend, or share repurchase). –
- Use MS excel in all above calculations and analyses.

Text books: Eugene Brigham and Michael Earthward, Financial Management, Theory and Practice, 20th Edition, 2008, Thomson Southwestern Ross, Westfield & Gaffe, 2005, Corporate Finance, McGraw Hill, 7th edition (or later edition) You will need a laptop with excel application in class all the time.

Grading: – Attendance & active discussion and contribution in class: 10% – First (individual) midterm: 15% – Second (individual) midterm: 15% – Group assignment 1 (hard-copy report, no presentation): 10% – Group assignment 2 (hard-copy report, together with presentation): 20% – A final (individual) exam as an assignment to be submitted at the final class: 30% The grading scale is as follows: A 90 percent or better, B 80 percent, C 70 percent, D 60 percent or better, and F 59 percent or less.

Course Content: Chapters' Topics and assignments 1 Financial incentives, Financial markets economics By Evangeline O 3 Stock valuation bond valuation Group Assignment 1 (hand-in) Individual: Midterm 1 financial Statements ; Analysis risk and return – Capital market theory capital Asset Pricing Model – CAMP Group Assignment 2 (hand-in ; presentation) Individual: Midterm 2 10th Cost of Capital dividends and payouts Final Exam Submission