

UNIVERSITY OF KENTUCKY

INDEPENDENT STUDY PROGRAM

LEXINGTON, KY. 40506

FIN 300

30 Assignments

Corporation Finance

3 Semester Hours

This is an independent study course in Corporation (Business) Finance, prepared by Dr. Keith H. Johnson of the University of Kentucky.

The objectives of the course are to acquaint the student with the nature and scope of the duties of a financial manager and to introduce the student to the current theories and models which aid financial managers in performing their duties. Special emphasis is given to problem solving. The course presumes an introductory knowledge of the principles of accounting, the principles of economics, and a reasonable fluency in mathematics (algebra).

Textbook

The basic textbook is *Fundamentals of Financial Management* by Eugene F. Brigham and Joel Houston, Thompson / South-Western Publishers, 2004, ISBN 0-324-17830-1. You may also wish to obtain the student CD published by Thompson for the text.

Requirement

It is required that you have a financial calculator. Two recommended models that are reasonably priced and easy to use are the SHARPE EL733A, and the HEWLETT-PACKARD 10B. Students really like the Sharpe calculator and find it easy to learn how to use. Most of the instructions that I describe will be based on the Sharpe calculator. The answers given to the problems presumes calculations were made with a financial calculator.

Process

The independent study procedure begins with the student reading the appropriate assignment. Upon completion of the assignment(s), the student usually mails the assignments to the Independent Study Office (ISO). The ISO office records the receipt of the assignments and then mails them to the instructor. The instructor then grades the assignments. Grading is usually done on Fridays. After grading the assignments, the instructor returns the assignments to the Independent Study Office via campus mail. The independent study office also records the grades on the assignments and then mails the graded assignments back to the student. The main point of describing this procedure is to make you aware of the elapsed time between when you mail the assignments to the ISO and when you receive back the graded assignments – this can easily be over a week and often approaching two weeks.

The Independent Study Office normally allows only four assignments to be handed in a week without the instructor's permission to exceed this limit. I realize that due to mailing/grading time and due to individual student's needs, this may be a burdensome constraint. I customarily grant automatic permission to hand in more than four assignments at a time provided that the student is doing satisfactory in the course. Keep track of your cumulative points. As long as your cumulative points exceed 70% of those possible at that stage of the course, you may continue to hand in more than four assignments at a time.

General Rules and Instructions

It is recommended that you read each text assignment carefully before attempting to answer the questions in this study guide. Do not overlook the footnotes as many of the footnotes contain important information. Unless explicitly stated otherwise, all chapter reading assignments implicitly include and appendices associated with the chapter. You should also utilize the chapter review problems and self-test at the end of each chapter.

You must have access to a financial calculator. It will be very difficult to do the problems without using a financial calculator. **This is a course requirement.**

Due to the accuracy differences that arise due to the number of significant digits carried, the answers you arrive at may not be exactly those provided. Also, some answers are given as rounded figures. Always select the best (closest) answer. There are no known distracter answers to the problems (i.e. answers based upon typical student mistakes). The answers given to the problems include only the correct answer and essentially random numbers. Many of the problems are similar to those found in the back of the chapter. Thus, if you can figure out how to answer the question in the back of the chapter (where the correct answer is given in the back of the book), you should be able to work the assignment problem in a similar manner.

You will find some assignments to be more difficult while others are relatively easy. There has been no explicit effort to keep the difficulty of the assignments uniform over the course. The reason for this is that the assignments correspond to chapters in the text and these chapters are organized by content and not by difficulty.

All assignments must be handed in using the answer sheets located in the back of this study guide. Assignments will not be accepted unless these forms are used. Each answer sheet corresponds to an assignment.

Each answer sheet must be stapled separately to a cover sheet provided by the ISO. Be sure to print your name and address clearly on the cover sheet. Also, be sure to include your enrollment number and the assignment number.

The assignments must be done in order.

Be sure to PRINT clearly. Use a soft black pencil or blue or black ink for your answers. Do not use red. Homework handed in written in red will be returned and not graded. Print clearly using upper case (capital) letters. Do not use script. Do not use lower case letters. In general, homework handed in without following instructions will be returned ungraded.

If you have any incorrect answers, the correct answer will be indicated on your answer sheet when it is returned. If the question you missed was a problem, it will be up to you, as a learning exercise, to figure out how to work the problem to get the given correct answer. If you are having difficulty with a problem, you can e-mail or call me for help. However, I will not respond to "I can't do number 5" or "I can't get numbers 8 to 12". I will respond to specific questions about problems if you detail your line of reasoning so I can indicate where you have gone astray. Our goal is not to train you to memorize how to do certain problems, but rather to help you learn how to reason and think. We can train chimpanzees how to punch numbers in a calculator. Set loftier goals for yourself than that.

Grading Procedures

Each homework is worth 100 points. Since there are 30 assignments, there are 3,000 points available for homework. Your final grade on homework will be determined as:

Homework Cumulative <u>Point Range</u>	Homework Letter <u>Grade</u>	Point <u>Value</u>
2610-3000	A+	12
2490-2609	A	11
2400-2489	A-	10
2310-2399	B+	9
2190-2309	B	8
2100-2189	B-	7
2010-2099	C+	6
1890-2009	C	5
1800-1889	C-	4
1710-1799	D+	3
1590-1709	D	2
1500-1589	D-	1
under 1500	E	0

The final exam will also be graded A+ through E and corresponding point values assigned.

The final grade in the course will be determined by the geometric mean of the point values for the homework and the final examination. Thus, if you had 2455 cumulative points on homework, the homework portion would be an A- and assigned a point value of 10. If the final examination grade was a B, this would have a point value of 8. The final grade in the course is determined by the geometric mean of the two point values, or $g = \sqrt{(10 \times 8)} = 8.94$ which would be rounded to a 9 or a B+. Likewise, note that a grade of E on either the homework average or the final exam will result in a geometric mean of zero which is an E.

The final examination is comprehensive. After you have completed the assignments, you will be given a study suggestion sheet to help you prepare for the final. This will be sent to you when your last assignment is returned. When you take the final exam, **BRING YOUR FINANCIAL CALCULATOR**. You may also bring one 3"x5" card containing formulae or any other notes as you desire. You may use both sides of this 3x5 card. You will be asked to leave the 3x5 card with the exam.

Note that the more difficult material and assignments tend to be in the first thirty or forty percent of the course. Most students find the assignments and material in the latter part of the course to be easier.

Be sure to read the other material provided by the ISO office contained in this manual. Also, fill out the student information sheet located in the back of this manual and return it with your first assignment.

If you are having special problems, write, call, or e-mail. I'll see what I can do to help.

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BIOGRAPHICAL SKETCH

Dr. Keith H. Johnson received his Ph.D. from the University of Illinois. He joined the faculty at the University of Kentucky in 1969 and has taught courses in Corporation Finance, International Financial Management, Investments, Managerial Economics, Economic Statistics and Quantitative Business Analysis. His writing has appeared in such academic journals as the *Journal of Financial and Quantitative Analysis*, the *Journal of Financial Economics*, the *Financial Review*, and the *Journal of Portfolio Management* among others. He has presented research papers in most major United States cities as well as internationally. He has served as Chairman of the Department of Finance, Vice President of the national Financial Management Association, and a director of the Southern Finance Association. He is currently a Professor of Finance in the Area of Finance, School of Management, College of Business and Economics, University of Kentucky.