Weekly Course Schedule – FIN 211

Week	Chapter(s) Covered	Homework Problems	Discussion Topic Themes.	Submitted on Blackboard By Due Date *
1	Chapters 1 & 2	Q1-1, Q1-3, Q1-6, Q2-3, Q2-5, and Q2-10.	• Post your Bio/Intro • Global Perspectives • Market/Institutions	OAES entry for homework.
2	Chapters 3 & 4	P3-2, P3-4, P3-16a, P4-23(a-c only).	• Cash Flow • Ratios	OAES entry for homework and investment project.
3	Chapters 5 & 6	P5-1, P5-2, P5-5, P5-7, P6-2, P6-3, and P6-13.	• Time Lines • Annuity	OAES entry.
4	Chapter 7	Q7-3, Q7-5, P7-1, P7-9, and P7-13.	• Bonds/YTM • Bonds/Interest	OAES entry for homework and investment project.
5	Chapters 8 & 9	P8-1, P8-3, P8-5, P8-7, P8-11, P9-1, P9-3, and P9-9.	• Rates of Return • Standard Deviation and Variance • Common Stock Valuation • Corporate Valuation Model	OAES entry for homework.
6	Chapter 10	P10-1, P10-3, P10-5, P10-9, and P10-11.	• WACC	OAES entry for homework and investment project.
7	Chapter 11	P11-7	• Capital Budgeting	OAES entry for homework and investment project paper & Final Exam (Due Day –Last day of class)

Note * See Weekly Materials and Syllabus for Due Dates. Links for Investment Assignment items can be found in the weekly materials area.
Optional OAES corrections posted to the OAES Corrections Assignment Link in the weekly materials area, if student is eligible per the Success on the OAES document.

Balance Sheet

Cash	______	Current liabilities	______
Accounts receivable	______	Long-term debt	60,000
Inventories	______	Common stock	______
Fixed assets	______	Retained earnings	97,500
Total assets	$300,000	Total liabilities and equity	______
Sales	______	Cost of goods sold	______

4-23 **RATIO ANALYSIS** Data for Barry Computer Co. and its industry averages follow.

a. Calculate the indicated ratios for Barry.
b. Construct the DuPont equation for both Barry and the industry.
c. Outline Barry's strengths and weaknesses as revealed by your analysis.
d. Suppose Barry had doubled its sales as well as its inventories, accounts receivable, and common equity during 2015. How would that information affect the validity of your ratio analysis? (Hint: Think about averages and the effects of rapid growth on ratios if averages are not used. No calculations are needed.)

Barry Computer Company: Balance Sheet as of December 31, 2015 (in Thousands)

Cash	$ 77,500	Accounts payable	$129,000
Receivables	336,000	Other current liabilities	117,000
Inventories	241,500	Notes payable to bank	84,000
Total current assets	$655,000	Total current liabilities	$330,000
		Long-term debt	256,500
Net fixed assets	292,500	Common equity	361,000
Total assets	$947,500	Total liabilities and equity	$947,500

Barry Computer Company: Income Statement for Year Ended December 31, 2015 (in Thousands)

Sales		$1,607,500
Cost of goods sold		
Materials	$717,000	
Labor	453,000	
Heat, light, and power	68,000	
Indirect labor	113,000	
Depreciation	41,500	1,392,500
Gross profit		$ 215,000
Selling expenses		115,000
General and administrative expenses		30,000
Earnings before interest and taxes (EBIT)		$ 70,000
Interest expense		24,500
Earnings before taxes (EBT)		$ 45,500
Federal and state income taxes (40%)		18,200
Net income		$ 27,300

Ratio	Barry	Industry Average
Current	______	2.0×
Quick	______	1.3×
Days sales outstanding[a]	______	35 days
Inventory turnover	______	6.7×
Total assets turnover	______	3.0×
Profit margin	______	1.2%

[a]Calculation is based on a 365-day year.

Ratio	Barry	Industry Average
ROA	____	3.6%
ROE	____	9.0%
ROIC	____	7.5%
TIE	____	3.0×
Debt/Total capital	____	47.0%

4-24 **DUPONT ANALYSIS** A firm has been experiencing low profitability in recent years. Perform an analysis of the firm's financial position using the DuPont equation. The firm has no lease payments but has a $2 million sinking fund payment on its debt. The most recent industry average ratios and the firm's financial statements are as follows:

Industry Average Ratios

Current ratio	3×	Fixed assets turnover	6×
Debt-to-capital ratio	20%	Total assets turnover	3×
Times interest earned	7×	Profit margin	3%
EBITDA coverage	9×	Return on total assets	9%
Inventory turnover	10×	Return on common equity	12.86%
Days sales outstanding[a]	24 days	Return on invested capital	11.50%

[a]Calculation is based on a 365-day year.

Balance Sheet as of December 31, 2015 (Millions of Dollars)

Cash and equivalents	$ 78	Accounts payable	$ 45
Accounts receivable	66	Other current liabilities	11
Inventories	159	Notes payable	29
Total current assets	$303	Total current liabilities	$ 85
		Long-term debt	50
		Total liabilities	$135
Gross fixed assets	225	Common stock	114
Less depreciation	78	Retained earnings	201
Net fixed assets	$147	Total stockholders' equity	$315
Total assets	$450	Total liabilities and equity	$450

Income Statement for Year Ended December 31, 2015 (Millions of Dollars)

Net sales	$795.0
Cost of goods sold	660.0
Gross profit	$135.0
Selling expenses	73.5
EBITDA	$ 61.5
Depreciation expense	12.0
Earnings before interest and taxes (EBIT)	$ 49.5
Interest expense	4.5
Earnings before taxes (EBT)	$ 45.0
Taxes (40%)	18.0
Net income	$ 27.0

a. Calculate the ratios you think would be useful in this analysis.

b. Construct a DuPont equation, and compare the company's ratios to the industry average ratios.

c. Do the balance sheet accounts or the income statement figures seem to be primarily responsible for the low profits?

d. Which specific accounts seem to be most out of line relative to other firms in the industry?

e. If the firm had a pronounced seasonal sales pattern or if it grew rapidly during the year, how might that affect the validity of your ratio analysis? How might you correct for such potential problems?