Financing Decisions

When making Financing Decisions, the recommendation is to put your “Worst Case” in the sales forecast (on the Marketing Worksheet). Why? (your answer should have the words “pro-forma” in it)

From the Foundation Student Guide 2009 on Page 22….
There is a limit on how much you can borrow by issuing bonds. What is the limit Bondholders will lend total amounts up to…) and WHY?

What is the relationship between Bond Ratings and Interest rates on bonds?

Why do bonds trade at above or below their face value (see Intro to Business page 82)

FastTrack Page 2: Bonds

Blackboard has page 2 of a FastTrack report (for Round 2) please use it to answer these questions…

Bond Table

What is company Baldwin’s long term debt?

Which company has the greatest long term debt?

What interest rate is company Chester paying on their bond that is due in 2020?

In 2012, how much will company Erie have to pay to retire their bonds that mature that year?

If I wanted to buy one of company Able’s series 13.0S2014 bonds (with a face value $1,000) on the secondary market, how much would I have to pay?

Who is the most risky company to loan money to?

How is each of the following determined (a definition or a calculation) and what does it measure:
Stock
(Foundation Student Guide 2009, page 23)

There is a limit on how much you can raise by issuing stock. What is the limit …) and WHY?

How is your company’s stock price determined?

FastTrack Page 2: Stocks and

Which company’s owners had the greatest increase in wealth last year?

Which company has sold the most shares of stock?

Who created the most profit per shareholder?

If company Digby had declared a dividend of $2 per share, how much would their cash position have decreased?

What was Baldwin’s Net Income last year? (with information from the stock table)

What is the value of Erie’s Total Owners’ Equity on their Balance Sheet? (with information from the stock table)

How is each of the following calculated and what does it measure:
Market Capitalization
Book Value
EPS
Yield
PE