

A. ASSIGNMENT RECAP

- Write a **3500-word (12-page) report** analyzing the finances of an assigned company for **senior management** covering topics like bond valuation, share valuation, risk, payout policy, cost of capital, and capital structure.
- Demonstrate **understanding of financial concepts** and ability to research and analyze the assigned company.

Structure:

- I. Part A: Company Overview (1 page)
- II. Part B: Company financials (1-2 pages)
 1. Business Performance Overview (Historical Trends)
 2. Financial Health and Solvency
 3. Operational Efficiency and Cost Structure
- III. Part C: Bond Analysis (1-2 pages)
 1. Credit Rating Overview
 2. Proposed New Bonds Details
 3. Bond Price Calculation
 4. Financial Analysis and Credit Rating Impact
- IV. Part D: Share Analysis (1-2 pages)
 1. Share Price Analysis
 2. Dividend Payment
- V. Part E: Risk Analysis (1 page)
 1. Beta Calculation
 2. Factors Causing Diversification in Systematic Risk
 3. Common Systematic Risks
- VI. Part F: Payout policy (1-2 pages)
- VII. Part G: Cost of Capital and Capital Structure (1 – 2 pages)

B. KEYWORD EXPLANATIONS

1. Bond Valuation

The process of determining the fair price of a bond involves calculations of the bond's present value based on its coupon rate, maturity, and market interest rates.

2. Share Valuation

Estimating the intrinsic value of a company's stock using valuation models like the dividend discount model, which calculates price based on expected future dividend payments.

3. Risk

The degree of uncertainty and potential for financial loss associated with an investment. Relevant risk measures include systematic/market risk showing sensitivity to overall market movements.

4. Payout policy

A company's strategy for distributing profits to shareholders, including decisions on dividend payments and share repurchases. Factors like sustainability, signaling, and taxes influence policy.

5. Cost of capital

The minimum required rate of return needed to justify investment in a project or asset, often calculated as a weighted average cost across debt, equity, and other funding sources.

6. Capital structure

The mix of long-term debt, equity, and other financing used by a firm, which impacts its risk profile and cost of capital. Optimal capital structure minimizes cost while maintaining financial flexibility.

7. Financial analysis

Evaluating various aspects of a company's financial statements to assess performance and make projections. Important metrics include ratios, growth rates, credit ratings, and risk measures.

8. Financial reporting

Presenting information on a company's financial position and operations through standard reports like the income statement, balance sheet, and statement of cash flows.

C. FOOD FOR HUNGRY THOUGHTS

Based on your assigned company there are various of journal articles and reports to be explored. Below are some reliable sources for you to find relevant articles and reports to your chosen topics.

1. News database: Wall Street Journal, Bloomberg, Forbes, Financial Times.
2. Industry data and trends: Gartner, IDC, Forrester, Euromonitor, IBISWorld.
3. Scademic insights, search journals like Journal of Finance, Review of Financial Studies or Journal of Financial Economics