

ENGR 111**Mel Bulu-Taciroglu****Fall2015****HOMEWORK 1****Due: Oct 2, Friday, 11pm.**

1. (3 points) Find two companies (of your choice) whose financial statements are publicly available. Fill out the following table:

	Cash Holdings	Long Term Debt	Equity	Revenue	Net income
Company I					
Company II					

Can you compare the financial health of these companies by looking at the above numbers? Why or why not?

2. (3 points) After reading the copied article, answer the following questions:

<http://www.economist.com/node/21542803>

- a) Why would a company provide “golden parachute” to its executives?
- b) Why is the size of the golden parachute important in terms of incentives it creates for the managers?

3. Financial Manager makes various types of decisions related to different aspects of a company's operations. Determine whether each of the following decisions is a Capital Budgeting, Capital Structure or a Net Working Capital management decision. Note that each case may affect more than one decision.

- a) (1 point) Hiring a fresh-out-of-college engineer as the CEO.
- b) (1 point) Investing the extra cash on a piece of land that is estimated to go up in value versus keeping it in the cash account.
- c) (1 point) Deciding whether to borrow from a financial institution versus issuing and selling new stock shares.
- d) (1 point) Deciding whether to acquire a smaller competitor.