

Log in online they give you better examples

1.Go to snhu.edu

2. Click on at top right hand corner my.SNHU Login

Log in

Email address paul.robinson@snhu.edu

Password [@Pussycat1](#)

3. Click on Brightspace on Right hand side

Your going to click on Principles of Finance second blue box in middle, click on course menu, go to learning modules, look at My Lab information scroll down to MY FINANCE LAB Homework.

You will look at 4-2 (Question 2,6,8,9)

You will look at 5-2 (Question 2,3,5,10)

You will look at 6-1 (Question 3,4,6,7,9,10,11,12)

You will look at 7-1 (Question 1,2,3,4,5,6,7,8,9,10,11)

Please only do the ones not answered and the ones that have a red ex on them. please try to complete by **06/16/2019..**

Below is the ones the system stated where incorrect

3. Related to Checkpoint 4.3) (Analyzing Profitability) In 2016, the Allen Corporation had sales of

\$ 62 million, total assets of \$ 50 million, and total liabilities of \$ 25 million. The interest rate on the company's debt is 6.4%, and its tax rate is 35%. The operating profit margin is 13 %

a. Compute the firm's 2016 net operating income and net income. Compute the firm's 2016 net operating income and net income.

b. Calculate the firm's operating return on assets and return on equity. (Hint: You can assume that interest must be paid on all of the firm's liabilities.)

4.(DuPont analysis)Dearborn Supplies has total sales of \$ 207 million, assets of \$96 million, a return on equity of 32 percent, and a net profit margin of 7.2 percent.

What is the firm's debt ratio?

The company's debt ratio is _____%. (Round to one decimal place.)

5.Financial statement analysis) Carson Electronics' management has long viewed BGT Electronics as an industry leader and uses this firm as a model firm for analyzing its own performance. The balance sheets and income statements for the two firms are found here:

a. Calculate the following ratios for both Carson and BGT:

Current ratio	Operating return on assets
Times interest earned	Debt ratio
Inventory turnover	Average collection period
Total asset turnover	Fixed asset turnover
Operating profit margin	Return on equity

b. Analyze the differences you observe between the two firms. Comment on what you view as weaknesses in the performance of Carson as compared to BGT that Carson's management might focus on to improve its operations.

a. Calculate the following ratios for both Carson and BGT:

10. 10. (Solving for i) **Lance Murdock purchased a wooden statue of a Conquistador for \$ 7,200 to put in his home office 6 years ago. Lance has recently married, and his home office is being converted into a sewing room. His new wife, who has far better taste than Lance, thinks the Conquistador is hideous and must go immediately. Lance decided to sell it on e-Bay and only received \$5,200 for it, and so he took a loss on the investment. What was his rate of return, that is, the value of i? What was Lance Murdock's rate of return, that is, the value of i? Enter a negative percentage for a loss. ____% (Round to two decimal places.)** present value=Future value/(1+rate)^number of goods

Original answer: $7200=5200/(1+r)^6$

$5200/7200=0.72222=(1+r)^{-6}$

$r=0.72222^{(1/6)}-1$

$=-3.99\%$ (incorrect)

12. (Related to The Business of Life: Saving for Your First House) (Future value) You are hoping to buy a house in the future and recently received an inheritance of \$24,000.

You intend to use your inheritance as a down payment on your house

a.If you put your inheritance in an account that earns 9% interest compounded annually, how many years will it be before your inheritance grows to \$31,000?

b.If you let your money grow for 9.75 years at 9% how much will you have?

c. How long will it take your money to grow to \$31,000 if you move it into an account that pays

44 % compounded annually? How long will it take your money to grow to \$31,000

if you move it into an account that pays 11%.

d. What does all this tell you about the relationship among interest rates, time, and future sums?

13. (Future value of an ordinary annuity) You are graduating from college at the end of this semester and after reading the The Business of Life box in this chapter, you have decided to invest \$5,800 at the end of each year into a Roth IRA for the next 44years. If you earn 88 percent compounded annually on your investment, how much will you have when you retire in 44years? How much will you have if you wait 10 years before beginning to save and only make 34 payments into your retirement account?

a. How much will you have when you retire in 44 years? \$2070307.95 (this is correct)

b. How much will you have if you wait 10 years before beginning to save and only make

34 payments into your retirement account? \$ your answer was 992534.69 please check your answer

14. (Annuity payments) Mr. Bill S. Preston, Esq., purchased a new house for \$120,000. He paid

\$30,000 upfront and agreed to pay the rest over the next 15 years in 15 equal annual payments that include principal payments plus 8 percent compound interest on the unpaid balance. What will these equal payments be?

a. Mr. Bill S. Preston, Esq., purchased a new house for \$120,000 and paid \$30,000 up front. How much does he need to borrow to purchase the house? **\$90000** (correct)

b. If Bill agrees to pay the loan over the next 15 years in 15 equal end-of-year payments plus 8 percent compound interest on the unpaid balance, what will these equal payments be?

15. How long will it take to pay off a loan of \$48,000 at an annual rate of 11

percent compounded monthly if you make monthly payments of \$550? Use five decimal places for the monthly percentage rate in your calculations. The number of years it takes to pay off the loan is ? **(YOUR ANSWER WAS 12 INCORRECT) PLEASE RECHECK.**

16. (Annuity number of periods) **How long will it take to pay off a loan of \$48,000 at an annual rate of 11 percent compounded monthly if you make monthly payments of \$550? Use five decimal places for the monthly percentage rate in your calculations.**

The number of years it takes to pay off the loan is 12 years.

17. **Your folks just called and would like some advice from you. An insurance agent just called them and offered them the opportunity to purchase an annuity for \$21,880.33 that will pay them \$2,500 per year for 25 years. They don't have the slightest idea what return they would be making on their investment of \$21,880.33. What rate of return would they be earning? The annual rate of return your folks would be earning on their investment is %.**

PV = present value or price = 21083.33

PMT = periodic payment = 2500

n = number of years = 25

r = interest rate

$$PV = PMT * \left(\frac{1 - (1+r)^{-n}}{r} \right)$$

$$25^{\text{th}} \text{ root of } 21083.33 = 1.48921$$

$$1.48921 = 1.3182567 * \frac{1 - (1+r)^{-n}}{r}$$

$$= 1.48921r = 1.3182567(1 - (1+r)^{-n})$$

$$1.48921r = 1.3182567 + 1.3182567r$$

$$0.1709r = 1.318256$$

$$r = 7.71\% \text{ (recheck answer incorrect)}$$

19. (Present value of annuity payments) **The state lottery's million-dollar payout provides for \$1.3 million to be paid in 20 installments of \$65,000 per payment. The first \$65,000 payment is made immediately, and the 19 remaining \$65,000 payments occur at the end of each of the next 19 years. If 8 percent is the discount rate, what is the present value of this stream of cash flows? If 16 percent is the discount rate, what is the present value of the cash flows?**

a. If 8 percent is the discount rate, the present value of the annuity due is \$ ____

cash flow/(a+r)^n

=65000*(1/(1.08^19))=15061.28 (recheck answer incorrect) HINT: =PV(rate,nper,pmt,fv,type)

b. If 10 percent is the discount rate, the present value of the annuity due is computed as follows

20. Lisa Simpson wants to have \$1,200,000 in 55 years by making equal annual end-of-the-year deposits into a tax-deferred account paying 10.25 percent annually. What must Lisa's annual deposit be? The amount of Lisa's annual deposit must be ?\$

21. What is the present value of a perpetual stream of cash flows that pays \$4,500 at the end of year one and the annual cash flows grow at a rate of 33% per year indefinitely, if the appropriate discount rate is 15%? What if the appropriate discount rate is 13%?

a. If the appropriate discount rate is 15%, the present value of the growing perpetuity is \$

21. 20. (Present value of an uneven stream of payments) You are given three investment alternatives to analyze. The cash flows from these three investments are as follows:

What is the present value of each of these three investments if the appropriate discount rate is 11%

a. What is the present value of investment A at an annual discount rate of 11 percent?

$$1 \ 2000 \ *0.9009=1801.8$$

$$2 \ 3000*0.8116=2434.86$$

$$3 \ 4000*0.73119=2924.77$$

$$4-5000*0.6587=-3293.65$$

$$5 \quad 5000 \times 0.5934 = 2967.26$$

$$PV = 2967.26 + 3293.65 + 2924.77 + 2434.86 + 1801.8 = 13422.34 \text{ (incorrect recheck work)}$$

22. (Floating-rate loans) The Bensington Glass Company entered into a loan agreement with the firm's bank to finance the firm's working capital. The loan called for a floating rate that was 25 basis points (0.25 percent) over an index based on LIBOR. In addition, the loan adjusted weekly based on the closing value of the index for the previous week and had a maximum annual rate of 2.19 percent and a minimum of 1.73 percent. Calculate the rate of interest for weeks 2 through 10.

Date	LIBOR
Week 1	1.99%
Week 2	1.68%
Week 3	1.47%
Week 4	1.33%
Week 5	1.57%
Week 6	1.59%
Week 7	1.67%
Week 8	1.88%
Week 9	1.86%

21. (Bond valuation) Calculate the value of a bond that matures in 17 years and has a \$1,000 par value. The annual coupon interest rate is 8 percent and the market's required yield to maturity on a comparable-risk bond is 13 percent. The value of the bond is

\$ 815.19. (incorrect recheck work)\

22. (Bond valuation) A bond that matures in 20 years has a \$1,000 par value. The annual coupon interest rate is 12 percent and the market's required yield to maturity on a comparable-risk bond is 15 percent. What would be the value of this bond if it paid interest annually? What would be the value of this bond if it paid interest semiannually?

a. The value of this bond if it paid interest annually would be \$_____.

YTM=12%

$(15/1.12)^{20} + (1000/1.12)^{20} = 2073$ incorrect recheck work)\

23. (Bond valuation) Pybus, Inc. is considering issuing bonds that will mature in 18 years with an annual coupon rate of 7 percent. Their par value will be \$1,000, and the interest will be paid semiannually. Pybus is hoping to get a AA rating on its bonds and, if it does, the yield to maturity on similar AA bonds is 8.5 percent. However, Pybus is not sure whether the new bonds will receive a AA rating. If they receive an A rating, the yield to maturity on similar A bonds is 9.5 percent. What will be the price of these bonds if they receive either an A or a AA rating?

1. The price of the Pybus bonds if they receive a AA rating will be \$ ____.

Price of bond = Interest PV + PV OF Redemption value

PV OF INTEREST = $C * F * [1 - (1+r)^{-t} / r]$

PV OF REDEMPTION = $FACE\ VALUE / (1+r)^t$

Calculation of Pricing under AA Rating :

$C = COUPON\ RATE = .007/2 = 0.035$,

$F = \text{face value} = 1000$,

$T = \text{Period of occurring bond} = 18 * 2 = 36$,

$r = \text{interest rate prevailing in market} = .085/2 = 0.0425$,

$0.035 * 1000 * (1 - (1 + 0.0425)^{-36} / 0.0425) = 639.477$ incorrect recheck work)\

24. (Yield to maturity) The market price is \$1,075 for a 20-year bond (\$1,000 par value) that pays 12 percent annual interest, but makes interest payments on a semiannual basis (6percent semiannually). What is the bond's yield to maturity? The bond's yield to maturity is ---%

25. (Bond valuation) Doisneau 16-year bonds have an annual coupon interest of 7 percent, make interest payments on a semiannual basis, and have a \$1,000 par value. If the bonds are trading with a market's required yield to maturity of 16 percent, are these premium or discount bonds? Explain your answer. What is the price of the bonds?

The price of the bonds is ? _____

26. **(Bond valuation) Fingen's 18-year, \$1,000 par value bonds pay 13 percent interest annually. The market price of the bonds is \$1,060 and the market's required yield to maturity on a comparable-risk bond is 11 percent.**

a. Compute the bond's yield to maturity. What is your yield to maturity on the Fingen bonds given the market price of the bonds?

9% (INCORRECT)

b. Determine the value of the bond to you, given your required rate of return.

946.65

c. Should you purchase the bond?

No. The value of the bond is higher than the book value

(Yield to maturity) Abner Corporation's bonds mature in 15 years and pay 15 percent interest annually. If you purchase the bonds for \$1,175, what is your yield to maturity?

Your yield to maturity on the Abner bonds is _____%

Yield to maturity = $\frac{\text{Interest} + \text{Face Value} - \text{Price}}{N} / \frac{\text{Face Value} + \text{Price}}{2}$

= $0.15 + (1000 - 1175) / 15 / (1000 + 1175) / 2 = 7.25\%$

=

= $80 + (-200) / 17 / 1100$

= $80 - 11.76 / 1100$

= $68.235 / 1100$ i.e 0.062 or 6.20% (INCORRET ANSWER) (CORRECT ANSWER IS 12.38)

SIMILAR QUESTION Abner Corporation's bonds mature in 19 years and pay 9 percent interest annually. If you purchase the bonds for \$1,150, what is your yield to maturity?

Your yield to maturity on the Abner bonds is _____%

(Yield to maturity) The Saleemi Corporation's \$1,000 bonds pay 9 percent interest annually and have 8 years until maturity. You can purchase the bond for \$895.

a. What is the yield to maturity on this bond?

3% (INCORRECT ANSWER) (CORRECT IS 11.04)

(Bond valuation relationships) The 13-year, \$1,000 par value bonds of Waco Industries pay 7 percent interest annually. The market price of the bond is \$945, and the market's required yield to maturity on a comparable-risk bond is 6 percent.

a. Compute the bond's yield to maturity. What is your yield to maturity on the Waco bonds given the current market price of the bonds?

b. Determine the value of the bond to you given the market's required yield to maturity on a comparable-risk bond.

c. Should you purchase the bond?