

**ADCF 300 Introduction to Financial Management, Section QQ
Spring 2020 Final Project**

Dr. Michael O. Minor, Facilitator

The completed final project, in MS Word format, is due by 11:59 p.m. Monday, January 27, 2020.

Part 1 Essay Questions (60%)

For part 1 of the exam, you should go to the course textbook and find the associated essay questions for each chapter. You are required to answer the five essay questions assigned to you. You will also select another essay of your choice to answer for a total of six essays. Remember that referring to one or more of the eight principles of finance in your answer is helpful.

Chapter 1: 1.1, 1.2, 1.3

Chapter 2: 2.1, 2.3

Chapter 3: 3.1, 3.2

Chapter 4: 4.1, 4.3

Chapter 6: 6.1, 6.2, 6.3

Part 2 Eight Principles of Finance (25%)

For Part 2 of the exam, refer to the Eight Principles of Finance handout. Following the instructions below, respond to principles 1, 4, and 8, then choose two more from principles 3, 5, 6, and 7.

There are eight principles of finance. Knowledge of these eight principles is essential for understanding the field of finance. To demonstrate mastery of these eight principles, you will copy and paste a finance word problem from a previous assignment or other source for each principle as well as excerpts from a finance news article showing a real world application. Note: Do not use the example below as one of your answers. See an example below.

For example, principle 3 is time value of money.

Principle 3. Time Value of Money

Relevant Finance Problem:

Determine how much \$500 invested today will grow to in four years if the investment earns 10 percent interest per year.

Real World Application: Return on CDs

Source Web Link:

http://money.cnn.com/2009/03/11/magazines/fortune/investor_daily.fortune/index.htm

Relevant Excerpt: With all those caveats, CDs still offer superior returns to most other secure investments. The highest yielding one-year CDs on bankrate.com - all of which are FDIC-backed - offer yields between 2% and 3%. While that's less than what it was last summer, it's still much higher than the 0.7% yields on one-year Treasury bills.

1. **Risk-Return Tradeoff** —
2. **Leverage** —

3. Time Value of Money —
4. **Valuation** —
5. Bond Price vs. Interest Rates —
6. Liquidity vs. Profitability —
7. Matching Principle (or the Principle of Suitability)—
8. **Portfolio Effect (or Diversification)** —

Part 3 Finance in the News (15%)

For the discussion questions listed below, provide responses in a narrative form observing good sentence and paragraph structures. You must include the question before each of your responses.

1. What is the current prime rate? Who qualifies for the prime rate? What impact do changes in the prime rate have on the economy?
2. How has the stock market been trending the last three weeks? Why?
3. What have been the common themes of the articles you submitted in your “Finance in the News” assignments?