

Financial Environment Preparation Guide

FNGB6411 The Financial Environment

Welcome to the information page for the waiver examination for The Financial Environment, the core course in finance.

Before you sit for the examination, you should have a solid understanding of the following topics, any and/or all of which might appear on the exam:

- The financial goal of the firm
- The agency problem
- Data for financial decision making
- Time value of money
- Interest rates
- Foreign exchange rates
- Predicting financial needs
- Risk measurement and pricing
- Valuation of bonds, stock
- Cost of capital
- Capital budgeting

Textbooks used in this course include:

- Werner and Stoner, Modern Financial Managing
- Brigham and Gapenski, Financial Management
- Ross, Westerfield, and Jaffe, Corporate Finance

You are encouraged to pick up one of these books to review and practice your understanding of the above topics.

The examination consists primarily of a series of problems that require financial analysis including time value of money calculations. Candidates are expected to be familiar with the use of a financial calculator and to bring it to the examination. For some problems, you may be asked to write a short paragraph interpreting and/or explaining your result.

You will have 2 hours to complete the examination. The exam is closed book—you may not bring in any books, notes, formula sheets, etc. You will, however, be expected to bring in writing implements.

In summary, you will be expected to bring in to the examination:

- pens/pencils/erasers
- a financial calculator (Hewlett Packard 10BII, 12C, 17BII, 19BII; Sharp EL-733; Texas Instruments BA35 Solar, Business Analyst II+)

Your examination will be read by a senior finance faculty member. Partial credit will be given for demonstrating the correct approach to solving each problem. The passing grade is 70.