國立成功大學 104 學年度碩士班招生考試試題

系所組別：財務金融研究所

考試科目：財務管理　　考試日期：0212，節次：2

※ 考生請注意：本試題可使用計算機。　請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

Section A: Multiple Choice Questions (80 marks, 4 points each)

1. What is the absolute priority rule of the following claims once a corporation is determined to be bankrupt?
   A) administrative expenses, wages claims, government tax claims, debtholder and then equityholder claims
   B) administrative expenses, wages claims, government tax claims, equityholder and then debtholder claims
   C) wage claims, administrative expenses, debtholder claims, government tax claims and equityholder claims
   D) wage claims, administrative expenses, debtholder claims, equityholder claims and government tax claims
   E) None of the above.

2. The total number of variance and covariance terms in portfolio is N^2. How many of these would be (including non-unique) covariance's?
   A) N
   B) N^2
   C) $N^2 - N$
   D) $N^2 - N/2$
   E) None of the above.

3. Firm V is worth $450 and has 100 shares outstanding. Firm A has a market value of $375 and has 40 shares outstanding. Firm V to acquire Firm A will swap 80 shares of Firm V for the 40 shares of Firm A. Firm V believes the combination of the new Firm VA was worth $925. What is the cost of acquiring Firm A if the Firm V and Firm A merge?
   A) $ 0.00
   B) $ 36.11
   C) $100.00
   D) $325.25
   E) None of the above.

4. The DAB Corporation with a book value of $20 million and a market value of $30 million has merged with the CLC Corporation with a book value of $6 million and a market value of $8 million at a price of $9 million. If the transaction is a purchase then the total assets on the books of the new company will be
   A) $26 million
   B) $29 million
   C) $38 million
   D) $39 million
   E) None of the above.

5. The direct spot exchange rate for British pounds is 1.4329. The 180 day risk-free rates in the U.S. and Britain are 4.5% and 5.2%, respectively. What is the direct forward exchange rate?

A) 1.4034
B) 1.4281
C) 1.4368
D) 1.4425
E) None of the above.

6. Concerning warrants and call options, which of the following statements generally is correct?

A) The issue procedures for both are quite similar.
B) When a call option is exercised, the firm must issue new stock.
C) When a warrant is exercised, existing stock changes hands.
D) Exercise of a call option does not affect share value, but warrant exercise does.
E) None of the above is correct.

7. A firm in the extraction industry whose major assets are cash, equipment and a closed facility may appear to have extraordinary value. This value can be primarily attributed to

A) the potential sale of the company.
B) the low exercise price held by the shareholders.
C) the option to open the facility when prices rise dramatically.
D) All of the above.
E) None of the above.

8. Chevalier Manufacturing issued a callable bond with a 2010 maturity date. The bond was sold at par and the call premium was set equal to the coupon rate of 20%. A declining call premium was also in place so that the premium declined evenly over the last ten years of premium to zero. What would be the call premium if the bond was called in 2001?

A) $ 18
B) $ 20
C) $180
D) $200
E) cannot calculate without market price

9. To determine the value of a rights offering, the stockholder needs to know what two pieces of information in addition to the current stock price
   A) the subscription price and the number of rights needed to acquire a new share.
   B) the amount of new equity to be raised and the number of rights needed to acquire a new share.
   C) the amount of new equity to be raised and standby fee.
   D) the detachment date and the subscription price.
   E) None of the above.

10. "The difference between the spot and forward exchange rates between two countries depends on the relative interest rates in the two countries." This is a statement of
   A) International Fisher Effect.
   B) Absolute Purchasing Power Parity.
   C) Relative Purchasing Power Parity.
   D) Unbiased Forward Rates.
   E) None of the above.

11. The Webster Corp. is planning construction of a new shipping depot for its single manufacturing plant. The initial cost of the investment is $1 million. Efficiencies from the new depot are expected to reduce costs by $100,000 forever. The corporation has a total value of $60 million and has outstanding debt of $40 million. What is the NPV of the project if the firm has an after tax cost of debt of 6% and a cost equity of 9%?
   A) $428,571
   B) $444,459
   C) $565,547
   D) $1,000,000
   E) None of the above is the correct NPV.

12. When firms issue more debt, the tax shield on debt _____, the agency costs on debt (i.e., costs of financial distress) _____, and the agency costs on equity _____.
   A) increases; increases; increases
   B) decreases; decreases; decreases
   C) increases; increases; decreases
   D) decreases; decreases; increases
   E) increases; decreases; decreases

13. A firm has a debt-to-equity ratio of .5. Its cost of equity is 22%, and its cost of debt is 16%. If the corporate tax rate is .40, what would its cost of equity be if the debt-to-equity ratio were 0?

A) 14.00%

B) 20.61%

C) 21.07%

D) 22.00%

E) None of the above.

14. Which of the following statements about preferred stock is true?

A) Unlike dividends paid on common stock, dividends paid on preferred stock are a tax-deductible expense.

B) Unpaid dividends on preferred stock are a debt of the corporation.

C) If preferred dividends are non-cumulative, then preferred dividends not paid in a particular year will be carried forward to the next year.

D) There is no difference in the voting rights of preferred and common stockholders.

E) None of the above.

15. Under the concept of an efficient market, a random walk in stock prices means that

A) there is no driving force behind price changes.

B) technical analysts can predict future price movements to earn excess returns.

C) the unexplained portion of price change in one period is unrelated to the unexplained portion of price change in any other period.

D) the unexplained portion of price change in one period that can not be explained by expected return can only be explained by the unexplained portion of price change in a prior period.

E) None of the above.

16. The Johnson Guitar Company is considering buying a company that has no leverage but an asset beta of 0.70. The market risk premium is 6% and the risk-free rate is 2%. If they plan to use 75% debt, what will the required rate of return be?

A) 6.2%

B) 8%

C) 14.6%

D) 18.8%

E) There is not enough information provided.

17. In normal market conditions if a security has a negative beta,
   A) the security always has a positive return.
   B) the security has an expected return above the risk-free return.
   C) the security has an expected return less than the risk-free rate.
   D) the security has an expected return equal to the market portfolio.
   E) Both A and B.

18. Magic Mobile Homes is to be liquidated. All creditors, both secured and unsecured, are owed $2 million. Administrative costs of liquidation and wages payments are expected to be $500,000. A sale of assets is expected to bring $1.8 million after all costs and taxes. Secured creditors have a mortgage lien for $1,200,000 on the factory which will be liquidated for $900,000 out of the sale proceeds. The corporate tax rate is 34%. How much and what percentage of their claim will the unsecured creditors receive, in total?
   A) $ 100,000; 12.50%
   B) $ 290,909; 36.36%
   C) $ 300,000; 37.50%.
   D) $ 600,000; 75.00%
   E) Not enough information to answer.

19. The six components that make up the total costs of a new issues are:
   A) the spread; other direct expenses such as filing fees; indirect expenses such as management time; economies of scale; abnormal returns and the Green Shoe option.
   B) the discount; other direct expenses such as filing fees; indirect expenses such as management time; due diligence costs; abnormal returns and the Green Shoe option.
   C) the spread; other direct expenses such as filing fees; indirect expenses such as management time; abnormal returns; underpricing and the Green Shoe option.
   D) the spread; other direct expenses such as filing fees; economies of scale; due diligence costs; abnormal returns and underpricing.
   E) None of the above.

20. Your firm is considering leasing a new robotic milling control system. The lease lasts for 5 years. The lease calls for 6 payments of $300,000 per year with the first payment occurring at lease inception. The black box would cost $1,050,000 to buy and would be straight-line depreciated to a zero salvage. The actual salvage value is zero. The firm can borrow at 8%, and the corporate tax rate is 34%. What is the appropriate discount rate for valuing the lease?

A) 5.28%

B) 7.48%

C) 8.00%

D) 10.72%

E) 12.12%.

Section B: Essay Questions (20 marks)

1. What is the difference between transaction exposure and economic exposure? Which can be hedged more easily? Please provide your answer in English ONLY.

2. What is the difference between spin-offs and carve-outs? Please provide your answer in English ONLY.