4) take both 5) not have enough information to make decision

21. A project has an initial cost of $30000, has a required rate of return of 15%, and has net cash flows of $6000 for eight years, what is the project's NPV?

1)$2133 2)$2420 3)-$3254 4)-$2422 5) none of the above

22. If a company uses the same discount rate for evaluating all projects, which of the following results is likely?

1) Accepting poor, high-risk projects. 2) Rejecting good, low-risk projects.

3) Accepting good, high-risk projects. 4) Rejecting bad, low-risk projects.

5) All of the above

The next three questions refer to the following information:

Consider a project with a required return of 12% that cost one million and will last for 10 years. The project uses straight-line depreciation over the 10-year life; there are no salvage value or net working capital requirements.

23. At the financial break-even level of output, what is payback period of this project?

1) less than 10 years 2) 10 years 3) more than 10 years

4) 12.76 year 5) none of the above

24. At the accounting break-even level of output, what is IRR of this project?

1) 0% 2) 10% 3)12% 4)100% 5) –100%

25. At the cash break-even level of output, what is NPV of this project?

1) $1000000 2) 120000 3) 0 4) 23489 5) none of the above

26. At an output level of 1000 units, you calculate the degree of operating leverage is three. If output rises to 120 units, what will be the percentage change in operating cash flow be?

1) 5% 2) 10% 3) 20% 4)60% 5) need more information

27. Suppose stock A has a beta of 1.5. The market risk premium is 8%, and the risk-free rate is 6%. What is A's cost of equity capital?

1) 6% 2) 8% 3) 10% 4)16% 5) 18%

28. A firm is considering a cost-saving project that will result in initial after-tax savings of five million at the end of the first year, and the savings will grow at the rate of 5% per year. If the required rate of return on the project is 25%, at what initial cost the firm should take the project?

1) 20 million 2) 25 million 3) 30 million 4) 35 million 5) 40 million

Use the following information for the next two questions.

Assume that you are a swap dealer and have just acted as a counterparty in an interest rate swap. The notional principal for the swap was $1,000,000, and you are now obligated to make 5 annual payments of 8% interest. The floating rate that you will receive is 8.2%, and the floating payments to you are annual as well.

29. If interest rates do not change over the horizon, your net inflow per year will be $____

1) 2,000 2) 3,000 3) 6,000 4) 9,000 5) none of the above

30. If LIBOR is unchanged for two years, and then falls by 1.5%, your net cash flow over the five years will be $____.

(背面仍有題目,請繼續作答)