

本試題是否可以使用計算機：可使用，不可使用（請命題老師勾選）

**I. Multiple- Choice Questions (66%):**

1. The three parts of the Du Pont identity can be generally described as:
  - I. operating efficiency, asset use efficiency and firm profitability.
  - II. financial leverage, operating efficiency and asset use efficiency.
  - III. the equity multiplier, the profit margin and the total asset turnover.
  - IV. the debt-equity ratio, the capital intensity ratio and the profit margin.

a. I and II only    b. II and III only    c. I and IV only  
d. I and III only    e. III and IV only
2. A firm generates net income of \$530. The depreciation expense is \$60 and dividends paid are \$80. Accounts payable decrease by \$40, accounts receivable decrease by \$30, inventory increases by \$20, and net fixed assets decrease by \$40. What is the net cash from operating activity?

a. \$480    b. \$530    c. \$560    d. \$580    e. \$600
3. The sustainable growth rate of a firm is best described as the:
  - a. minimum growth rate achievable if the firm does not pay out any cash dividends.
  - b. minimum growth rate achievable if the firm maintains a constant equity multiplier.
  - c. maximum growth rate achievable without external financing of any kind.
  - d. maximum growth rate achievable without using any external equity financing, and while maintaining a constant debt-equity ratio.
  - e. maximum growth rate achievable without any limits on the level of debt financing.
4. The McDonald Group purchased a piece of property for \$1.2 million. They paid a down payment of 20 percent in cash and financed the balance. The loan terms require monthly payments for 15 years at an annual percentage rate of 7.75 percent compounded monthly. What is the amount of each mortgage payment?

a. \$7,440.01    b. \$8,978.26    c. \$9,036.25  
d. \$9,399.18    e. \$9,413.67
5. The semiannual, ten-year bonds of Adep, Inc. are selling at par and have an effective annual yield of 4.295 percent. What is the amount of each interest payment on a \$1,000 Adep bond?

a. \$21.25    b. \$21.48    c. \$21.50    d. \$42.50    e. \$42.95
6. Preemptive rights refer to the right of shareholders to:
  - a. share proportionately in dividends paid.
  - b. share proportionately in any new stock issues sold.
  - c. share proportionately in liquidated assets.
  - d. vote at annual shareholder meetings.
  - e. override the votes of other shareholders.
7. Angelina's made two announcements concerning their common stock today. First, the company announced that their next annual dividend has been set at \$2.16 a share.

(背面仍有題目,請繼續作答)

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- Secondly, the company announced that all future dividends will increase by 4 percent annually. What is the maximum amount you should pay to purchase a share of Angelina's stock if your goal is to earn a 10 percent rate of return?
- a. \$21.60    b. \$22.46    c. \$27.44    d. \$34.62    e. \$36.00
8. You own a house that you rent for \$1,200 a month. The maintenance expenses on the house average \$200 a month. The house cost \$89,000 when you purchased it several years ago. A recent appraisal on the house valued it at \$210,000. The annual property taxes are \$5,000. If you sell the house you will incur \$20,000 in expenses. You are deciding whether to sell the house or convert it for your own use as a professional office. What value should you place on this house when analyzing the option of using it as a professional office?
- a. \$89,000    b. \$120,000    c. \$185,000    d. \$190,000    e. \$210,000
9. Tool Makers, Inc. uses tool and die machines to produce equipment for other firms. The initial cost of one customized tool and die machine is \$850,000. This machine costs \$10,000 a year to operate. Each machine has a life of 3 years before it is replaced. What is the equivalent annual cost of this machine if the required return is 9 percent? (Round your answer to whole dollars)
- a. \$325,797    b. \$340,002    c. \$345,797    d. \$347,648    e. \$351,619
10. Kurt Neal and Son is considering a project with a discounted payback just equal to the project's life. The projections include a sales price of \$11, variable cost per unit of \$8.50, and fixed costs of \$4,500. The operating cash flow is \$6,200. What is the break-even quantity?
- a. 1,800 units    b. 2,480 units    c. 3,057 units  
d. 3,750 units    e. 4,280 units
11. Last year, you purchased a stock at a price of \$51.50 a share. Over the course of the year, you received \$1.80 in dividends and inflation averaged 2.8 percent. Today, you sold your shares for \$53.60 a share. What is your approximate real rate of return on this investment?
- a. 2.4 percent    b. 4.8 percent    c. 6.2 percent  
d. 7.6 percent    e. 10.4 percent
12. Agency costs refer to:
- a. the total dividends paid to stockholders over the lifetime of a firm.  
b. the costs that result from default and bankruptcy of a firm.  
c. corporate income subject to double taxation.  
d. the costs of any conflicts of interest between stockholders and management.  
e. the total interest paid to creditors over the lifetime of the firm.
13. Which two of the following are most apt to cause a firm to have a higher price-earnings ratio?

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科目: 財務管理

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- I. slow industry outlook
  - II. high prospect of firm growth
  - III. very low current earnings
  - IV. investors with a low opinion of the firm
- a. I and II only    b. II and III only    c. II and IV only  
d. I and III only    e. III and IV only
14. If a stock portfolio is well diversified, then the portfolio variance:
- a. will equal the variance of the most volatile stock in the portfolio.
  - b. may be less than the variance of the least risky stock in the portfolio.
  - c. must be equal to or greater than the variance of the least risky stock in the portfolio.
  - d. will be a weighted average of the variances of the individual securities in the portfolio.
  - e. will be an arithmetic average of the variance of the individual securities in the portfolio.
15. Your portfolio has a beta of 1.18. The portfolio consists of 15 percent U.S. Treasury bills, 30 percent in stock A, and 55 percent in stock B. Stock A has a risk-level equivalent to that of the overall market. What is the beta of stock B?
- a. .55    b. 1.10    c. 1.24    d. 1.40    e. 1.60
16. Nuvo, Inc. stock has a beta of .86 and an expected return of 10.5 percent. The risk-free rate of return is 3.2 percent and the market rate of return is 11.2 percent. Which one of the following statements is true given this information?
- a. The return on Nuvo stock will graph below the Security Market Line.
  - b. Nuvo stock is underpriced.
  - c. The expected return on Nuvo stock based on the Capital Asset Pricing Model is 9.88 percent.
  - d. Nuvo stock has more systematic risk than the overall market.
  - e. Nuvo stock is correctly priced.
17. The common stock of Winsson, Inc. is currently priced at \$52.50 a share. One year from now, the stock price is expected to be either \$54 or \$60 a share. The risk-free rate of return is 4 percent. What is the value of one call option on Winsson stock with an exercise price of \$55?
- a. \$.39    b. \$.41    c. \$.45    d. \$.48    e. \$.51
18. If a firm applies its overall cost of capital to all its proposed projects, then the divisions within the firm will tend to:
- a. receive more funding if they represent the riskiest operations of the firm.
  - b. avoid risky projects so that they will receive more funding.
  - c. become less risky over time based on the projects that are accepted.
  - d. have equal probabilities of receiving funding for their projects.
  - e. propose less risky projects than if separate discount rates were applied to each project.

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19. Phil's Carvings, Inc. wants to have a weighted average cost of capital of 9 percent. The firm has an after-tax cost of debt of 5 percent and a cost of equity of 11 percent. What debt-equity ratio is needed for the firm to achieve their targeted weighted average cost of capital?
- a. .33   b. .40   c. .50   d. .60   e. .67
20. Thompson & Thomson is an all equity firm that has 500,000 shares of stock outstanding. The company is in the process of borrowing \$8 million at 9 percent interest to repurchase 200,000 shares of the outstanding stock. What is the value of this firm if you ignore taxes?
- a. \$20.0 million   b. \$20.8 million   c. \$21.0 million  
d. \$21.2 million   e. \$21.3 million
21. Bigelow, Inc. has a cost of equity of 13.56 percent and a pre-tax cost of debt of 7 percent. The required return on the assets is 11 percent. What is the firm's debt-equity ratio based on M&M II with no taxes?
- a. .60   b. .64   c. .72   d. .75   e. .80
22. According to the mean-variance criterion, which one of the following investments dominates all others?
- a.  $E(r) = 0.15$ ; Variance = 0.20      b.  $E(r) = 0.10$ ; Variance = 0.20  
c.  $E(r) = 0.10$ ; Variance = 0.25      d.  $E(r) = 0.15$ ; Variance = 0.25  
e. none of these is dominates the other alternatives.

## II. Short Essay Questions (34%):

- 1.(10%) Why should a financial decision maker such as a corporate treasurer or CFO be concerned with market efficiency?
- 2.(10%) Suppose you look in the newspaper and see ABC trading at \$45 per share. Calls on ABC with one month to expiration and an exercise price of \$45 are trading at \$5 each. Puts on ABC with one month to expiration and an exercise price of \$45 are trading at \$3.50 each. Assuming the risk-free rate is 12%, do you detect any arbitrage opportunities? Please explain your actions in detail.. (Ignore transactions costs.)
- 3.(14%) Please comment on the following statement: "It will never be optimal to early exercise an American call option." Please feel free to make whatever necessary assumptions to support your argument.