

系所組別：財務金融研究所在職專班甲組

考試科目：財務管理概論(專班)

考試日期：0225，節次：3

※ 考生請注意：本試題可使用計算機，並限「考選部核定之國家考試電子計算器」機型

請勿在本試題紙上作答，否則不予計分

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

1. Knight Insurance has shareholders' equity of \$136,900. The firm owes a total of \$71,400 of which 30 percent is payable within the next year. The firm has net fixed assets of \$152,800. What is the amount of the net working capital?

- A. \$21,420
- B. \$25,300
- C. \$34,080
- D. \$46,720
- E. \$55,500

2. Toby's Pizza has total sales of \$987,611 and costs of \$724,268. Depreciation is \$39,740 and the tax rate is 34 percent. The firm does not have any interest expense. What is the operating cash flow?

- A. \$147,577.98
- B. \$187,317.98
- C. \$191,417.06
- D. \$213,008.14
- E. \$223,603.00

3. Under European put-call parity, the present value of the strike price is equivalent to:

- A. the current value of the stock minus the call premium.
- B. the market value of the stock plus the put premium.
- C. the present value of a government coupon bond with a face value equal to the strike price.
- D. a U.S. Treasury bill with a face value equal to the strike price.
- E. a risk-free security with a face value equal to the strike price and a coupon rate equal to the risk-free rate of return.

(背面仍有題目,請繼續作答)

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4. The value of a call option delta is:

- A. between zero and one.
- B. less than or equal to one.
- C. greater than zero.
- D. greater than or equal to zero.
- E. less than or equal to one.

5. You just won the lottery! Due to the prize you will receive \$1,500 a month for twenty years. If you can earn 9 percent on your money, what is this prize worth to you today?

- A. \$152,087.19
- B. \$156,098.29
- C. \$157,408.16
- D. \$164,313.82
- E. \$166,717.43

6. You are comparing two investment options that pay 7 percent interest annually. Both options will provide you with \$20,000 of income. Option A pays five annual payments starting with \$8,000 the first year followed by four annual payments of \$3,000 each. Option B pays five annual payments of \$4,000 each. Which one of the following statements is correct given these two investment options?

- A. Both options are of equal value given that they both provide \$20,000 of income.
- B. Option A is the better choice.
- C. Option B has a higher present value than option A.
- D. Option B is a perpetuity.
- E. Option A is preferable because it is an annuity due.

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7. A real rate is a nominal rate which has been adjusted for:
- A. inflation.
 - B. interest rate risk.
 - C. accrued interest.
 - D. changes in the market rate of interest.
 - E. both inflation and interest rate risk.
8. The difference between the price which a dealer is willing to pay and the price at which the dealer is willing to sell is called the:
- A. equilibrium bid.
 - B. auction premium.
 - C. bid price.
 - D. asked price.
 - E. bid-ask spread.
9. Which of the following statements concerning bonds are correct?
- I. Bonds receive more favorable tax treatment than equity securities.
 - II. Firms increase their risk of financial failure by issuing bonds.
 - III. The repayment of the bond principle is tax-deductible.
 - IV. Bondholders have a residual claim on the bond issuer.
- A. II only
 - B. I and II only
 - C. III and IV only
 - D. II and IV only
 - E. I, II, and III only

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10. Callable bonds generally:

- A. grant the bondholder the option to determine if and when the bond should be called.
- B. are callable at par as soon as the call-protection period ends.
- C. have a deferred call feature if they have a make-whole call provision.
- D. are called within the first couple of years after issuance.
- E. have a call price that decreases as the market rate of interest increases when the bond has a make-whole call provision.

11. Interest rate parity:

- A. eliminates covered interest arbitrage opportunities.
- B. exists when spot rates are equal for multiple countries.
- C. means the nominal risk-free rate of return must be the same across countries.
- D. exists when the spot rate is equal to the futures rate.
- E. eliminates exchange rate fluctuations.

12. The dividend growth model:

- I. assumes that dividends increase at a constant rate forever.
 - II. can be used to compute a stock price at any point in time.
 - III. states that the market price of a stock is only affected by the amount of the dividend.
 - IV. considers capital gains but ignores the dividend yield.
- A. I only
 - B. II only
 - C. III and IV only
 - D. I and II only
 - E. I, II, and III only

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13. All of the following are related to a proposed project. Which should be included in the cash flow at time zero?

- I. initial inventory increase of \$2,500
 - II. loan of \$125,000 to commence a project
 - III. depreciation tax shield of \$1,100
 - IV. initial purchase of \$6,500 of fixed assets
- A. I and II only
 - B. I and IV only
 - C. II and IV only
 - D. I, II, and IV only
 - E. I, II, III, and IV

14. Which of the following statements are correct concerning the financial break-even point of a project?

- I. The present value of the cash inflows exactly offsets the initial cash outflow.
 - II. The payback period is equal to the life of the project.
 - III. The NPV is zero.
 - IV. The discounted payback period equals the life of the project.
- A. I and II only
 - B. I and III only
 - C. II and IV only
 - D. III and IV only
 - E. I, III, and IV only

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15. In an efficient market, the price of a security will:

- A. always rise immediately upon the release of new information with no further price adjustments related to that information.
- B. react to new information over a two-day period after which time no further price adjustments related to that information will occur.
- C. rise sharply when new information is first released and then decline to a new stable level by the following day.
- D. react immediately to new information with no further price adjustments related to that information.
- E. be slow to react for the first few hours after new information is released allowing time for that information to be reviewed and analyzed.

16. Which one of the following is an example of systematic risk?

- A. coal miners go on strike against Deep Vein Coal Company
- B. Baker's Dozen experiences a kitchen fire which halts operations
- C. inflation unexpectedly increases by 1.5 percent in the U.S.
- D. government inspectors stop production at a meat packing plant
- E. localized flooding affects corn production

17. Underwriters generally:

- A. receive less compensation under a competitive agreement than under a negotiated agreement.
- B. provide only best efforts underwriting in the U.S.
- C. pay a spread to the issuing firm.
- D. market and distribute an entire issue of new securities within their own firm.
- E. pass the risk of unsold shares back to the issuing firm via a firm commitment agreement.

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18. Which of the following statements correctly state implications of the pecking-order theory?

- I. Firms stockpile internally-generated cash.
- II. There appears to be an inverse relationship between profits and debt levels of firms.
- III. Firms avoid external debt at all costs.
- IV. A firm's capital structure is dictated by its need for external financing.

- A. I and III only
- B. II and IV only
- C. I, III, and IV only
- D. I, II, and IV only
- E. I, II, III, and IV

19. Which one of the following statements concerning cash dividends is correct?

- A. The chief financial officer of a corporation determines whether or not a dividend will be paid.
- B. A dividend is not a liability of a firm until it has been declared.
- C. If a firm has paid regular quarterly dividends in the past it is legally obligated to continue doing so.
- D. Cash dividends always reduce the paid-in capital account balance.
- E. The dividend yield expresses the dividend amount as a percentage of the net income.

20. Triangle arbitrage:

- I. is a profitable situation involving three separate currency exchange transactions.
- II. helps keep the currency market in equilibrium.
- III. opportunities can exist in either the spot or the forward market.
- IV. is based solely on differences in exchange ratios between spot and futures markets.

- A. I and IV only
- B. II and III only
- C. I, II, and III only
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Section B: Essay Questions (20 marks)

1. Explain how a manufacturer who has an ongoing need for silver as a raw material in the production process might use futures to hedge. What does the manufacturer hope to gain? (10 pts)

2. A number of publicly traded firms pay no dividends yet investors are willing to buy shares in these firms. How is this possible? Does this violate our basic principle of stock valuation? Explain. (10 pts)