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)
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I. Multiple-Choice Questions (75%, each question accounts for 3%):

1. A conflict of interest between the stockholders and company management is called:
A. stockholders' liability. B. corporate breakdown. C. the agency problem.
D. corporate activism. E. legal liability.

2. The primary market is the market in which:
A. trades occur on the floor of the NYSE only.
B. shareholders who are also company officers offer their securities for sale.
C. newly issued securities are offered for sale.
D. all securities which are included in the Dow Jones Industrial Average (DJIA) must trade.
E. a particular security tends to trade the most frequently.

3. Which of the following can affect a firm's sustainable rate of growth?
I. total asset turnover
II. profit margin
III. dividend policy
IV. equity multiplier
A. III only B. I and III only C. II, III, and IV only
D. I, II, and IV only E. I, II, III, and IV

4. Faith invests $4,500 in an account that pays 4 percent simple interest. How much money will she have at the end of eight years?
A. $4,680 B. $5,367 C. $5,940 D. $6,122 E. $6,159

5. Your credit card company quotes you a rate of 18.9 percent. Interest is billed monthly. What is the actual rate of interest you are paying?
A. 19.48 percent B. 19.67 percent C. 20.63 percent D. 20.87 percent E. 21.21 percent

6. All else constant, a bond will sell at _____ when the coupon rate is _____ the yield to maturity.
A. a premium; less than B. a premium; equal to C. a discount; less than
D. a discount; higher than E. par; less than

7. Which one of the following bonds has the greatest interest rate risk?
A. 3-year; 4 percent coupon B. 3-year; 6 percent coupon C. 5-year; 6 percent coupon
D. 7-year; 6 percent coupon E. 7-year; 4 percent coupon

8. How much are you willing to pay for one share of Delphia stock if the company just paid a $1.34 annual dividend, the dividends increase by 2.8 percent annually, and you require a 14 percent rate of return?
A. $9.84 B. $11.96 C. $12.30 D. $12.99 E. $13.61

9. The internal rate of return (IRR):
I. rule states that a project is acceptable when the IRR exceeds the required rate of return.
II. ignores the initial investment in a project.
III. is the rate that causes the net present value of a project to equal zero.
IV. can effectively be used to analyze all investment scenarios.
A. I and III only B. II and IV only C. I and II only
D. II, III, and IV only E. I, II, III, and IV

(背面仍有題目,請繼續作答)

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10. Which one of the following will increase the net present value of a project?
A. an increase in the discount rate
B. decreasing the amount of each cash inflow
C. increasing the amount of the initial cash outflow
D. decreasing the required rate of return
E. having all incoming cash flows occur in the final year of a project rather than periodically over a five-year period

11. You spent \$600 last week repairing the brakes on your car. Now, the starter is acting up and you are trying to decide whether to fix the starter or trade the car in for a newer model. In analyzing the starter situation, the \$600 you spent fixing the brakes is a(n) _____ cost.
A. opportunity B. fixed C. incremental D. erosion E. sunk

12. A project has an accounting break-even point of 1,600 units. The fixed costs are \$3,200 and the depreciation expense is \$200. The projected variable cost per unit is \$20.50. What is the projected sales price?
A. \$9.65 B. \$14.75 C. \$18.35 D. \$20.50 E. \$22.63

13. The fixed costs of a project are \$6,000. The depreciation expense is \$4,500 and the operating cash flow is \$18,000. What is the degree of operating leverage for this project?
A. 1.33 B. 1.44 C. 1.50 D. 2.25 E. 3.00

14. The U.S. Securities and Exchange Commission periodically charges individuals with insider trading and claims those individuals have made unfair profits. Based on this fact, you would tend to argue that the financial markets are at best _____ form efficient.
A. weak B. semi-weak C. semi-strong D. strong E. perfect

15. Total risk is measured by _____ and systematic risk is measured by _____.
A. beta; epsilon
B. beta; standard deviation
C. epsilon; beta
D. standard deviation; beta
E. standard deviation; variance

16. The risk-free rate of return is 5.2 percent and the market risk premium is 8.4 percent. What is the expected rate of return on a stock with a beta of 1.34?
A. 8.29 percent B. 9.49 percent C. 13.60 percent D. 16.46 percent E. 18.22 percent

17. If a call has a positive intrinsic value the call is said to be:
A. funded. B. unfunded. C. at the money. D. in the money. E. out of the money.

18. An increase in which of the following will increase the value of a call?
I. time to expiration II. underlying stock price III. risk-free rate of return
IV. price volatility of the underlying stock
A. I and III only
B. II, III, and IV only
C. I, III, and IV only
D. I, II, and III only
E. I, II, III, and IV

19. Trenton Industrial Fans has a pure discount loan with a face value of \$250,000 due in one year. The assets of the firm are currently worth \$315,000. The shareholders in this firm basically own a _____ option on the assets of the firm with a strike price of:
A. put; \$250,000.
B. put; \$315,000.
C. warrant; \$315,000.
D. call; \$250,000.
E. call; \$315,000.

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20. Sam's Souvenir Shop has a cost of debt of 8 percent, a cost of equity of 12 percent, and a cost of preferred stock of 9 percent. The firm has 116,000 shares of common stock outstanding at a market price of $24 a share. There are 51,000 shares of preferred stock outstanding at a market price of $38 a share. The bond issue has a face value of $900,000 and a market quote of 105. The company's tax rate is 35 percent. What is the weighted average cost of capital for Sam's Souvenir Shop?
A. 9.18 percent B. 9.84 percent C. 10.32 percent D. 12.59 percent E. 14.94 percent

21. Which one of the following statements is correct concerning options on a non-dividend paying stock?
A. Prior to expiration, it is always better to exercise an option than to sell it.
B. A European put is more valuable than a comparable American put.
C. Holding an American put is always more valuable than exercising the put.
D. Prior to expiration, it is always more valuable to sell a call than to exercise it.

E. American call options are more valuable than comparable European call options.

22. When you divide EBIT by the amount of the interest expense you are computing the:
A. cash coverage ratio. B. debt-equity ratio. C. times interest earned ratio.
D. debt margin. E. debt ratio.

23. Westover Ridge offers a 9 percent coupon bond with semiannual payments and a yield to maturity of 11.68 percent. The bonds mature in 16 years. What is the market price per bond if the face value is $1,000?
A. $807.86 B. $863.08 C. $916.26 D. $1,453.10 E. $1,322.88

24. You purchased an investment which will pay you $15,000, in real dollars, a year for the next three years. The nominal discount rate is 8 percent and the inflation rate is 3.6 percent. What is the present value of these payments?
A. $41,431.91 B. $42,607.19 C. $43,333.33 D. $43,711.14 E. $44,008.16

25. The Baltimore Co. would like to add a new product to complete their lineup. They want to know how many units they must sell to limit their potential loss to their initial investment. What is this quantity if their fixed costs are $14,000, the depreciation expense is $2,800, and the contribution margin is $1.25?
A. 2,240 units B. 6,880 units C. 8,960 units D. 11,200 units E. 13,440 units

II. Short Essay Questions (25%):

1. (5%) According to CAPM, the expected return on a risky asset depends on three components. Describe each component, and explain its economic meaning in determining expected return.

2. (10%). 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.

3. (10%) How do the accounting, cash, and financial break-even points differ from one another? Please explain their implications in capital budgeting process.