

科目：財務管理

適用：財金系

考生注意：

1. 依次序作答，只要標明題號，不必抄題。
2. 答案必須寫在答案卷上，否則不予計分。
3. 限用藍、黑色筆作答；試題須隨卷繳回。

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**I. Multiple Choice Questions (70 points, 2 points each)**

1. Which one of the following actions by a financial manager is most apt to create an agency problem?
  - A. refusing to borrow money when doing so will create losses for the firm.
  - B. refusing to lower selling prices if doing so will reduce the net profits.
  - C. refusing to expand the company if doing so will lower the value of the equity.
  - D. agreeing to pay bonuses based on the market value of the company stock rather than on the firm's level of sales.
  - E. increasing current profits when doing so lowers the value of the firm's equity.
2. Which one of the following statements related to an income statement is correct? Assume accrual accounting is used.
  - A. The addition to retained earnings is equal to net income plus dividends paid.
  - B. Credit sales are recorded on the income statement when the cash from the sale is collected.
  - C. The labor costs for producing a product are expensed when the product is sold.
  - D. Interest is a non-cash expense.
  - E. Depreciation increases the marginal tax rate.
3. Jensen Enterprises paid \$1,300 in dividends and \$920 in interest this past year. Common stock increased by \$1,200 and retained earnings decreased by \$310. What is the net income for the year?
  - A. -\$210.
  - B. \$990.
  - C. \$1,610.
  - D. \$1,910.
  - E. \$890.
4. Beach Wear has current liabilities of \$350,000, a quick ratio of 1.65, inventory turnover of 3.2, and a current ratio of 2.9. What is the cost of goods sold?
  - A. \$980,000.
  - B. \$1,060,000
  - C. \$1,200,000
  - D. \$1,400,000
  - E. \$1,560,000
5. A firm has a debt-total asset ratio of 74 percent and a return on total assets of 13 percent. What is the return on equity?
  - A. 26 percent
  - B. 50 percent
  - C. 65 percent
  - D. 84 percent
  - E. 135 percent

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6. On the Statement of Cash Flows, which of the following are considered financing activities?
- I. increase in long-term debt
  - II. decrease in accounts payable
  - III. interest paid
  - IV. dividends paid
- A. I and IV only
  - B. III and IV only
  - C. II and III only
  - D. I, III, and IV only
  - E. I, II, III, and IV
7. Which of the following can affect a firm's sustainable rate of growth?
- I. capital intensity ratio
  - II. profit margin
  - III. dividend policy
  - IV. debt-equity ratio
- A. I and IV only
  - B. III and IV only
  - C. II and III only
  - D. I, III, and IV only
  - E. I, II, III, and IV
8. You need \$25,000 today and have decided to take out a loan at 7 percent for five years. Which one of the following loans would be the least expensive? Assume all loans require monthly payments and that interest is compounded on a monthly basis.
- A. interest-only loan
  - B. amortized loan with equal principal payments
  - C. amortized loan with equal loan payments
  - D. discount loan
  - E. balloon loan where 50 percent of the principal is repaid as a balloon payment
9. Which one of the following rates represents the change, if any, in your purchasing power as a result of owning a bond?
- A. risk-free rate
  - B. realized rate
  - C. nominal rate
  - D. real rate
  - E. current rate
10. Which one of the following statements is correct?
- A. The risk-free rate represents the change in purchasing power.
  - B. Any return greater than the inflation rate represents the risk premium.
  - C. Historical real rates of return must be positive.
  - D. Nominal rates exceed real rates by the amount of the risk-free rate.
  - E. The real rate must be less than the nominal rate given a positive rate of inflation.

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11. Which of the following features do preferred shareholders and bondholders frequently have in common?
  - I. lack of voting rights
  - II. conversion option into common stock
  - III. annuity payments
  - IV. fixed liquidation value
  - A. I and IV only
  - B. III and IV only
  - C. II and III only
  - D. I, III, and IV only
  - E. I, II, III, and IV
12. Winston Co. has a dividend-paying stock with a total return for the year of -6.5 percent. Which one of the following must be true?
  - A. The dividend must be constant.
  - B. The stock has a negative capital gains yield.
  - C. The dividend yield must be zero.
  - D. The required rate of return for this stock increased over the year.
  - E. The firm is experiencing supernormal growth.
13. The final decision on which one of two mutually exclusive projects to accept ultimately depends upon which one of the following?
  - A. initial cost of each project.
  - B. timing of the cash inflows.
  - C. total cash inflows of each project.
  - D. required rate of return
  - E. length of each project's life
14. An investment project provides cash flows of \$1,190 per year for 10 years. If the initial cost is \$8,000, what is the payback period?
  - A. 3.36 years.
  - B. 5.28 years.
  - C. 6.72 years.
  - D. 8.13 years.
  - E. never.
15. Which one of the following statements is correct?
  - A. Project analysis should only include the cash flows that affect the income statement.
  - B. A project can create a positive operating cash flow without affecting sales.
  - C. The depreciation tax shield creates a cash outflow for a project.
  - D. Interest expense should always be included as a cash outflow when analyzing a project.
  - E. The opportunity cost of a company-owned building that is going to be used in a new project should be included as a cash inflow to the project.

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16. Kelly's Corner Bakery purchased a lot in Oil City 6 years ago at a cost of \$302,000. Today, that lot has a market value of \$340,000. At the time of the purchase, the company spent \$15,000 to level the lot and another \$20,000 to install storm drains. The company now wants to build a new facility on that site. The building cost is estimated at \$1.51 million. What amount should be used as the initial cash flow for this project?
- A. -\$1,470,000.
  - B. -\$1,850,000.
  - C. -\$1,875,000.
  - D. -\$1,925,000.
  - E. -\$1,945,000.
17. Which type of analysis identifies the variable, or variables, that are most critical to the success of a particular project?
- A. leverage
  - B. risk
  - C. break-even
  - D. sensitivity
  - E. cash flow
18. Which one of the following best defines the variance of an investment's annual returns over a number of years?
- A. The average squared difference between the arithmetic and the geometric average annual returns.
  - B. The squared summation of the differences between the actual returns and the average geometric return.
  - C. The average difference between the annual returns and the average return for the period.
  - D. The difference between the arithmetic average and the geometric average return for the period.
  - E. The average squared difference between the actual returns and the arithmetic average return.
19. Which one of the following is a risk that applies to most securities?
- A. unsystematic
  - B. diversifiable
  - C. systematic
  - D. asset-specific
  - E. total
20. Which one of the following is a positively sloped linear function that is created when expected returns are graphed against security betas?
- A. reward-to-risk matrix
  - B. portfolio weight graph
  - C. normal distribution
  - D. security market line
  - E. market real returns

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21. A firm's cost of capital:
  - A. will decrease as the risk level of the firm increases.
  - B. for a specific project is primarily dependent upon the source of the funds used for the project.
  - C. is independent of the firm's capital structure.
  - D. should be applied as the discount rate for any project considered by the firm.
  - E. depends upon how the funds raised are going to be spent.
22. The dividend growth model:
  - A. is only as reliable as the estimated rate of growth.
  - B. can only be used if historical dividend information is available.
  - C. considers the risk that future dividends may vary from their estimated values.
  - D. applies only when a firm is currently paying dividends.
  - E. uses beta to measure the systematic risk of a firm.
23. Which one of the following statements is correct concerning the issuance of long-term debt?
  - A. A direct long-term loan has to be registered with the SEC.
  - B. Direct placement debt tends to have more restrictive covenants than publicly issued debt.
  - C. Distribution costs are lower for public debt than for private debt.
  - D. It is easier to renegotiate public debt than private debt.
  - E. Wealthy individuals tend to dominate the private debt market.
24. Existing shareholders:
  - A. may or may not have a preemptive right to newly issued shares.
  - B. must purchase new shares whenever rights are issued.
  - C. are prohibited from selling their rights.
  - D. are generally well advised to let the rights they receive expire.
  - E. can maintain their proportional ownership positions without exercising their rights.
25. Which one of the following statements is correct concerning the costs of issuing securities?
  - A. Domestic bonds are generally more expensive to issue than equity IPOs.
  - B. Abnormal returns are rarely associated with seasoned issues.
  - C. A seasoned offering is typically more expensive on a percentage basis than an IPO.
  - D. There tends to be substantial economies of scale when issuing securities.
  - E. The costs of issuing convertible bonds tend to be less on a percentage basis than the costs of issuing straight debt.
26. Underwriters generally:
  - A. pay a spread to the issuing firm.
  - B. provide only best efforts underwriting in the U.S.
  - C. receive less compensation under a competitive agreement than under a negotiated agreement.
  - 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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27. Winter's Toyland has a debt-equity ratio of 0.65. The pre-tax cost of debt is 8.7 percent and the required return on assets is 16.1 percent. What is the cost of equity if you ignore taxes?
- A. 19.31 percent
  - B. 19.74 percent
  - C. 20.29 percent
  - D. 20.46 percent
  - E. 20.91 percent
28. Which form of financing do firms prefer to use first according to the pecking-order theory?
- A. regular debt
  - B. convertible debt
  - C. common stock
  - D. preferred stock
  - E. internal funds
29. Which one of the following statements related to cash dividends is correct?
- A. Extra cash dividends cannot be repeated in the future.
  - B. A dividend is never a liability until it has been declared.
  - C. If a firm has paid regular quarterly dividends for at least five consecutive years it is legally obligated to continue doing so.
  - D. Regular cash dividends reduce paid-in capital.
  - E. The dividend yield expresses the annual dividend as a percentage of net income.
30. Which one of the following does not affect the total equity of a firm but does increase the number of shares outstanding?
- A. special dividend
  - B. stock split
  - C. share repurchase
  - D. rights offer
  - E. liquidating dividend
31. Which one of the following involves a payment in shares by a stock issuer that increases the number of shares a shareholder owns but also decreases the value per share?
- A. cash dividend
  - B. stock dividend
  - C. stock repurchase
  - D. stock split
  - E. reverse stock split
32. ABC Corporation has excess cash and has opted to buy some of its shares of outstanding common stock. What is this process of buying called?
- A. stock dividend
  - B. stock split
  - C. stock repurchase
  - D. stock recap
  - E. stock repeal

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33. Which one of the following refers to the ability of shareholders to undo a firm's dividend policy and create an alternative dividend policy by reinvesting dividends or selling shares of stock?
- A. perfect foresight model
  - B. personalization
  - C. recapitalization
  - D. offsetting leverage
  - E. homemade dividend policy
34. The length of time between the purchase of inventory and the receipt of cash from the sale of that inventory is called the:
- A. operating cycle.
  - B. inventory period.
  - C. accounts receivable period.
  - D. accounts payable period.
  - E. cash cycle.
35. Which of the following statements is correct?
- A. A firm has a greater likelihood of needing an unexpected loan when its cash flows are relatively constant over time.
  - B. The cost of borrowing affects the target cash balance of a firm.
  - C. Management's desire to maintain a low cash balance has no effect on the borrowing needs of a firm.
  - D. The target cash balance increases as the interest rate rises.
  - E. The target cash balance decreases as the order costs increase.

**II. Explain Financial Terms (30 points, 5 points each)**

1. Yield to maturity (YTM)
2. Net present value (NPV)
3. Operating leverage
4. Default risk
5. Covered interest arbitrage
6. Leveraged buyout (LBOs)