

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。
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I. 單選題 (4% for each question, Total 100%):

1. Which of the following statement is **true** regarding the option valuation?
 - (A) Other things equal, the price of a stock call option is positively correlated with the exercise price.
 - (B) Other things equal, the price of a stock call option is negatively correlated with which of the stock price, and stock volatility.
 - (C) Other things equal, the price of a stock put option is positively correlated with the stock price.
 - (D) Other things equal, the price of a stock put option is positively correlated with which of the time to expiration, stock volatility, and exercise price.
 - (E) Other things equal, the price of a stock put option is negatively correlated with the stock price.
2. Portfolio A consists of 150 shares of stock and 300 calls on that stock. Portfolio B consists of 575 shares of stock. The call delta is 0.7. Which portfolio has a higher dollar exposure to a change in stock price?
 - (A) Portfolio A.
 - (B) Portfolio B.
 - (C) The two portfolios have the same exposure.
 - (D) Portfolio A if the stock price increases, and portfolio B if it decreases.
 - (E) Portfolio B if the stock price increases, and portfolio A if it decreases.
3. A portfolio consists of 100 shares of stock and 1500 calls on that stock. If the hedge ratio for the call is 0.7, what would be the dollar change in the value of the portfolio in response to a \$1 decline in the stock price?
 - (A) -\$950.
 - (B) -\$1,050.
 - (C) +\$1,050.
 - (D) -\$1,150.
 - (E) +\$1,150.
4. Higher dividend payout policies have a _____ impact on the value of the call and a _____ impact on the value of the put compared to lower dividend payout policies.
 - (A) positive; positive
 - (B) positive; negative
 - (C) negative; positive
 - (D) negative; negative
 - (E) zero; zero
5. To hedge a long position in Treasury bonds, an investor most likely would
 - (A) buy interest rate futures
 - (B) sell interest rate futures
 - (C) buy Treasury bonds in the spot market
 - (D) sell S&P futures
 - (E) None of the options

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6. Which of the following items is specified in a futures contract?
- I) The contract size
 - II) The maximum acceptable price range during the life of the contract
 - III) The acceptable grade of the commodity on which the contract is held
 - IV) The market price at expiration
 - V) The settlement price
- (A) I, II, and IV
 - (B) I, III, and V
 - (C) I and V
 - (D) I, IV, and V
 - (E) I, II, III, IV, and V
7. The financial statements of Midwest Tours are given below.

Midwest Tours**Income Statement (2009)**

Sales	\$2,500,000
Cost of goods sold	1,260,000
Gross profit	1,240,000
Selling and administrative expenses	700,000
Operating profit	540,000
Interest expenses	160,000
Income before tax	380,000
Tax expense	152,000
Net income	\$228,000

Midwest Tours**Balance Sheet**

	2009	2008
Cash	\$60,000	\$50,000
Accounts receivable	500,000	450,000
Inventory	300,000	270,000
Total current assets	860,000	770,000
Fixed assets	2,180,000	2,000,000
Total assets	\$3,040,000	\$2,770,000
Accounts payable	200,000	170,000
Bank loan	460,000	440,000
Total current liabilities	660,000	610,000
Bonds payable	860,000	860,000
Total liabilities	1,520,000	1,470,000
Common stock (30,000 shares)	120,000	120,000
Retained earnings	1,400,000	1,300,000
Total liabilities & Equity	\$3,040,000	\$2,890,000

Note: The common shares are trading in the stock market for \$36 each.

Which of the following statement is true?

- (A) The firm's current ratio for 2009 is 1.26
- (B) The firm's quick ratio for 2009 is 0.09
- (C) The firm's times interest earned ratio for 2009 is 2.375
- (D) The firm's average collection period for 2009 is 69.35
- (E) The firm's return on equity ratio for 2009 is 0.15

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8. Torque Corporation is expected to pay a dividend of \$1.00 in the upcoming year. Dividends are expected to grow at the rate of 6% per year. The risk-free rate of return is 5% and the expected return on the market portfolio is 13%. The stock of Torque Corporation has a beta of 1.2. What is the intrinsic value of Torque's stock?
- (A) \$6.84
(B) \$11.62
(C) \$12.62
(D) \$14.29
(E) \$14.60
9. Low Tech Chip Company is expected to have EPS of \$2.50 in the coming year. The expected ROE is 14%. An appropriate required return on the stock is 11%. If the firm has a dividend payout ratio of 40%, the intrinsic value of the stock should be
- (A) \$3.23
(B) \$9.09
(C) \$9.61
(D) \$22.72
(E) \$38.46
10. A company whose stock is selling at a P/E ratio greater than the P/E ratio of a market index most likely has
- (A) a dividend yield which is less than that of the average firm.
(B) an anticipated earnings growth rate which is less than that of the average firm.
(C) less predictable earnings growth than that of the average firm.
(D) greater cyclical growth of earnings than that of the average firm.
(E) None of the above statements
11. Assume that Bolton Company will pay a \$2.00 dividend per share next year, an increase from the current dividend of \$1.50 per share that was just paid. After that, the dividend is expected to increase at a constant rate of 5%. If you require a 12% return on the stock, the value of the stock is
- (A) \$28.57
(B) \$28.79
(C) \$30.00
(D) \$31.78
(E) None of the options
12. Which of the following statement is **true**?
- (A) Holding other factors constant, the interest-rate risk of a coupon bond is higher when the bond's yield to maturity is higher.
(B) Given time to maturity and yield to maturity, the duration of a bond is higher when the coupon rate is lower.
(C) Holding other things constant, the duration of a bond decreases with time to maturity.
(D) Holding other factors constant, the interest-rate risk of a coupon bond is lower when the bond's term to maturity is lower and coupon rate is higher.
(E) Given time to maturity, the duration of a zero-coupon increases with yield to maturity.

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13. If a firm has a required rate of return equal to the *ROE*

- (A) the firm can increase market price and P/E by retaining more earnings.
- (B) the firm can increase market price and P/E by increasing the growth rate.
- (C) the amount of earnings retained by the firm does not affect market price or the P/E.
- (D) the firm can increase market price and P/E by retaining more earnings and increasing the growth rate.
- (E) None of the above statements

14. Proponents of the EMH typically advocate

- (A) an active trading strategy and investing in an index fund.
- (B) buying individual stocks on margin and trading frequently.
- (C) investing in hedge funds.
- (D) investing in hedge funds and a passive investment strategy.
- (E) investing in an index fund and a passive investment strategy.

15. There are three stocks, A, B, and C. You can either invest in these stocks or short sell them.

There are three possible states of nature for economic growth in the upcoming year (each equally likely to occur); economic growth may be strong, moderate, or weak. The returns for the upcoming year on stocks A, B, and C for each of these states of nature are given below:

Stock	State of Nature		
	Strong Growth	Moderate Growth	Weak Growth
A	39%	17%	-5%
B	30%	15%	0%
C	6%	14%	22%

If you wanted to take advantage of a risk-free arbitrage opportunity, you should take a short position in _____ and a long position in an equally weighted portfolio of _____.

- (A) A; B and C
- (B) B; A and C
- (C) C; A and B
- (D) A and B; C
- (E) A and C; B

16. Which of the following statements is **FALSE**?

- (A) Firms with steady, reliable cash flows, such as utility companies, are able to use high levels of debt and still have a very low probability of default.
- (B) If there were no costs of financial distress, the value of the firm would continue to increase with increasing debt until the interest on the debt exceeds the firm's earnings before interest and taxes and the tax shield is exhausted.
- (C) When a firm faces financial distress, it may choose not to finance new, positive-NPV projects, and thus an under-investment problem occurs.
- (D) The costs of financial distress reduce the value of the levered firm, V^L . The amount of the reduction decreases with the probability of default, which in turn increases with the level of the debt D .
- (E) The tradeoff theory states that firms should increase their leverage until it reaches the level D^* for which V^L (the value of the levered firm) is maximized.

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17. Which of the following statements is **FALSE**?

- (A) A type of agency problem that results in shareholders gaining from decisions that increase the risk of the firm sufficiently, even if they have negative NPV is asset substitution.
- (B) Creditors often place restrictions on the actions that the firm can take. Such restrictions are referred to as debt covenants.
- (C) Covenants are often designed to prevent management from exploiting debt holders, so they may help to reduce agency costs.
- (D) Agency costs are smallest for long-term debt.
- (E) Covenants may limit the firm's ability to pay large dividends or the types of investments that the firm can make.

18. Which of the following statements is **FALSE**?

- (A) The separation of ownership and control creates the possibility of management entrenchment; facing little threat of being fired and replaced, managers are free to run the firm in their own best interests, which may differ from those of both equity holders and debt holders.
- (B) Leverage can reduce the degree of managerial entrenchment because managers are more likely to be fired when a firm faces financial distress.
- (C) When a firm is highly levered, creditors themselves will closely monitor the actions of managers, providing an additional layer of management oversight.
- (D) Managers of large firms tend to earn higher salaries, and they may also have more prestige and garner greater publicity than managers of small firms. As a result, managers may expand (or fail to shut down) unprofitable divisions, pay too much for acquisitions, make unnecessary capital expenditures, or hire unnecessary employees.
- (E) According to the empire building hypothesis, leverage increases firm value because it commits the firm to making future interest payments, thereby reducing excess cash flows and wasteful investment by managers.

19. Which of the following influences a firm's choice of capital structure?

- (A) Taxes
- (B) Agency costs and benefits of leverage
- (C) Signaling and adverse selection
- (D) Market timing
- (E) All of the above influence capital structure decisions.

20. Which of the following statements is **FALSE**?

- (A) Vertically integrated companies may be large, but unlike other large corporations, since they remain focused in one industry they are easy to run.
- (B) Carryback and carryforward provisions essentially deliver the benefits of conglomeration to a small firm with volatile earnings.
- (C) Because these employees are obligated to hold idiosyncratic risk, they benefit when the firm reduces that risk by conglomerating.
- (D) Because most stockholders will already be holding a well-diversified portfolio, they get no further benefit from the firm diversifying through acquisition.
- (E) When an acquirer buys a private target, it provides the target's owners with a way to reduce their risk exposure by cashing out their investment in the private target and reinvesting in a diversified portfolio.

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21. The justification for the benefits of diversification from mergers include all of the following EXCEPT
- (A) tax loss benefits.
 - (B) lower cost of debt or increased debt capacity.
 - (C) direct risk reduction.
 - (D) liquidity enhancement.
 - (E) None of the above options.
22. Which of the following statements is FALSE?
- (A) The combined firm must mark up the value assigned to the target's assets on the financial statements by allocating the purchase price to target assets according to their fair market value.
 - (B) The method of payment (cash or stock) affects how the value of the target's assets is recorded for tax purposes and it affects the combined firm's financial statements for financial reporting.
 - (C) Any goodwill created in a merger deal can be amortized for tax purposes over 15 years.
 - (D) In a friendly takeover, the target board of directors supports the merger, negotiates with potential acquirers, and agrees on a price that is ultimately put to a shareholder vote.
 - (E) If the acquirer purchases the target assets directly (rather than the target stock), then it can step up the book value of the target's assets to the purchase price.
23. Which of the following statements is FALSE?
- (A) The shareholders as a group elect a board of directors to monitor managers. The directors themselves, however, have the same conflict of interest—monitoring is costly and in many cases directors do not get significantly greater benefits than other shareholders from monitoring the managers closely.
 - (B) In principle, the board of directors hires the executive team, sets its compensation, approves major investments and acquisitions, and dismisses executives if necessary.
 - (C) When the ownership of a corporation is widely held, no one shareholder has an incentive to bear the cost of monitoring, because she bears the full cost of monitoring but the benefit is divided among all shareholders.
 - (D) Because independent directors' personal wealth is likely to be less sensitive to performance than that of insider and gray directors, they have less incentive to closely monitor the firm.
 - (E) Managers have an incentive to manipulate the release of financial forecasts so that good news comes out before options are granted and bad news is delayed until after the options are granted.
24. Which of the following statements is FALSE?
- (A) For many firms, changes in the market prices of the raw materials they use and the goods they produce may be the most important source of risk to their profitability.
 - (B) Horizontal integration entails the merger of a firm and its supplier or a firm and its customer.
 - (C) When a firm authorizes managers to trade contracts to hedge, it opens the door to the possibility of speculation.
 - (D) Long-term supply contracts insulate the firms from commodity price risk.
 - (E) Firms generally do not possess better information than outside investors regarding the risk of future commodity price changes, nor can they influence that risk through their actions.

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25. Which of the following statements is **FALSE**?

- (A) Political, legal, social, and cultural characteristics that differ across countries may require compensation in the form of a country risk premium.
- (B) Swaps allow firms to mitigate their exchange rate risk exposure between assets and liabilities, while still making investments and raising funds in the most attractive locales.
- (C) If the return difference in a segmented financial market results from a market friction such as capital controls, corporations can exploit this friction by setting up projects and raising capital in the high-return country/currency.
- (D) The risk of the foreign project is unlikely to be *exactly* the same as the risk of domestic projects (or the firm as a whole), because the foreign project contains residual exchange rate risk that the domestic projects often do not contain.
- (E) Under internationally integrated capital markets, the value of an investment does not depend on the currency we use in the analysis.

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