

科目：財務管理

適用：財金系三

編號：741

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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第 4 頁**1. Short Answer Questions (total 60 points, 3 points each)**

- (1) Would our goal of maximizing the value of the stock be different if we were thinking about financial management in a foreign country? Why or why not?
- (2) What is the main reason that an agency relationship exists in the corporate form of organization?
- (3) In comparing accounting net income and operating cash flow, name two items you typically find in net income that are not in operating cash flow. Explain what each is and why it is excluded in operating cash flow.
- (4) Suppose a company's cash flow from assets was negative for a particular period. Is this necessarily a good sign or a bad sign?
- (5) What is compounding? What is discounting?
- (6) Why does the value of a share of stock depend on dividends?
- (7) Evaluate the following statement: Managers should not focus on the current stock value because doing so will lead to an overemphasis on short-term profits at the expense of long-term profits.
- (8) Describe how the internal rate of return is calculated and describe the information this measure provides about a sequence of cash flow.
- (9) What is the essential difference between sensitivity analysis and scenario analysis?

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- (10) Suppose a financial manager is quoted as saying. "Our firm uses the stand-alone principle. Because we treat projects like minifirms in our evaluation process, we include financing cost because they are relevant at the firm level." Critically evaluate this statement.
- (11) What is the operating leverage?
- (12) Explain why a characteristic of an efficient market is that investments in that market have zero NPVs.
- (13) Why is some risk diversifiable? Why are some risks non-diversifiable?
- (14) If a portfolio has a positive investment in every asset, can the standard deviation on the portfolio be less than that on every asset in the portfolio? What about the portfolio betas?
- (15) What is homemade leverage?
- (16) What is the impact of a stock repurchase on a company's debt ratio?
- (17) What is the chief drawback to a strict residual dividend policy?
- (18) Suppose a firm enters into a fixed-for-floating interest rate swap with a swap dealer. Describe the cash flows that will occur as a result of the swap.
- (19) What is interest rate parity?
- (20) What is the put-call parity?

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2. Questions and Problems (total 40 points, 5 points each)

- (1) Based on the following information. Calculate the sustainable growth rate.

Sales = 140,000

Net income = 21,000

Dividend = 12,000

Total debt = 85,000

Total equity = 49,000

- (2) A local finance company quotes a 14% interest rate on one-year loans. So, if you borrow \$20,000, the interest for the year will be \$2,800. Because you must repay a total of \$22,800 in one year, the finance company requires you to pay $\$22,800/12$, or \$1,900, per month over the next 12 months. Is this a 14% loan? What is the effective annual rate? (Just show your computational process.)
- (3) Your company issued 12-year bonds 2 years ago at a coupon rate of 8.6%. The bonds make semiannual payments. If these bonds currently sell for 95% of par value, what is the bond yield? (Just show your computational process.)
- (4) First Bank just issued some new preferred stock. The issue will pay an annual dividend of 800 nairas in perpetuity, beginning six year from now. If the market requires a 8% return on this investment, how much does a share of preferred stock cost today? (Just show your computational process.)
- (5) The Maybepay Life Insurance Co. has a target capital structure of 50% common stock, 10% preferred stock, and 40% debt. Its cost of equity is 15%, the cost of preferred stock is 6%, and the cost of debt is 8%. The relevant tax rate is 20%. What is the weighted average cost of capital?

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- (6) What is a call option? A put option? Under what circumstances might you want to buy each? Which one has greater potential profits? Why?
- (7) Explain the kind of information the following financial ratios provide about a firm:
- A. Long-term debt ratio
 - B. Times interest earned ratio
 - C. Profit margin
 - D. Return on equity
 - E. Price-earnings ratio
- (8) Define each of the following merger terms:
- A. Greenmail
 - B. White knight
 - C. Golden parachute
 - D. Poison pill
 - E. Tender off