國立中山大學100學年度碩士班招生考試試題

科目：財務管理【財管系碩士班】

Part One: (10 題單選題，每題 5 分，此部份共 50 分)

1. Which of the following investors would be happy to see the stock price to rise sharply ? (I) Investor who owns the stock and a put option (II) Investor who has sold a put option and bought a call option (III) Investor who owns the stock and has sold a call option (IV) Investor who has sold a call option . (1) I only (2) II only (3) III only (4) IV only (5) I and II only (6) III and IV only. (7) None of the above.

2. Which of the following are (is) inconsistent with the MMI theory or assumptions ? (I) If the operating cash flow does not change. (II) If the issue of debt increases the probability of bankruptcy. (III) If the firm issues debt for the first time. (IV) If the beta of equity is positive. (V) If an issue of new stock affects the market value of existing stock. (1)I only (2)II only (3)III only (4)IV only (5)V only (6)None of the above.

3. The following table gives the available projects for a firm.

A	B	C	D	E	F	G	
90	20	60	50	150	40	20	Initial investment
140	70	65	-10	30	32	10	NPV

If the firm has a limit of 210 million to invest, what is the maximum NPV the company can obtain? (1) 100~200 (2) 201~300 (3) 301~400 (4) None of the above.

4. Stock A: Expected return: 10%. Standard deviation: 20%. Stock B: Expected return: 15%. Standard deviation: 30%. Correlation between A and B: -1. Which of the following is (are) on the efficient frontier ? (1)A (2)B (3) If you are conservative, choose A. If you are aggressive, choose B. (4) None of the above.

5. Companies A and B are valued as follows:

	A	B
# of shares	2000	1000
Earnings per share	$10	$10
Share price	$100	$50

Company A now acquires B by offering one (new) share of A for every two shares of B (that is, after the merger, there are 2500 shares of A outstanding). If investors are aware that there are no economic gains from the merger, what is the price-earnings ratio of A's stock after the merger? (1) 5~7.00 (2) 7.01~8.00 (3) 8.01~9.00 (4) 9.01~10.00 (5) None of the above.

6. Company XY is financed entirely by common stock that is priced to offer a 20% expected rate of return. The stock price is $60 and the earnings per share are $12. The company wishes to repurchases 50% of the stock and substitutes an equal value of debt yielding 8%. Suppose that before refinancing, an investor owned 100 shares of XY common stock. What should he do if he wishes to ensure that risk and expected return on his investment are unaffected by

refinancing? (1) Sell 50 shares and purchase $3,000 debt (bonds) (2) Continue to hold 100 shares (3) Borrow $3,000 and buy 50 more shares (4) None of the above

7. The futures price is : (I) The price you pay (or receive) when you transact a futures. (II) The price at which the parties in a futures contract agree to transact in the future. (III) The value that ensures that no profit can be earned in the futures-versus-underlying-asset arbitrage trading in theory. (IV) The present value of the expected future payoff. (1)I (2)II (3)III (4)IV (5)I and II (6)III and IV (7)I and IV (8)II and III (9) None of the above.

8. Which of the following is (are) subject to pension fund crisis ? (1) Defined contribution plan (2) Defined benefit plan. (3) Both (1) and (2). (4) None of the above.

9. Which of the following describes the difference between the value of a US Treasury bond and a risky corporate bond: (1) The value of a call option on the firm's assets with an exercise price equal to the face value of the bonds. (2)The value of a put option on the firm's assets with an exercise price equal to the face value of the bonds. (3) The value of the firm's assets minus the value of a put option on the assets with an exercise price equal to the face value of the bonds. (4) The value of the firm's assets minus the value of a call option on the assets with an exercise price equal to the face value of the bonds. (5) None of the above.

10. If the momentum effect exists in the stock market, this is consistent with the view that: (1) The stock market is efficient in the weak form. (2) The stock market is efficient in the semi-strong form. (3) The stock market is efficient in the strong form. (4) None of the above.

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Part two: (10 single-answered questions, totally 50 points, 5 points for each question)

1. Which of the following statements correctly reflect the effects of granting credit to customers?
I. Total revenues may increase if both the quantity sold and the price per unit increase when credit is granted.
II. A firm's cash cycle generally increases if credit is granted, all else equal.
III. Both the cost of default and the cost of discounts must be considered before granting credit.
IV. A firm may have to increase its borrowing if it decides to grant credit to its customers.
A. I, II, and IV only B. I, II, and III only C. II, III, and IV only D. I, III, and IV only E. I, II, III, and IV

2. Which one of the following statements concerning dilution is correct?
A. Market value dilution increases as the net present value of a project increases.
B. An individual investor has less control over a firm if he or she experiences percentage ownership dilution.
C. Investors are entitled to immediate tax refunds whenever they are injured by any type of dilution.
D. Dilution of percentage ownership occurs whenever an investor participates in a rights offering.
E. Book value dilution reduces the resale value of an investor's holdings.

3. Which of the following statements is correct?
I. As the standard deviation of the returns on a stock increase, the value of a put option decreases.
II. The value of a call option decreases as the standard deviation of the returns on the underlying stock increase.
III. The sensitivity of an option's value to the volatility of the underlying asset is referred to as an option's vega.
IV. Increasing the standard deviation of the underlying asset has similar effects on the both the stock's call and put options.
A. I and III only B. III and IV only C. II and IV only D. I and II only E. I, II, and III only

4. Which of the following statements concerning financial risk are correct?
I. Financial risk is the risk associated with the use of debt financing.
II. As financial risk increases so too does the cost of equity.
III. Financial risk is wholly dependent upon the financial policy of a firm.
IV. Financial risk is the risk that is inherent in a firm's operations.
A. I, II, and III only B. II and III only C. II and IV only D. I and III only E. I, II, III, and IV

5. Which of the following have been suggested as reasons why the stockholders in acquiring firms may not benefit to any significant degree from an acquisition?
I. the price paid for the target firm might equal the target firm's total value
II. management may have priorities other than the interest of the stockholders
III. the takeover market may not be competitive
IV. anticipated merger gains may not be fully achieved
A. I, III, and IV only B. I, II, and IV only C. II and IV only D. I, II, III, and IV E. I and III only

6. Which of the following account changes occur as a result of a large stock dividend?
I. increase in common stock
II. decrease in cash
III. increase in capital in excess of par
IV. decrease in retained earnings
A. II and III only B. I and IV only C. I, III, and IV only D. II and IV only E. I and III only

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7. Which of the following statements is correct concerning the BAT model?
I. This model is used to determine the target cash balance for a firm.
II. One advantage of the BAT model is that it assumes a firm has a constant level of trading costs given any size of cash balance.
III. The BAT model is a complex model designed to estimate the cash flows of a firm.
IV. One disadvantage of the BAT model is the fact that it assumes all cash outflows are known with certainty.
A. II and III only B. I and IV only C. III and IV only D. I and III only E. I and II only

8. Your boss would like you to evaluate a project which requires $164,000 in external financing. The flotation cost of equity is 12 percent and the flotation cost of debt is 5 percent. You wish to maintain a debt-equity ratio of .55. What is the initial cost of the project including the flotation costs?
A. $181,248 B. $180,337 C. $179,606 D. $178,552 E. $177,226

9. Which of the following statements are correct?
I. The usage of forward rates can help reduce the short-run exposure to exchange rate risk.
II. Accounting translation gains and losses are recorded in the equity section of the balance sheet.
III. The long-run exchange rate risk faced by an international firm can be reduced if a firm borrows money in the foreign country where the firm has operations.
IV. Unexpected changes in economic conditions are classified as short-run exposure to exchange rate risk.
A. I, III, and IV only B. I and III only C. I, II, and III only D. II and IV only E. II, III, and IV only

10. You are considering a project which has been assigned a discount rate of 12 percent. If you start the project today, you will incur an initial cost of $2,500 and will receive cash inflows of $1,550 a year for two years. If you wait one year to start the project, the initial cost will rise to $2,725 and the cash flows will increase to $1,700 a year for two years. What is the value of the option to wait?
A. $28.51 B. $12.64 C. $30.49 D. $19.46 E. $34.68