中國文化大學 102 學年度暑假轉學招生考試

系組:財務金融學系三年級

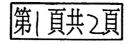
日期節次:7月25日第1節09:00-10:20

科目: 財務管理 U-8-6

- 1. Please use "T" or "F" to identify the correctness of the descriptions.(20%)
- (1) There is a negative relationship between interest rates and bond prices.
- (2) Longer-term bond prices are more sensitive to changes in interest rates than are short-term bond prices.
- (3) A Treasury bond's bid price will be lower than the ask price.
- (4) Investors may obtain the same securities at the same time in either the primary or secondary markets.
- (5) The dividend discount model should not be used to value stocks in which the dividend does not grow.
- (6) Securities with the same expected risk should offer the same expected rate of return.
- (7) As the opportunity cost of capital increases, the net present value of a project increases.
- (8) When calculating IRR with a trial and error process, discount rates should be raised when NPV is positive.
- (9) The payback period considers all project cash flows.
- (10) If a project has multiple IRRs, the highest one is assumed to be correct.
- 2. Please choose only one correct answer.(20%)
- (1)The coupon rate of a bond equals:
 - A) its yield to maturity.
 - B) a percentage of its price.
 - C) the maturity value.
 - D) a perce ntage of the par value.
- (2)Periodic receipts of interest by the bondholder are known as:
 - A) the coupon rate.
 - B) a zero-coupon.
 - C) coup on payments.
 - D) the default premium.
- (3)Which of the following presents the correct relationship? As the coupon rate of a bond increases, the bond's:
 - A) face value increases.
 - B) current price decreases.
 - C) interest payments increase.
 - D) mat urity date is extended.

(4)In the calculation of r	ates of return on common	stock, dividends	are	and
capital gains are	•			

- A) guaranteed; not guaranteed
- B) guaranteed; guaranteed
- C) not guara nteed; not guaranteed
- D) not guara nteed; guaranteed



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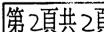
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科目: 財務管理

- (5) If a stock's P/E ratio is 13.5 at a time when earnings are \$3 per year, what is the stock's current price?
 - A) \$4.50
 - B) \$18.00
 - C) \$22.22
 - D) \$40.50
- (6) The expected return on a common stock is composed of:
 - A) dividend yield.
 - B) capital appreciation.
 - C) both dividend yield and capital appreciation.
 - D) capit al appreciation minus the dividend yield.
- (7) Which of the following statements is correct for a project with a positive NPV?
 - A) IRR exceeds the cost of capital.
 - B) Accepting the project has an indeterminate effect on shareholders.
 - C) The discount rate exceeds the cost of capital.
 - D) The profitability index equals one.
- (8) The decision rule for net present value is to:
 - A) accept all projects with cash inflows exceeding initial cost.
 - B) reject all projects with rates of return exceeding the opportunity cost of capital.
 - C) accept all projects with positive net present values.
 - D) reject all projec to lasting longer than 10 years.
- (9) As the discount rate is increased, the NPV of a specific project will:
 - A) increase.
 - B) decrease.
 - C) remain constant.
 - D) decreas e to zero, then remain constant.
- (10) Soft capital rationing:
 - A) is costly to shareholders.
 - B) is used to determine mutually exclusive projects.
 - C) should be costless to the shareholders of the firm.
 - D) solves the pro blem of investment timing.
- 3. How much should you pay for a \$1,000 bond with 10% coupon, annual payments, and five years to maturity if the interest rate is 12%? (10%)
- 4. What price would you expect to pay for a stock with 13% required rate of return, 4% rate of dividend growth, and an annual dividend of \$2.50 which will be paid tomorrow? (10%)
- 5. (1) What is the payback period on each of the following projects? (40%)

Project	Cash Flows, Dollars					
	Year : 0	1	· 2	3	4	
A	-5,000	+1,000	+1,000	+3,000	0	
В	-1,000	0	+1,000	+2,000	+3,000	
C	-5,000	+1,000	+1,000	+3,000	+5,000	

- (2) Given that you wish to use the payback rule with a cutoff period of 2 years, which projects would you accept?
- (3) If the opportunity cost of capital is 10 percent, please calculate the NPV of each project.
- (4) Which projects are acceptable under NPV rule?



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