

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 percentage of the par value.

(2)Periodic receipts of interest by the bondholder are known as:

- A) the coupon rate.
- B) a zero-coupon.
- C) coupon 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) maturity date is extended.

(4)In the calculation of rates of return on common stock, dividends are \_\_\_\_\_ and capital gains are \_\_\_\_\_.

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

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- (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) capital 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 projects 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) decrease 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 problem 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
B	-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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