

Question 1

Sputter Motors has sales of \$3,450,000, total assets of \$1,240,000, cost of goods sold of \$2,550,000, and an inventory turnover of 6.38. What is the amount of Sputter's inventory?

- A) \$421,054
- B) \$638,112
- C) \$543,000
- D) \$399,687

Answer: <https://biology-forums.com/index.php?topic=640640>

Question 2

An example of an asset management efficiency ratio is the

- A) total asset turnover ratio.
- B) gross profit margin.
- C) times-interest-earned.
- D) return on assets.

Answer: <https://biology-forums.com/index.php?topic=640652>

Question 3

Which of the following would result from payment of the stock dividend?

- A) Total equity would remain at \$50,000,000.
- B) Total equity would increase to \$57,500,000.
- C) Total equity would decrease to \$43,478,261.
- D) The effect on the equity account would depend on the market's reaction to the dividend.

Answer: <https://biology-forums.com/index.php?topic=641973>

Question 4

A diagram for visualizing future cash flows is known as

- A) a future value vector.
- B) a cash flow chart.
- C) an FV/PV plot.
- D) a timeline.

Answer: <https://biology-forums.com/index.php?topic=640725>

Question 5

If your portfolio consists of 20% RJH (expected return 16%) 30% PAV (expected return -2%), and 50% MB (expected return 8%), what is the expected rate of return on the portfolio?

- A) 7.8%
- B) 7.3%
- C) 6.6%
- D) 8.7%

Answer: <https://biology-forums.com/index.php?topic=640993>

Question 6

When repaying an amortized loan, the interest payments increase over time.

True / False?

Answer: <https://biology-forums.com/index.php?topic=640876>

Question 7

A(n) _____ gives the holder the right to sell a stated number of shares at a specified price for a limited time.

- A) stock index futures contract
- B) put option
- C) call option
- D) interest rate futures contract

Answer: <https://biology-forums.com/index.php?topic=642949>

Question 8

Briefly describe the actual capital budgeting methods of large U.S. corporations.

Answer: <https://biology-forums.com/index.php?topic=641443>

Question 9

The historical cost principle requires that

- A) assets be valued at their cost when they were acquired.
- B) raw materials costs be recognized at their average price over the last three years.
- C) assets be valued at their average cost over the last three years.
- D) historical costs be used on both the income statement and the balance sheet.

Answer: <https://biology-forums.com/index.php?topic=640516>

Question 10

Betty Gilmore plans to sell berry pies at a local farmer's market. The permit and space rental will cost her \$2,000 for the June through August season. The pies will sell for \$7.00. Ingredients and overhead average \$4.00 per pie. She also has to pay five percent of her gross sales to the market's organizers. How many pies will she need to sell to cover her fixed costs and realize a \$3,000 profit?

- A) 752
- B) 1,667 pies
- C) 1,887 pies.
- D) 1,250 pies

Answer: <https://biology-forums.com/index.php?topic=641629>

Question 11

If you put \$200 in a savings account at the beginning of each year for 5 years and \$300 at the beginning of each year for the next 5 years, how much will be in the account at the end of the 10th year? Assume that the account earns 10%, and round to the nearest \$1.00.

- A) \$3,798
- B) \$4,178
- C) \$4,596
- D) \$2,750

Answer: <https://biology-forums.com/index.php?topic=640906>

Question 12

The required rate of return represents the cost of capital for a project.

True / False?

Answer: <https://biology-forums.com/index.php?topic=641370>

Question 13

You are considering the purchase of XYZ Company's common stock which will pay a \$1.00 per share dividend one year from the date of purchase. The dividend is expected to grow at the rate of 4% per year. If the appropriate discount rate for this investment is 14%, what is the price of one share of this stock?

- A) \$7.14
- B) \$10.00
- C) \$25.00
- D) Cannot be determined without maturity date

Answer: <https://biology-forums.com/index.php?topic=640893>

Question 14

Eurobonds are bonds issued in a country different from the one in whose currency the bond is denominated.

True / False?

Answer: <https://biology-forums.com/index.php?topic=641208>

Question 15

What is the expected NPV of the project if the option to abandon is considered?

- A) (\$4,545)
- B) \$31,694
- C) \$37,267
- D) \$63,388

Answer: <https://biology-forums.com/index.php?topic=641670>

Question 16

The return for the market during the next period is expected to be 11.5%; the risk-free rate is 2.5%. Calculate the required rate of return for a stock with a beta of 1.5.

Answer: <https://biology-forums.com/index.php?topic=641096>

Question 17

You have been asked to analyze a capital investment proposal. The project's cost is \$2,775,000. Cash inflows are projected to be \$925,000 in Year 1; \$1,000,000 in Year 2; \$1,000,000 in Year 3; \$1,000,000 in Year 4; and \$1,225,000 in Year 5. Assume that your firm discounts capital projects at 15.5%. What is the project's MIRR?

- A) 12.62%
- B) 10.44%
- C) 16.73%
- D) 19.99%

Answer: <https://biology-forums.com/index.php?topic=641412>

Question 18

The expected NPV of a project is the arithmetic average of best case, most likely case, and worst case scenarios.

True / False?

Answer: <https://biology-forums.com/index.php?topic=641620>

Question 19

Briefly discuss why there is no reason to believe that the market will reward investors with additional returns for assuming unsystematic risk.

Answer: <https://biology-forums.com/index.php?topic=641065>

Question 20

A firm with high profitability will always have the cash flow necessary to pay high dividends.

True / False?

Answer: <https://biology-forums.com/index.php?topic=642105>