Corporate Finance.d

1. The _______ theory was introduced in the latter part of the 19th century shortly after the industrial revolution had occurred in Europe and America.
2. Frederick W. Taylor is best known for defining the techniques of
3. Administrative management is the study of how to
4. _______ refers to a system of task and authority relationships that controls how employees use resources to achieve a company's goals.
5. _______ is the power to hold workers accountable for their actions and to make decisions about the use of organizational resources
6. An example of a company's standard operating procedure is
7. In an organization, rules are
8. _______ refers to the concentration of authority at the top of the organizational chart instead of being distributed throughout the managerial hierarchy
9. According to Henri Fayol, esprit de corps refers to
10. Managers whose attitudes regarding employees are consistent with Theory Y
11. Max Weber developed the
12. Administrative management is the study of how to
13. _______ is the power to hold workers accountable for their actions and to make decisions about the use of organizational resources.
14. _______ refers to the concentration of authority at the top of the organizational chart instead of being distributed throughout the managerial hierarchy.
15. Managers whose attitudes regarding employees are consistent with Theory Y
16. _______ decisions are routine and based on rules and guidelines.

17 In the classical model of decision making, managers

18 Managers must rely on their _______ to make the best decision when faced with uncertainty and ambiguity.

19 To improve decision-making abilities, managers should

20 Two separate groups of managers are given a problem to solve, and each group then presents its proposed solution to top management in an attempt to determine the best course of action. This process is called

21 _______ is a decision maker's ability to discover original and novel ideas that lead to feasible alternative courses of action.

22 _______ is a written approach to creative problem solving by a group.

23 After realizing that members of his rural community regularly drove over 15 miles for a touchless car wash, Ethan took out a small business loan and partnered with a local gas station to provide the service locally. Ethan exhibited traits of a(n)

24 Building a(n) _______ is not easy and requires that managers change their management assumptions radically.

25 Highly innovative and creative companies tend to

26 Any changes to a firm's projected future cash flows that are caused by adding a new project are referred to as which one of the following?

27 A pro forma financial statement is a financial statement that:

28 Jamie is analyzing the estimated net present value of a project under various what if scenarios. The type of analysis that Jamie is doing is best described as:

29 Mark is analyzing a proposed project to determine how changes in the variable costs per unit would affect the project's net present value. What type of analysis is Mark conducting?

30 A proposed project will increase a firm's accounts payables. This increase is generally:

31 . A project has annual depreciation of $16,200, costs of $87,100, and sales of $123,000. The applicable tax rate is 40 percent. What is the operating cash flow according to the tax shield approach?

32 . The variance is the average squared difference between which of the following?

33 Which one of the following is defined as the average compound return earned per year over a multiyear period?

34 The rate of return on which one of the following is used as the risk-free rate?

35 Semistrong form market efficiency states that the value of a security is based on:

36 Which one of the following best describes a portfolio?

37 Which one of the following describes systemic risk?

38 The systematic risk principle states that the expected return on a risky asset depends only on which one of the following?

39 Which one of the following is the best example of unsystematic risk?

40 You own a portfolio that is invested 38 percent in Stock A, 43 percent in Stock B, and the remainder in Stock C. The expected returns on these stocks are 10.9 percent, 15.4 percent, and 9.1 percent, respectively. What is the expected return on the portfolio?

41 Diversifying a portfolio across various sectors and industries might do more than one of the following. However, this diversification must do which one of the following?

42 Which one of the following will increase the cost of equity, all else held constant?

43 Farm Equipment, Inc. announced this morning that its next annual dividend will be decreased to $1.80 a share and that all future dividends will be decreased by an additional 1.5 percent annually. What is the current value per share of this stock if the required return is 16.5 percent?

44 Judy's Boutique just paid an annual dividend of $1.65 on its common stock. The firm increases its dividend by 2.5 percent annually. What is the rate of return on this stock if the current stock price is $38.20 a share?

45 You need to use the pure play approach to assign a cost of capital to a proposed investment. Which one of the following characteristics should you most concentrate on as you search for an appropriate pure play firm?

46 Venture capital is most apt to be the source of funding for which one of the following?

47 Which one of the following is an underwriting of securities where the offer price is determined by investor bids?

48 A.B. Securities assists issuers by pricing and selling new securities to the general public. Which one of the following terms best fits the role that A. B. Securities is playing?

49 The Green Shoe option is most apt to be exercised when an IPO is ______ and _____.

50 Which one of the following commences on the day inventory is purchased and ends on the day the payment for that inventory is collected? Assume all sales and purchases are on credit.

51 . Which one of the following is the length of time that a retailer owes its supplier for an inventory purchase?

52 Which one of the following activities is a source of cash?

53 Which one of the following will increase the operating cycle?

54 Captain Kurt's Enterprises has a receivables turnover rate of 12.8, a payables turnover rate of 11.9, and an inventory turnover rate of 15.6. What is the length of the firm's operating cycle?

55 Harry Joiner, Inc. currently has an inventory turnover of 15.7, a payables turnover of 9.6, and a receivables turnover of 8.1. How many days are in the cash cycle?

56 Which one of the following best describes an initial public offering?

57 A.B. Securities assists issuers by pricing and selling new securities to the general public. Which one of the following terms best fits the role that A. B. Securities is playing?

58 The amount of time that a firm holds inventory in stock is referred to as which one of the following?

59 Which one of the following is the length of time that a retailer owes its supplier for an inventory purchase?

60 Wage Garnishers, Inc. has sales for the year of $50,300 and cost of goods sold of $23,700. The firm carries an average inventory of $4,800 and has an average accounts payable balance of $4,400. What is the inventory period?

61 Brown's Ferry Furniture Outlet has an accounts receivable period of 45 days and an accounts payable period of 96 days. The company turns over its inventory 2.8 times per year and marks up the inventory an average of 45 percent over its wholesale cost. What is the length of the firm's operating cycle?

62 Michael Jackson, Inc. currently has an operating cycle of 154 days and a cash cycle of 38 days. The firm is implementing some changes that will reduce the inventory period by 16 days and decrease the receivables period by 4 days on average. The accounts payable period will be decreased by 4 days. How many days will be in the new cash cycle once all of these changes become effective?

63 Which one of the following is most likely the fastest method of collecting cash?

64 Which one of the following is a primary benefit of implementing zero-balance accounts into a cash management system?

65 A firm offers credit terms of 1/5, net 25. How long is the net credit period?

66 River City Gifts has an average collection period of 20 days and annual sales of $650,000. What is the average investment in accounts receivable as shown on the balance sheet?

67 Electronics and More offers credit terms of 1/5, net 20. What is the effective annual rate on a $12,000 purchase if you forgo the discount?

68 You live in the U.S. and want to invest in a Chinese company, which will be referred to as "CC," because you believe its stock is uniquely positioned to be unusually profitable over the next five years. However, you do not have direct access to the Chinese financial markets. You may be able to indirectly invest in CC by purchasing which one of the following?

69 Which one of the following is the rate that most international banks charge when they loan Eurodollars to other banks?

70 Which one of the following terms is used to identify the concept that exchange rates vary to keep purchasing power constant among currencies?

71 Suppose a U.S. firm builds a factory in China, staffs it with Chinese workers, uses materials supplied by Chinese companies, and finances the entire operation with a loan from a Chinese bank located in the same town as the factory. This firm is most likely trying to greatly reduce, or eliminate, which one of the following?

72 The foreign subsidiary of a U.S. firm is profitable when profits are measured in the foreign currency but those profits become losses when measured in U.S. dollars. This is an example of which one of the following?