**1.** The difference between the market value of an investment and its cost is the:
       Net present value
       Internal rate of return
       Payback Period
       Profitability Index

**2.** The process of valuing an investment by determining the net present value of its future cash flows is called (the):

       Constant dividend growth model
       Discount cash flow valuation
       Expected earnings model
       Capital Asset Pricing Model

**3.** The length of time required for an investment to generate cash flow sufficient to recover its initial cost it the:
       Net present value
       Internal rate of return
       Payback period
       Profitability index

**4.** The discount rate that makes the net present value of an investment exactly equal to zero is the:
       Payback period
       Internal rate of return
       Average accounting return
       Profitability index

**5.** A situation in which taking one investment prevents the taking of another is called:
       Net present value profiling
       Operational ambiguity
       Mutually exclusive investment decisions
       Issues of scale
       Multiple rates of return

**6.** The chnages in the firms future cash flows that are a direct consequence of accepting a project are called:
       Incremental cash flows
       Stand-alone cash flows
       Aftertax cash flows
       Net present value cash flows
       Erosion cash flows

**7.** A cost that has alread been paid, or the liability to pay has already been incurred is a(n):
       Salvage value expense
       Net working capital expense
       Opportunity cost
       Sunk cost
       Erosion cost

**8.** The most valuable investment given up if an alternative investment is chosen is a(n):
       Salvage value expense
       Net working capital expense
       Sunk cost
       Opportunity cost
       Erosion cost

**9.** The possibility that errors in projected cash flows can lead to incorrect NPV estimates is called:
       Forecasting risk
       Projection risk
       Scenario risk
       Monte Carlo risk
       Accounting risk

**10.** An analysis of what happens to NPV estimates when we ask what-if questions is called:
       Forecasing analysis
       Scenario analysis
       Sensitivity analysis
       Simualtion analysis
       Break-even analysis

**11.** An analysis of the relation between sales volume and various measures of profitability is called:
       Forecasting analysis
       Scenario analysis
       Sensitivity analysis
       Simulation analysis
       Break-evem analysis

**12.** The return that lender require on their loaned funds to the firm is called the:
       Coupon rate
       Current yield
       Cost of debt
       Capital gains yield
       Cos of capital

**13.** The weighted averal of the firm's cost of equity, preferred stock, and after-tax debt is the:

       Reward to risk ratio for the firm
       Expected capital gains yield of the stock
       Expected capital gains yield for the firm
       Portfolio beta of the firm
       Weighted average cost of capital (WACC)

**14.** The proportions of the market value of the firm's assets financed via debt, common stock, and preferred stock are called the firms \_\_\_\_\_\_\_\_\_\_\_\_\_\_.
       Financing costs
       portfoliio weights
       Beta coefficient
       Capital structure weights
       Cost of capital

**15.** The legal document describing details of the issuing corporation and its security offering to potential investors is called the \_\_\_\_\_\_\_\_\_\_\_\_\_.
       Letter of comment
       Rights offering
       Offering prospectus
       Regulation A statement
       Tombstone advertisement

**16.** A public offering of securities offered for sale to the general public on a direct cash basis is called a:
       Best efforts offer
       Firm commitment offer
       General cash offer
       Rights offer
       Red herring offer

**17.** The use of personal borrowing to change the overall amount of finanical leverage to which the individual is exposed is called:
       Private debt placement
       Dividend recapture
       Homemade leverage
       A privileged subscription offer
       The weighted average cost of captial

**18.** The equity risk derived from the firm's operating activities is called \_\_\_\_\_\_\_\_ risk.
       market
       systematic
       extrinsic
       business
       financial

**19.** The proposition that the cost of equity is a positive linear function of capital structure is called :
       The Capital Asset Pricing Model
       M&M Proposition I
       M&M Propostion II
       The Law of One Price
       The Efficient Markets Hypothesis

**20.** The equity risk derived form the firm's capital structure policy is called \_\_\_\_\_\_\_\_\_\_\_ risk.
       market
       systematic
       extrinsic
       financial
       business

**21.** Payments made out of the firm's earning to its owners in the form of cash or stock are called:
       Dividends
       Distributions
       Share repurchases
       Payment-in-kind
       Stock splits

**22.** Payments made by a firm to its owners from sources other than current or accumulated earings is called:
       Dividends
       Distributions
       Share repurchases
       Payment-in-kind
       Stock splits

**23.** A cash payment made by a firm to its owners as a result of a one-time event is called a:
       Share repurchase
       Liquidating dividends
       Regular cash dividend
       Special dividend
       Extra cash dividend

**24.** The date by which a stockholder must be registered on the firm's roll as having share ownership in order to receive a declared dividend is called the \_\_\_\_\_\_\_\_\_.
       date of ex-rights
       date of ex-dividend
       date of record
       date of payment
       date of declaration

**25.** The date on which the board of directors passes a resolution authorizing payment of a dividend to the sharholders if the \_\_\_\_\_\_\_\_\_ date.
       ex-rights
       ex-dividend
       record
       payment
       declaration