**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