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| As the cost of capital is increased, the: |   |
|   | a. IRR remains constant. |   |
|   | b. Payback period remains the same. |
|   | c. Discounted payback period increases. |
|   | d. Both "b" and c. |   |   |
|   | e. All of the above |   |   |
|   |   |   |   |   |

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| In the event that Zoldt Corporation, which has a low P/E ratio, were to  |
| acquire Sky Corporation, which has a higher P/E ratio, an analyst can be  |
| certain that one of the following will occur. |   |   |   |
|   | a. Zoldt Corp. will see an immediate decrease in P/E. |   |
|   | b. Zoldt Corp. will see an immediate decrease in EPS. |
|   | c. Zoldt Corp. will see an immediate increase in the growth rate |
|   |   | of EPS. |   |   |   |   |
|   | d. Zoldt Corp. will see an immediate increase in EPS. |   |
|   |   |   |   |   |   |   |
| If a company's average collection period is higher than the industry average, |
| then the company might be: |   |   |   |   |
|   | a. Enforcing credit conditions upon its customers which are too |
|   |   | stringent. |   |   |   |   |
|   | b. Allowing its customers too much time to pay their bills. |
|   | c. Too tough in collecting its accounts. |   |   |
|   | d. Too liquid. |   |   |   |   |
|   |   |   |   |   |   |   |