|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 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. | | | | |  | |  | |  | |  |
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