**Question 1:**

Flying Penguins Corp. has total current assets of $11,845,175, current liabilities of $5,311,020, and an inventory of $7,000,000. What is the quick ratio?

**Question 2:**

NBA sensation Jeremy Lin is negotiating a new 5-year contract with the New York Knicks. The Knicks offer him the following “Lincredible” compensation proposals. Jeremy’s financial advisor says he can invest Jeremy’s savings in a “Linsane” mutual fund that yields 7% per year. To maximize the present value of his “Linvestment” which proposal should he accept?

1. $1 million signing bonus and then $2.4 million per year paid quarterly.
2. $5 million signing bonus and $9 million paid at the end of the contract.
3. No signing bonus and $15 million paid at the end of the contract.
4. $225,000 per month.

**Question 3:**

Finn Hudson wants to propose to Rachel Berry. Currently, he has $15,700 in his college savings account. Finn knows that the diamond ring that Rachel likes costs $20,000. He finds a part-time job with a singing telegram company where he can make $500 per week after tax. The McKinley Savings Bank offers the following investment options. Which one should Finn choose so that he can propose to Rachel as quickly as possible?

1. 4.5% simple interest.
2. 4.5% compound interest with quarterly compounding.
3. 4.5% compound interest with monthly compounding.
4. 4.5% compound interest with continuous compounding.

**Question 4:**

The risk-free rate of return is currently 5 percent, whereas the market risk premium is 11 percent. If the beta of Briar Tek's stock is 2, then what is the expected return on Briar Tek?

**Question 5:**

You invested $15,000 in a portfolio with an expected return of 10 percent and $10,000 in a portfolio with an expected return of 16 percent. What is the expected return of the combined portfolio?

**Question 6:**

The beta of Microsoft’s stock is 1.2, whereas the risk-free rate of return is 4 percent. Assume that the expected return on the market is 16 percent. Then, what is the expected return on Microsoft stock?

**Question 7:**

Oranges Inc. is considering a project that has the following cash flow and Cost of Capital data. What is the project's discounted payback?

Cost of Capital: 10.00%

Year 0 1 2 3 4

Cash flows -$950 $525 $485 $445 $405

**Question 8:**

In singer Whitney Houston’s will, she leaves her daughter, Bobbi Kristina, $20 million. Bobbi Kristina goes to the Body Guard Bank where her financial advisor, Frank Farmer, recommends that she use a discount rate of 5% when evaluating her investment alternatives. He tells her about an “I Will Always Love You” perpetuity investment that promises an initial payout of 2.0% at the end of the first year and subsequent payments that grow in each year. If Bobbi Kristina invests the entire $20 million in this perpetuity, what minimum growth rate will she need to break even? **1,2,3, or 4%?**