

系 所 組 別	考 試 科 目
財務金融學系	財務管理

考生請於答案卷內作答

**Problems :**

1. The following information has been expected for Lucade Compsny :

	<u>Expected Sale</u>		<u>Expected Sale</u>
January	\$ 55,000	May	\$ 88,000
February	120,000	June	100,000
March	160,000	July	85,200
April	140,000	August	250,000

Now Lucade ' s CFO is forecasting cash receipts. For each month, if 25percent of sales are collected in cash, 55percent of sales are collected after one month, and 20percent of sales are collected after two months. Given the above information, please calculate the cash receipts for March, April, May, and June. (12%)

2. Given the following information, please solve the problem for Johnson Bear ' s CFO :

Johnson Bear, Inc.

	<u>2004</u>	<u>2005</u>
Sales	\$ 857	\$ 662
Cost of goods sold	380	230
Interest paid	28	40
Dividends	18	21
Depreciation	220	240
Cash	66	55
Accounts receivables	388	442
Current liabilities	490	455
Inventory	442	550
Long-term debt	460	610
Net fixed assets	1,770	1,288
Common stock	705	314
Tax rate	35%	35%

(A) Caculate the change in net working capital from 2004 to 2005. (4%)

(B) Compute the cash flow from assets for 2005. (12%)

(C) Compute the cash flow to creditors for 2005. (5%)

3. K&T Company buys 50,000 rolls of copper wire a year. It costs \$ 40 to place an order and the carrying cost is \$ 250 per roll per year.

(A) What is the optimal order quantity ? (4%)

(B) How many order are placed per year ? (4%)

(C) If the wire manufacturer offers a discount of \$ 1 per roll for buying 180 rolls at a time, should K & T Company abandon use of the EOQ to get the discount ? (7%)

4. The purpose of this problem is to test whether you understand the concepts of underpricing and overpricing. Please determine and explain which securities are underpriced or overpriced. (16%)

<u>Instrument</u>	<u>Expected Return</u>	<u>Beta</u>
KKK Stock	18%	1.3
YYY Stock	10%	1.2
MMM Stock	14.5%	0.8
TTT Stock	11%	0.3
S&P500	15%	1.0
T-bill(91days)	6%	0

5. Johnny wants to save \$ 100,000 to buy a new car 4 years from now. He decides to set aside an equal amount of money on the first day of each year starting today. He can earn a 6.5 percent interest rate of return on the money he saves. How much does he have to save each year to achieve his goal ? (6%)

6. A&B Company is thinking to buy M&M Company. The earnings of A&B Company is \$ 25million, and A&B Company has 5 million shares of common stock outstanding. The current stock price of A&B Company is \$ 80 a share. The target company, M&M, has 4 million shares of common stock outstanding, and its earnings is \$ 10 million. The price-earnings ratio of M&M company is 8x.

(A) Please calculate the exchange ratio. (10%)

(B) Kelly is looking at an investment that has an effective annual rate of 22%. What is the effective semiannual return ? (5%)

7. Why is accounting income not the same as cash flow ? Please write at least two reasons. (5%)

8. Kelly is looking at an investment that has an effective annual rate of 22%. What is the effective semiannual return ? (5%)