**Exam “Corporate Finance” (60 points):**

**Tests**

**(Each test has the only one correct answer. Please, highlight the correct answer. You can type Your decision under the test, if it is needed. Every test with correct answer is evaluated by 2 points):**

**1.Which of the following types of business organization is more likely to enter into long-term contracts?**

1. sole proprietorships
2. partnerships
3. corporations
4. any of the above

**2. Choose the fixed asset from the list:**

1. accounts payable
2. registered capital
3. vehicle
4. bank credit

**3. Which of the following statements best summarizes what a business partnership is all about?**

a. Partners own the partnership’s assets together.

b. Partnerships can harness the skills and expertise of more than one person.

c. A partnership involves two or more persons engaged in economic activity.

d. Partners need careful planning to succeed in business.

**4. Choose the current asset from the list:**

1. building
2. inventories
3. provisions
4. accounts payable

5. The beginning inventory at the firm was 15 units, which were purchased last year at $12 each. During current year company purchases 7 units at $13 apiece, and later, 4 units at $14 apiece. The company sells 11 units during the current year. **Which of the following inventory valuation methods yields the lowest ending inventory value for this inventory item?**

1. FIFO
2. LIFO
3. weighted average
4. All these methods yield the same value for ending inventory.

**6. Choose the intangible asset from the list:**

1. Transport
2. Inventories
3. Accounts receivable
4. Trade mark
5. **What is the formula of the operational cycle:**
6. Days Inventory Outstanding + Days Sales Outstanding – Days Payables Outstanding
7. Production cycle+ Days Sales Outstanding
8. Production cycle – Days Payables Outstanding
9. Days Inventory Outstanding – Days Sales Outstanding + Days Payables Outstanding

**8.The expression that describes the terms of goods delivery: “n/m netto e” the symbol “m” means:**

1. discount;
2. the period of discount;
3. the term of accounts receivables;
4. banking interest rate;
5. no correct answer.

**9.With increasing of accounts receivable turnover index in twice, the period of its turnover will:**

1. reduce four times;
2. remain unchanged;
3. increase four times;
4. reduce twice;
5. increase twice.

**10. What is the formula of cash liquidity:**

1. Current assets/ Current liabilities
2. (Current assets – inventories)/ Current liabilities;
3. (Cash and marketable securities + Short-term financial investments + Accounts receivable)/ Current liabilities
4. (Cash and marketable securities + Short-term financial investments)/ Current liabilities
5. The Coral Reef Adventure Resort plans to transport guests to its underwater facility in a submarine. The sub cost $250,000, has a salvage value of $10,000, and has an estimated useful life of 48,000 hours, or 6 years’ use. During the first year of the sub’s operation, it was used for 8,000 hours. **What method of depreciation will give the lowest value for the first year:**
6. straight-line method
7. units of production method
8. sum-of-the-years’ digits method
9. double declining balance method

**12.what items belong to debts:**

* 1. registered capital
  2. Reserve capital
  3. Short-term financial investments
  4. Short-term bank credit
  5. received notes

13.there are the following types of the working capital financing policies :

1. aggressive, stabilizing, moderate;
2. stimulating, supportive, aggressive;
3. moderate, conservative, aggressive;
4. effective, passive, active;
5. conservative, active, moderate.

**14. The income statement is the report:**

1. about incomes and expenses of the company;
2. that reflects changes in equity during the reporting period;
3. about the financial state, which reflects assets, liabilities and equity;
4. which reflects the cash inflow, outflow;
5. the excess of expenditure over income.

**15. formula of net working capital:**

1. current assets – current liabilities
2. fixed assets – Accruals and deferred income
3. current liabilities – current assets
4. Prepayments and deferred costs + Accruals and deferred income
5. current assets + Long-term liabilities

**Tasks**

**Please, type Your decision of each task. Every task with correct answer is evaluated by 6 points)**

**Task 1**

**what item of the balance sheet contains:**

* + issued shares - ? equity
  + repurchased shares - ? tresuary stock
  + issued bonds - ? other long term liabilities
  + bought shares - ? other financial investments
  + bought bonds - ? financial invesments
  + received notes - ? account recievable
  + issued notes - ? account payable
  + financial leasing - ? long term liability

**Task 2**

**Determine, which type of activity (Operating, Financing, Investing) are the following operations:**

* Company paid dividends to shareholders - ? financing
* Company bought shares of another firm - ? investing
* Company produced goods - ? operating
* Company attracted bank credit? financing
* Company paid back bank credit? financing
* Company paid salary to workers - ? operating
* Company opened the deposit account in the bank - ? investing
* Company issued shares -? financing
* Company received dividends - ? investing
* Company bought new building - ? investing
* Company bought raw materials - ? operating

**Task 3:**

**what kind of changes in balance sheet cause next business operations:**

**Balance sheet:**

|  |  |
| --- | --- |
| Assets | Equity+Liabilities=Total Capital |
| 1. Company issued and sold bonds 18000 | |
| Cash+ | Long-term liabilities+ |
| 1. Company bought current financial investments 4600 | |
| Financial invesments + cash - |  |
| 1. Company returned the long-term bank credit 25000 | |
| Cash- | Liabilities- |

**Task 4**

Enterprise’s property is 25000, accumulated depreciation is 50% from the Fixed assets original value, raw materials 1000, cash liquidity 0,6, finished product 1200, incomplete production is 80% from finished product, Accounts receivable 1000, cash?, autonomy 60%, Long-term bank credit 560, 40% of the Current liabilities is Short-term bank credit. **Form the simplified balance sheet, find the Fixed assets original value.**

|  |  |
| --- | --- |
| Assets =25000 | Equity+Liabilities=Total Capital = 25000 |
| Fixed Assets = 25000-9824 =15176 | Equity 15000 |
| Curent assets = 9824 | Long term debts 560 |
| Account receivable 1000 | Short term debts = 25000-15000-560=9440 |
| Cash 5664 | Account payable = 9440-3776=5664 |
| Inventories = 1000+1200+960 | Short term bank credit = 0.4\*9440=3774 |
|  |  |

**Autonomy = 25000\*0.6=15000**

**Cash liquidity 0.6\*9440=5664**

**Original value = 15176\*2 = 30352**

**Task 5**

Company attracted bank credit in amount 20000 for 4 years with annual interest rate 13%. **Calculate cash outflows, that company has to pay to the bank each year and define total amount of financial costs.**

1 year 20000/4 +20000\*01.13=7600

2 year 20000/4 +(20000-5000)\*01.13=6950

3 year 20000/4 +(20000-10000)\*01.13=6300

4 year 20000/4 +(20000-15000)\*01.13=6150

Total amount of costs is 7000