

«Debts»

1. where do the financial recourses fix (form of financial report)
2. where can be found debts (form of financial report)
3. what is norm of debt-to-financial resources ratio
4. explain terms: Long-term provisions, Current provisions, Accruals and deferred income
5. reasons of getting loans, debts increasing
6. define the credit Principles
7. structure of banking interest rate
8. to what type of economic activity belong: getting short-term credit, getting long-term credit, leasing, bonds emission, accounts payable increasing
9. what item of the balance sheet can contain:
 - issued shares,
 - repurchased shares,
 - issued bonds,
 - bought shares,
 - bought bonds
 - received notes
 - issued notes
 - financial leasing
10. what form of financial report contains: banking interest rate, interest by issued bonds
11. essence and formula of Degree of financial leverage

Tests

1.what items belong to debts:

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

2.the risk of creditors is maximum, if there is:

- 1) reduction of financial leverage Differential;
- 2) increasing of financial leverage Differential
- 3) Differential is zero;
- 4) negative value of financial leverage Differential;
- 5) financial leverage Differential does not affect the amount of risk lenders.

3. due to the concept of financial leverage following statement is correct:

- 1) The lower the interest rate and the bigger profit the higher Degree of financial leverage and financial risk;
- 2) the bigger interest rate and profit, the higher Degree of financial leverage and financial risk;
- 3) the bigger interest rate and lower profit, the higher Degree of financial leverage and financial risk;
- 4) the bigger interest rate and lower profit, the lower Degree of financial leverage;
- 5) if loans are not involved, financial risk and minimal and Degree of financial leverage is maximum.

4. choose the correct statement:

- 1) while increasing of the financial leverage differential, financial leverage shoulder is growing;
- 2) while reducing of the differential, financial leverage shoulder is decreasing;
- 3) while increasing of financial leverage shoulder, the differential is decreasing;
- 4) while increasing of financial leverage shoulder, the differential remains unchanged;
- 5) at a constant financial leverage shoulder, the differential is increasing.

5. choose the correct statement:

- 1) while increasing of the financial leverage differential, financial risk is growing;
- 2) while increasing of the financial leverage differential, financial risk is reducing;
- 3) while increasing of the financial leverage differential, financial risk is unchanged;
- 4) while decreasing of the financial leverage differential, financial risk is reducing;
- 5) no correct answer.

6. there are the following types of policies as parts of the of current assets and liabilities management

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

7. The effect of financial leverage is characterized by additional growth to profitability of:

- 1) assets;
- 2) tangible assets;
- 3) current assets;
- 4) equity;
- 5) debts.

8. the financial leverage shoulder - is:

- 1) equity -to- debt ratio
- 2) debt-to-equity ratio
- 3) equity -to- liabilities ratio
- 4) debt-to- liabilities ratio

9. 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.

10. 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.

11. Reduction of fixed costs (all other items are unchanged) leads to:

- 1) increase the break-up point;
- 2) increase of the margin profit;
- 3) increase liquidity;
- 4) reducing financial stability;
- 5) reduce the break-up point.

12. The income statement (form 2) 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.

13. formula of 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

14. Define the period for which an initial capital of \$ 25,000 will increase to 40 000, if simple interest rate (28% per year) is used:

- 1) 3,1 years;
- 2) 2,1 years;
- 3) 4,3 years;
- 4) 4,7 years;

5) 2,8 years.

15. What should be compound interest rate to triple the initial capital in 2 years:

- 1) 73,2 %;
- 2) 26,0 %;
- 3) 32,5 %;
- 4) 45,0 %;
- 5) 20,0 %.

16. Determine what interest rate is more profitable for capital UAH 10,000, that can be invested for 5 years:

- 1) simple interest rate 30% per year;
- 2) compound interest 25% per year with quarterly accrual;
- 3) simple interest 29% per year;
- 4) compound interest 30% per year;
- 5) compound interest 29% per year with monthly interest charge?

task 1. firm has got the credit 8000 for 4 years, interest rate 15% per year. Calculate credit payments

task 2

Choose the most reasonable way of capital forming:

Index, mln. UAH.	1 variant	2 variant
Incomes	50	50
Costs	40	40
EBIT		
Financial costs		
EBT		
Tax profit (25%)		
Profit after taxation		
Dividends by preferred shares		
Net profit		
Dividends by simple shares		
Retained earning		

– 1 variant: emission of 1 mln. simple shares, nominal value of which 10 UAH. (10% of net profit goes to dividends)

– 2 variant: emission of bonds amount 10 mln. UAH with interest rate 12%

task 3

Enterprise received commercial credit 30000 hrn. with possibility of deferred payment during 50 days and discount 3% during 5 days since supply data. Define the need to involve a bank loan at 30% per year.

How will change the need in bank loan, if discount will increase to 5%.

How will change the need in bank loan, if possibility of deferred payment will increase to 60 days.

Calculate the cost of commercial credit, if payment for production will be done on third day.

What is the most optimal day for payment?

task 4

leasing terms: value of equipment 100000 UAH., period of leasing 5 years. lesser gets the cash credit for equipment purchase 100000 UAH. at interest rate 30%. Liquidation value 10000 UAH. Annual margin of lesser 3%, insurance rate 2%. Calculate leasing payments.

task 5

there is accounts receivable 160000 UAH. The factoring agreement was signed by next terms: collection period 17 days, a fee per transaction - 2%; pre-payment - 75%, interest rate 20% per year

task 6

firm buys raw materials in terms 4/5 netto 45. the value of raw materials 150 000 UAH. There is the possibility to obtain bank credit at interest rate 17% per year. Make the decision

task 7

define the term for initial capital 10000 increasing to 40000, if there is:

- a) simple interest 14 %;
- b) compound interest 17 %;
- b) interest rate 16% per year with quarterly accrual;

task 8

To cover the loan, received under the compound interest rate 20%, annual payments of 3000 should be made during 7 years (at the end of year).

The changed conditions give possibility from the beginning to pay 4000. Identify new term for which the debt will be paid completely.

task 9

received credit was invested at compound rate 22%. There are two variants in payments with creditors: pay 30000 in 2 years or 36 000 in three years. Which is better?

Task 10

The company-supplier received note receivable from its buyer in amount 2000, annual interest rate according to the note receivable 12%, life of note (payment delay) 60 days. In 30 days after the note receiving the company-supplier wants to discount it in the bank before the maturity date (cash the note before it is due). The discount rate (price of discounting service in bank) 14% (I case); 20% (II case). Calculate proceeds for company-supplier.