

Learner Information

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Attempt: 1

Started: Mar 22, 2024 12:11:53 AM

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Questions Answered: 15/15

Final Score: 100% Pass

Your Final Score is calculated as (Correct Answers ÷ Total Questions) × 100%.

Answer Overview

Learning Objective

Questions Group 1

Score: 15/15

1. Which of the following are examples of institutional investors? Select ALL correct answers.

Correct

2. Which of the following is the correct ordering of the capital stack (from most secure to least secure)?

Selected Answer: Senior debt -> Subordinated debt-> Equity

Correct

3. Which of the following statements is correct?

Selected Answer: Financial buyers are institutions that provide capital and are not operators.

Correct

4. What should a company do if it wants to reduce the number of shares outstanding?

Selected Answer: Repurchase shares

Correct

5. Which of the following M&A transaction equations is correct?

Selected Answer: Value created = Stand-alone value + Net synergies – Consideration (price paid)

Correct

6. Which of the following is not a function of public accounting firms?

Selected Answer: Financial Planning & Analysis

Correct

7. Cash 100,000 Debt 60,000 Tax Rate 10% Discount Rate 6% Enterprise Value 500,000 Perpetual Growth Rate 4% Given the data in the above table, calculate market capitalization of this hypothetical company.

Selected Answer: \$540,000

Correct

8. Which of the following best describes a best efforts underwriting commitment?

Selected Answer: Underwriter commits to selling as much of the issue as possible at the agreed-on offering price but can return any unsold shares to the issuer without financial responsibility.

Correct

9. Which of the following statements about capital structure are correct? Select ALL correct answers.

Correct

10. Cost of Equity 5% Cost of debt 7% Debt 60% Equity 40% Given the data in the above table, what is the weighted average cost of capital of this company?

Selected Answer: 6.2%

Correct

11. Free Cash Flow 100 Growth rate 2% Tax Rate 1% Cost of Capital 5% Debt-to-total value 50% Given the data in the above table, what is the terminal value of the business (using the growing perpetuity formula)?

Selected Answer: 3400

Correct

12. Which of the following companies has the lowest degree of leverage?

Selected Answer: 20% Debt, 80% Equity

Correct

13. Which of the following debt repayment profiles involves a growing / accrued interest amount over time?

Selected Answer: Pay in kind debt

Correct

14. Which of the following is NOT a form of subordinated debt?

Selected Answer: Revolver

Correct

15. Which of the following best describes a leveraged buyout fund's acquisitions?

Selected Answer: Investing in mature businesses

Correct