Corporate Finance Core Principles and Applications 6th edition Ross Test Bank

SKU: 9781260013894-TEST-BANK

Corporate Finance Core Principles and Applications 6th Edition by Ross Ch01

Answers are located in the second half of this document.

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

1) Which one of these is an intangible asset?

A) A building
B) Accounts receivable
C) Inventory
D) A loan to a client
E) A patent

Question Details
Difficulty : 1 Basic
Topic : Asset classes
Bloom's : Remember
Section : 1.1 What Is Corporate Finance?
Accessibility : Keyboard Navigation

2) Current assets include

A) inventory and cash.
B) cash and buildings.
C) inventory and machinery.
D) equipment and cash.
E) buildings and inventory.

Question Details
Topic : Asset classes
Section : 1.1 What Is Corporate Finance?
Difficulty : 2 Intermediate
Bloom's : Understand
Accessibility : Keyboard Navigation

3) Short-term finance

A) ensures sufficient equipment is available to produce the daily amount of product desired.
B) ensures that long-term debt is acquired at the lowest possible cost.
C) ensures that dividends are paid to all stockholders on an annual basis.
D) balances the amount of company debt to the amount of available equity.
E) is concerned with managing net working capital.

Question Details
Topic : Net working capital
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.1 What Is Corporate Finance?
Accessibility : Keyboard Navigation

4) Which one of the following is a capital budgeting decision?

A) Deciding whether to open an office in a foreign location
B) Determining how quickly customers are required to pay their receivables
C) Determining whether to use short- or long-term liabilities
D) Deciding how many shares of stock to repurchase
E) Determining how much cash to keep on hand

Question Details
Topic : Capital budgeting
Section : 1.1 What Is Corporate Finance?
Difficulty : 2 Intermediate
Bloom's : Understand
Accessibility : Keyboard Navigation

5) The managers in a firm have agreed to move the company's headquarters from a rented space to a new building that the company will purchase. The is an example of

A) a net working capital decision.
B) a capital budgeting decision.
C) a short-term financing decision.
D) a capital structure decision.
E) a cash flow decision.

Question Details
Topic : Capital budgeting
Section : 1.1 What Is Corporate Finance?
Difficulty : 2 Intermediate
Bloom's : Understand
Accessibility : Keyboard Navigation

6) Which of the following is a net working capital decision?

A) Deciding whether to build an apartment building
B) Negotiating whether to lease or buy a new store location
C) Determining whether to issue debt or equity to pay for the firm's expansion
D) Deciding how much inventory to keep on hand
E) Determining whether to replace a fleet of vehicles

Question Details
Topic : Net working capital
Section : 1.1 What Is Corporate Finance?
Difficulty : 2 Intermediate
Bloom's : Understand
Accessibility : Keyboard Navigation

7) The process of planning and managing a firm's long-term investments is referred to as

A) capital budgeting.
B) agency cost analysis.
C) financial depreciation.
D) working capital management.
E) capital structure.

Question Details
Topic : Capital budgeting
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.1 What Is Corporate Finance?
Accessibility : Keyboard Navigation

8) Capital structure decisions involve the

A) determination of the ideal mix of current versus long-term assets.
B) deciding which fixed assets will be used to produce a tangible product.
C) determination of the ideal mix of current assets and current liabilities.
D) choices related to acquiring or disposing of long-term assets.
E) choices related to long-term debt and equity financing.

Question Details
Topic : Capital structure
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.1 What Is Corporate Finance?
Accessibility : Keyboard Navigation

9) Net working capital is best defined as

A) excess cash on hand.
B) a firm's current assets.
C) current assets minus current liabilities.
D) total assets minus total liabilities.
E) cash and near-cash assets.

Question Details
Topic : Net working capital
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.1 What Is Corporate Finance?
Accessibility : Keyboard Navigation

10) The treasurer and the controller of a corporation generally report to the

A) president.
B) board of directors.
C) chief executive officer.
D) chief financial officer.
E) chairperson of the board.

Question Details
Topic : Management organization and roles
Section : 1.1 What Is Corporate Finance?
Difficulty : 2 Intermediate
Bloom's : Understand
Accessibility : Keyboard Navigation

11) Which one of the following statements is correct concerning the organizational structure of a corporation?

A) The vice president of finance reports to the chairperson of the board.
B) The chief operations officer reports to the chief executive officer.
C) The controller reports to the president.
D) The treasurer reports to the chief executive officer.
E) The chief operations officer reports to the vice president of production.

Question Details
Topic : Management organization and roles
Section : 1.1 What Is Corporate Finance?
Difficulty : 2 Intermediate
Bloom's : Understand
Accessibility : Keyboard Navigation

12) The key difference between the responsibilities of the controller and those of the treasurer is best defined as the separation of duties between

A) managing assets versus managing debt and equity.
B) processing tax records versus accounting records.
C) national versus international operations.
D) production versus marketing.
E) accounting records versus cash control.

Question Details
Topic : Management organization and roles
Section : 1.1 What Is Corporate Finance?
Difficulty : 2 Intermediate
Bloom's : Understand
Accessibility : Keyboard Navigation

13) Which position is generally directly responsible for financial planning and capital expenditures?

A) Controller
B) Treasurer
C) Director
D) Chairperson of the board
E) Chief operations officer

Question Details
Topic : Management organization and roles
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.1 What Is Corporate Finance?
Accessibility : Keyboard Navigation

14) Which type of business is the easiest and cheapest to form?

A) Limited partnership
B) Limited liability company
C) General partnership
D) Corporation
E) Sole proprietorship

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

15) A business entity formed by two or more individuals who each have unlimited liability for business debts is called a

A) corporation.
B) sole proprietorship.
C) general partnership.
D) limited partnership.
E) limited liability company.

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

16) The division of profits and losses among the members of a partnership is formalized in the

A) indemnity clause.
B) partnership agreement.
C) statement of purpose.
D) indenture contract.
E) group charter.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

17) Which of the following forms of business offer limits on the liabilities of some or all owner(s)?

A) Corporation
B) Sole proprietorship
C) General partnership
D) Corporation, sole proprietorship, and general partnership
E) Sole proprietorship and general partnership

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

18) Which of the following is treated as a distinct legal entity separate from its owners?

A) Limited partnership
B) Sole proprietorship
C) General partnership
D) Corporation
E) Limited partnership and corporation

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

19) Which one of these is a corporate document that sets forth the intended life of the firm?

A) Federal charter
B) Articles of incorporation
C) Corporate bylaws
D) Indenture contract
E) State charter

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

20) Which one of the following statements concerning a sole proprietorship is correct?

A) A sole proprietorship has an unlimited lifespan.
B) The owner of a sole proprietorship may be forced to sell personal assets to pay company debts.
C) The owners of a sole proprietorship share profits as established by the partnership agreement.
D) If the owner of a sole proprietorship receives profits from the firm, the profits are subject to double taxation.
E) A sole proprietorship may issue shares of stocks to expand the firm.

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

21) Sole proprietorships

A) are expensive to set up.
B) create unlimited liability for their owners.
C) are faced with double taxation of profits.
D) can have multiple owners.
E) provide limited liability to owners.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

22) Which one of the following statements concerning a sole proprietorship is correct?

A) The life of the firm is limited to the life span of the owner.
B) The owner can generally raise large sums of capital quite easily.
C) A formal charter is required to form a new proprietorship.
D) The company must pay separate taxes from those paid by the owner.
E) The legal costs to form a sole proprietorship are quite substantial.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

23) Which one of the following best describes the primary advantage of being a limited partner rather than a general partner?

A) No potential financial loss
B) Entitlement to a larger portion of the partnership's income
C) Liability for firm debts limited to the capital invested
D) Greater management responsibility
E) Ability to manage the day-to-day affairs of the business

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

24) A general partner

A) cannot lose more than the amount of his/her equity investment.
B) has less legal liability than a limited partner.
C) faces double taxation whereas a limited partner does not.
D) has more management responsibility than a limited partner.
E) is the term applied only to corporations that invest in partnerships.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

25) A limited partnership generally

A) has less of an ability to raise capital than a proprietorship.
B) has 10 or more limited partners and no general partners.
C) permits limited partners to sell their ownership interest without the partnership terminating.
D) is taxed the same as a corporation.
E) provides for the transfer of a general partner's ownership interest to any outside party.

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

26) Which of the following is an advantage of a general partnership, relative to a regular C-corporation?

A) Unlimited life of the firm
B) Unlimited personal liability for the firm's debt
C) Ability to have an unlimited number of owners
D) Ease of transferring ownership to others
E) Profits are taxed as individual income

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

27) In a limited partnership, each limited partner's liability is limited to

A) his/her net worth.
B) his/her annual income from the partnership.
C) the amount he/she invested in the partnership.
D) the liabilities that each partner incurred.
E) his/her percentage of the ownership of the partnership.

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

28) HyunJi purchased 3,000 shares of a company's stock for $7 per share. Her purchase represents a 10 percent ownership in the firm. The shares have increased in value to today's market value of $23 per share. Assume the company goes bankrupt and owes $870,000 more in debts than the firm can pay after liquidating all of its assets. What is the maximum loss per share HyunJi will incur on this investment?

A) $0 per share
B) $7 per share
C) $15 per share, computed as ($7 + 23) / 2
D) $23 per share
E) $29 per share, computed as (10% × $870,000) / 3,000 shares

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation

29) Which one of the following statements is correct concerning corporations?

A) The shareholders of a corporation select the top managers of that corporation.
B) A corporation is a distinct legal entity.
C) The stockholders are usually the managers of a corporation.
D) The ability of a corporation to raise capital is quite limited.
E) The income of a corporation is taxed as personal income of the stockholders.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

30) Which one of the following statements is correct?

A) All types of business formations have limited lives.
B) Partnerships are the most complicated type of business to form.
C) Sole proprietorships and partnerships are taxed in a similar fashion.
D) General partnerships and corporations provide limited liability for all owners.
E) Both partnerships and corporations incur double taxation.

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

31) The articles of incorporation

A) can be used to remove company management.
B) are amended annually by the company stockholders.
C) set forth the number of shares of stock that can be issued.
D) set forth the rules by which the corporation regulates its existence.
E) can set forth the conditions under which the firm can avoid double taxation.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

32) The articles of incorporation

A) establish the rights of the shareholders.
B) are rules that apply only to limited liability companies.
C) address only those issues related to a corporation's managers and directors.
D) establish the compensation to be granted to senior managers.
E) include only the name, purpose, and intended life of the corporation.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

33) The owners of a limited liability company benefit from

A) being taxed like a corporation.
B) having liability exposure similar to that of a sole proprietor.
C) having all business income appear on their personal tax returns.
D) having liability exposure like that of a general partner.
E) being taxed like a corporation with liability like a partnership.

Question Details
Topic : Forms of business organization
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

34) Which one of the following business types is best suited to raising large amounts of capital?

A) Sole proprietorship
B) Limited liability company
C) Limited partnership
D) General partnership
E) Corporation

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

35) Which type of business organization has all the respective rights and privileges of a legal person?

A) Sole proprietorship
B) Corporation
C) General partnership
D) Limited partnership
E) Limited liability company

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

36) The rules by which corporations govern themselves are called

A) indenture provisions.
B) indemnity provisions.
C) bylaws.
D) charter agreements.
E) articles of incorporation.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

37) A business entity operated and taxed like a partnership, but with limited liability for the owners, is called a

A) limited liability company.
B) general partnership.
C) limited proprietorship.
D) sole proprietorship.
E) corporation.

Question Details
Topic : Forms of business organization
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.2 The Corporate Firm
Accessibility : Keyboard Navigation

38) The issuance of new equity shares is a cash flow from _______ to _______

A) long-term lenders; the firm.
B) the firm; its shareholders.
C) the firm's suppliers; the firm.
D) the financial markets; the firm.
E) the firm; its creditors.

Question Details
Difficulty : 1 Basic
Bloom's : Remember
Topic : Cash flows
Section : 1.3 The Importance of Cash Flows
Accessibility : Keyboard Navigation

39) Dividends are a cash flow from

A) a firm to the financial markets.
B) a shareholder to a firm.
C) the government to a shareholder.
D) the financial markets to a firm.
E) a firm to the government.

Question Details
Difficulty : 1 Basic
Bloom's : Remember
Topic : Cash flows
Section : 1.3 The Importance of Cash Flows
Accessibility : Keyboard Navigation

40) A store receives cash when a customer

A) buys an item using store credit.
B) exchanges one item for another at the same price.
C) pays their bills from the store.
D) purchases an item using a credit card.
E) returns an item purchased with cash.

Question Details
Difficulty : 2 Intermediate
Bloom's : Understand
Topic : Cash flows
Section : 1.3 The Importance of Cash Flows
Accessibility : Keyboard Navigation

41) Which one of these statements is correct?

A) Firms prefer to receive cash later rather than sooner.
B) Corporate finance focuses on sales and profits.
C) Value creation depends solely on profits.
D) The amount of April sales must equal the amount of cash received by the firm during April.
E) The cash flows of a firm are generally uncertain.

Question Details
Difficulty : 2 Intermediate
Bloom's : Understand
Topic : Cash flows
Section : 1.3 The Importance of Cash Flows
Accessibility : Keyboard Navigation

42) According to the textbook, the primary goal of financial management is to

A) maximize current dividends per share of the existing stock.
B) minimize operational costs and maximize firm efficiency.
C) maintain steady growth in both sales and net earnings.
D) maximize the current value per share of the existing stock.
E) avoid financial distress.

Question Details
Topic : Goal of financial management
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.4 The Goal of Financial Management
Accessibility : Keyboard Navigation

43) The goal of financial management focuses on the fact that

A) the company will grow in size.
B) employee salaries should increase over time.
C) the current stockholders are the owners of the corporation.
D) the firm should expand faster than its competitors.
E) the current corporate officers should be highly compensated.

Question Details
Topic : Goal of financial management
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.4 The Goal of Financial Management
Accessibility : Keyboard Navigation

44) The decisions made by financial managers should focus on increasing the

A) size of the firm.
B) growth rate of the firm.
C) market value of the existing owners' equity.
D) marketability of the managers.
E) market share of the firm's products.

Question Details
Topic : Goal of financial management
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.4 The Goal of Financial Management
Accessibility : Keyboard Navigation

45) Which one of the following actions by a financial manager *least* meets the goal of financial management?

A) Increasing current costs in order to increase the market value of the stockholders' equity
B) Agreeing to expand the company at the expense of stockholders' value
C) Refusing to lower selling prices if doing so will reduce the net profits
D) Agreeing to pay bonuses based on the market value of the company stock
E) Refusing to borrow money when doing so will create losses for the firm

Question Details
Topic : Goal of financial management
Difficulty : 2 Intermediate
Bloom's : Understand
Section : 1.4 The Goal of Financial Management
Accessibility : Keyboard Navigation

46) Which one of the following options is the*least* appropriate way to convince managers to work in the best interest of the current stockholders?

A) Receiving a bonus based on company profits
B) Receiving stock options
C) Being threatened with a proxy fight
D) Receiving a bonus based on company size
E) Receiving company shares based on increases in share value

Question Details
Topic : Agency costs and problems
Difficulty : 2 Intermediate
Bloom's : Understand
AACSB : Ethics
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

47) Which one of these terms refers to a conflict of interest between the stockholders and managers of a corporation?

A) Stakeholder claim
B) Corporate activism
C) Legal liability
D) Breach of indemnity
E) Agency problem

Question Details
Topic : Agency costs and problems
Difficulty : 1 Basic
Bloom's : Remember
AACSB : Ethics
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

48) Agency costs refer to

A) corporate income subject to double taxation.
B) the total dividends paid to stockholders over the lifetime of a firm.
C) the costs of any conflicts of interest between stockholders and management.
D) the costs that result from default and bankruptcy of a firm.
E) the total interest paid to creditors over the lifetime of the firm.

Question Details
Topic : Agency costs and problems
Difficulty : 1 Basic
Bloom's : Remember
AACSB : Ethics
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

49) Who ultimately controls a corporation?

A) Stakeholders
B) Chairman of the board
C) Stockholders
D) Chief executive officer
E) Board of directors

Question Details
Topic : Agency costs and problems
Difficulty : 1 Basic
Bloom's : Remember
AACSB : Ethics
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

50) A stakeholder is best described as any

A) person or entity owning shares of corporate stock.
B) person or entity having voting rights based on stock ownership.
C) current manager who was involved in a firm's creation.
D) creditor to whom the firm currently owes money.
E) person or entity, other than a stockholder or creditor, who potentially has a claim on a firm's cash.

Question Details
Topic : Introduction to corporate finance
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

51) Which form of business structure is least likely to experience agency problems?

A) Sole proprietorship
B) General partnership
C) Limited partnership
D) Limited liability company
E) Corporation

Question Details
Topic : Agency costs and problems
Difficulty : 2 Intermediate
Bloom's : Understand
AACSB : Ethics
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

52) A proxy fight occurs whenever

A) any board member is up for re-election.
B) a firm files for bankruptcy.
C) a shareholder sells shares in the open market.
D) a group solicits votes to replace the current board of directors.
E) a firm is declared insolvent.

Question Details
Topic : Shareholder voting
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

53) Which one of these parties*cannot* be a stakeholder of a firm?

A) Newly hired company employee
B) Government
C) Firm's creditors
D) Business located next door to the firm
E) Firm's customers

Question Details
Topic : Introduction to corporate finance
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

54) Which one of the following options is the *least* appropriate way to encourage managers to act in the best interest of shareholders?

A) Shareholder election of the board of directors, who in turn select managers
B) Threat of a takeover by another firm
C) Linking manager compensation to share value
D) Compensating managers with fixed salaries
E) Granting stock options to key managers

Question Details
Topic : Agency costs and problems
Difficulty : 2 Intermediate
Bloom's : Understand
AACSB : Ethics
Section : 1.5 The Agency Problem and Control of the Corporation
Accessibility : Keyboard Navigation

55) Insider trading is

A) illegal.
B) impossible to have in our efficient market.
C) legal.
D) discouraged, but legal.
E) defined as the trading of stock by a corporate director based on publicly available information.

Question Details
Topic : Ethics, governance, and regulation
Difficulty : 2 Intermediate
Bloom's : Understand
AACSB : Ethics
Section : 1.6 Regulation
Accessibility : Keyboard Navigation

56) Which one of the following is a key requirement of the Sarbanes-Oxley Act?

A) Officers of the corporation must now own at least five percent of the firm's stock.
B) Officers of the corporation must review and sign the annual reports.
C) Annual reports must list the strengths of the internal controls.
D) Firms must “go dark” every 5 years.
E) Monthly financial statements must be provided to all shareholders.

Question Details
Topic : Ethics, governance, and regulation
Difficulty : 2 Intermediate
Bloom's : Understand
AACSB : Ethics
Section : 1.6 Regulation
Accessibility : Keyboard Navigation

57) The primary purpose of the Sarbanes-Oxley Act of 2002 is to

A) protect investors from corporate abuses.
B) apply restrictions on foreign firms operating in the United States.
C) protect financial managers from investors.
D) decrease audit costs for U.S. firms.
E) reduce corporate revenues.

Question Details
Topic : Ethics, governance, and regulation
Difficulty : 1 Basic
Bloom's : Remember
AACSB : Ethics
Section : 1.6 Regulation
Accessibility : Keyboard Navigation

58) Since the implementation of Sarbanes-Oxley, the cost of corporate audits in the United States

A) has steadily increased.
B) has steadily decreased.
C) has remained about the same.
D) increased substantially, but over time has been decreasing.
E) decreased substantially, but over time has been increasing.

Question Details
Topic : Ethics, governance, and regulation
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.6 Regulation
Accessibility : Keyboard Navigation

59) The Securities Act of 1933 focuses on

A) all new and outstanding stock transactions.
B) the issuance of new securities.
C) the redemption of outstanding debt.
D) insider trading.
E) Federal Deposit Insurance Corporation (FDIC) insurance.

Question Details
Topic : Ethics, governance, and regulation
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.6 Regulation
Accessibility : Keyboard Navigation

60) The basic regulatory framework for public trading of securities within the United States is provided by:

A) the Securities Act of 1933 and the Securities Exchange Act of 1934.
B) state governments.
C) the Federal Reserve Bank.
D) the Sarbanes-Oxley Act of 2002.
E) NASDAQ.

Question Details
Topic : Ethics, governance, and regulation
Difficulty : 1 Basic
Bloom's : Remember
Section : 1.6 Regulation
Accessibility : Keyboard Navigation

Corporate Finance Core Principles and Applications 6th Edition by Ross Ch01
Answer Key

Test name: 001

1) E
2) A
3) E
4) A
5) B
6) D
7) A
8) E
9) C
10) D
11) B
12) E
13) B
14) E
15) C
16) B
17) D
18) D
19) B
20) B
21) B
22) A
23) C
24) D
25) C

26) E
27) C
28) B
29) B
30) C
31) C
32) A
33) C
34) E
35) B
36) C
37) A
38) D
39) A
40) C
41) E
42) D
43) C
44) C
45) B
46) D
47) E
48) C
49) C
50) E
51) A
52) D
53) C
54) D
55) A

56) B
57) A
58) D
59) B
60) A