1. What is Finance?
A. Finance is all about money
B. Finance is about investment
C. Finance is about stocks
D. Finance is about managing money and assets
E. All of the above

2. Intangible assets are not real assets because we cannot touch them. Is this statement true?
A. No.
B. Yes.

3. Which of the following is a financial asset?
A. A patent.
B. A new iPhone 5
C. After a successful advertising campaign, potential customers believe that your brand of potato chips is extra crispy
D. A share of Apple Inc. stock

4. Is gold a financial asset or a real asset?
A. Real asset
B. Financial asset
C. It could be both of the above.

5. Which of the following correctly states the difference between debt instrument and equity instrument?
A. Stock represents ownership.
B. A share of Microsoft stock is a financial obligation to Microsoft.
C. A firm will have to file for bankruptcy (Chapter 11) if this firm misses a dividend payment.
D. Shareholders do not have voting rights while lenders have voting rights.

6. Is the current seller of a financial asset necessarily the issuer of this financial asset?
A. Yes.
B. No.
7. Which of the following would be considered an ADVANTAGE of a sole proprietorship form of organization?
A. Wide access to capital markets  
B. Profits taxed at only one level  
C. Unlimited liability  
D. None of the above

8. Which of the following would be considered an ADVANTAGE of a corporation?
A. Double taxation  
B. Limited liability  
C. No separation between management and ownership  
D. Managers of a corporation cannot be owners of this corporation.

9. Suppose you own Apple shares, what do you want? What do you hope the managers will do for you?
A. Increase market share of its products.  
B. Create more innovative products.  
C. Maximize the profit.  
D. Maximize the current market value of its stock.  
E. All of the above

10. Which one of the following should be the ultimate objective of corporate financial management? Suppose you own Apple shares, what do you want?
A. Increase market share of its products.  
B. Create more innovative products.  
C. Maximize the profit.  
D. Maximize the current market value of its stock.

11. In which of the following organizations would agency problems be least likely to occur?
A. A sole proprietorship  
B. A partnership  
C. A corporation  
D. Either a partnership or a corporation

12. Which of the following forms of compensation is most likely to align the interests of managers and shareholders?
A. A fixed salary  
B. A salary that is linked to next quarter’s company profits  
C. A salary that is linked to the employees' salary  
D. A salary that is linked to the total market value of the corporation's stock
QV1. Which of the following decisions are NOT made by corporate financial managers?
A. Financing decisions.
B. Investment decisions.
C. Capital budgeting decisions.
D. None of the above.

QV2. Which one of the following assets is an intangible asset?
A. A computer
B. A piece of land
C. A truck
D. A patent

QV3. Which one of the following assets is NOT a financial asset?
A. A Treasury bond
B. A share of IBM stock
C. A bank loan
D. A brand name

QV4. Which one of the following should be the objective of corporate financial management?
A. Increase market share of its products.
B. Create more innovative products.
C. Maximize the current market value of a corporation's stock.
D. Maximize current quarter's profit.

QV5. Which one of the following statements is INCORRECT regarding corporations?
A. Corporations have wide access to capital markets
B. Shareholders have unlimited liability.
C. Shareholders are subject to double taxation.
D. There is a separation between management and ownership.

QV6. Which one of the following actions may NOT reduce AGENCY problems?
A. The board of directors may fire senior managers.
B. Pay CEOs a fixed salary.
C. An underperformed firm may be taken over by other firms.
D. Provides CEOs compensation plans in the form of company shares.