1. Long term financial instruments include:

    a. Bank/Syndicated loans, Corporate Bonds, Leasing;
    b. Bank/Syndicated loans, Corporate Bonds, Factoring;
    c. Bridge bank/Syndicated bank loan; Lines of Credit; Factoring;
    d. Lines of Credit, Factoring, Leasing

2. In case of default of a company, the priority of the repayment is given to:

    a. Its equity-holders.
    b. Its bond-holders.
    c. Its share-holders.
    d. There is no priority.

3. Bond emission can be targeted to:

    a. Institutional Investors.
    b. Retail Investors.
    c. Both.
    d. None of the above.

4. The leasing:

    a. Involves the disbursement of the whole amount of investment to purchase the asset.
    b. Allows to avoid the disbursement of the whole amount of investment to purchase the asset.
    c. Either a. or b., it is a choice for the lessee.
    d. None of the above.

5. The “cost” of factoring:

    a. It is not contractually defined and it is up to the creditor whether to pay it or not.
    b. It is not contractually defined and it is up to the debtor whether to pay it or not.
    c. It is contractually defined and it is related to the face value of the credit.
    d. There is no cost.

6. In the factoring agreement without recourse:

a. The creditor assumes the insolvency risk.
b. The debtor assumes the insolvency risk.
c. No one assumes the insolvency risk.
d. None of the above.

Solution: The factor assumes the insolvency risk

7. Firms can have access to:

a. One line of credit each time.
b. Two lines of credit at the same time.
c. Several lines of credit at the same time.
d. None of the above.

8. A syndicated bank loan:

a. is a loan provided by a group of lenders, and it is arranged and administrated by one or more banks.
b. is an increase in the equity capital, arranged by one or more banks'.
c. Is a loan provided by a lender, which arranges and administrates it.
d. None of the above.

Consider the following:

| | T(1) |
|---|---|
| **EBIT** | 30,5 |
| **Taxes** | -14,3 |
| **D&A** | 4 |
| **ΔNWC** | -36 |
| **Capex** | -4 |
| **Free Cash Flow to Firm** | **-19,8** |
| **Interest** | -10,9 |
| **Tax Shield** | 5,3 |
| **Net Financial Debt** | 25,4 |
| **Free Cash to Equity** | **0** |

9. The Free Cash Flow to Firm (FCFF) is negative because of the Net Working Capital. What should a company do to increase the FCFF?

- Ask for a new loan.
- Ask for a factoring.
- Ask new capital to its shareholders.
- None of the above.