**Test Questions**

**Question 1:** What are the basic financial decisions firms must make? Give an example of each decision. Which financial decision is the most important for a business? why?

**Question 2:** An investment has the following cash inflows occurring at the beginning of each year from year 1 to 4: VND 300 million, VND 250 million, VND 400 million and VND 440 million. If the discount rate is 12%, what is the present value of the cash inflows?

**Question 3:** What are the expected return and standard deviation of a portfolio that is invested 40% in stock A and 60% in stock B?

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| **The economic scenarios** | **Probability** | **Return on stock A** | **Return on stock B** |
| Normal | 0.4 | 5% | 9% |
| Growth | 0.6 | 12% | 16% |

**Question 4:** Sunflower Art Company believes it will have the cash inflow of VND 5,000 at the end of the fourth year and VND 5,500 at the end of the fifth year. The cash flow is expected to grow at 8% for the next 2 years and then at a constant growth rate of 5% p.a thereafter. What is the present value of the cash flows if the discount rate is 12%?