

QUESTIONS & ANSWERS

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Financial

CMAA

Certified Merger and Acquisition Advisor (CM and AA)

QUESTION: 176

The approach in which keeping the acquisition as a stand-alone business and which is used to keep the entity and the organization intact is known as:

- A. Preservation
- B. Absorption
- C. Maintenance
- D. Perpetuation

Answer: A

QUESTION: 177

A system called symbiosis, is a hybrid of which approaches?

- A. Preservation and Absorption
- B. Preservation and Maintenance
- C. Maintenance and Acquisition
- D. Perpetuation and Maintenance

Answer: A

QUESTION: 178

Focus on changing the relative mix of debt and equity with an eye toward the growth objectives of the company and the required go-forward capital, is called:

- A. Change management
- B. Capital growth
- C. Recapitalization
- D. Capital structure organization

Answer: C

QUESTION: 179

What of a company refers to the amount of its debt and equity, and the types of debt and equity used to fund the operations of the company?

- A. Capital structure
- B. Financing operations
- C. Capital equity
- D. None of the above

Answer: A

QUESTION: 180

Which of the following is NOT the factor involved in shaping capital structure?

- A. Base assumptions
- B. Industry dynamics
- C. Purchase order financing
- D. Use of funds

Answer: C

QUESTION: 181

_____ refer to as the rate of environmental change, and the instability created within organizations as a result of that change.

- A. Environmental dynamism
- B. Environmental vitality
- C. Environmental indolence
- D. Environmental indifference

Answer: A

QUESTION: 182

What is defined as the portion of a loan that has a maturity date greater than 12 months from the date of measurement?

- A. Short-term debt
- B. Medium-term debt
- C. Long-term debt
- D. Leverage debt

Answer: C

QUESTION: 183

Reference to the sum of amounts invested in a company, plus the company's cumulative net earnings after any distributions to the shareholders is known as:

- A. Expense
- B. Debt financing
- C. Cash leverages

D. Equity

Answer: D

QUESTION: 184

Which firms are usually regional in nature and have focused operations in a geographic area or in an area of specialty?

- A. First-tier firms
- B. Second-tier firms
- C. Third-tier firms
- D. None of the above

Answer: B

QUESTION: 185

The third-tier firms are referred to as _____ and specialize in a particular market niche.

- A. Bulge bracket firms
- B. Mortgage build-up firms
- C. Boutique firms
- D. Commercial Investment firms

Answer: C

QUESTION: 186

Investment bankers who act as intermediaries and as principle investors are referred to as:

- A. Merchant bankers
- B. Public offering bankers
- C. Capital market bankers
- D. Merger acquisition bankers

Answer: A

QUESTION: 187

Public equity deals generally pay _____ percent of the offering proceeds to the underwriting group, while private deals are normally set at _____ percent of the amount raised.

- A. 5 percent & 7 percent
- B. 7 percent & 5 percent
- C. 3 percent & 2 percent
- D. 6 percent & 4 percent

Answer: B

QUESTION: 188

The inventory process performed by investors or lenders considering a transaction with the company is called:

- A. Tendency by management
- B. Investment interim
- C. Due diligence
- D. None of the above

Answer: C

QUESTION: 189

In some cases, a financing team will choose to accept a broad, general term sheet and then negotiate the specific terms as part of the financial transaction documentation, known as

- A. Financing agreements
- B. Definitive agreements
- C. Internal agreements
- D. All of the above

Answer: B

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