

QUESTION 18

1. According to management's starting position, which of the following is correct?

- A. The company's capital structure is optimal
- B. The company's capital structure is sub-optimal
- C. The company's debt is too high
- D. The company's debt is too low
- E. The company's capital structure is optimal
- F. The company's capital structure is sub-optimal
- G. The company's capital structure is optimal
- H. The company's capital structure is sub-optimal
- I. The company's capital structure is optimal
- J. The company's capital structure is sub-optimal

2. According to the firm's initial position, which of the following is correct?

- A. The company's capital structure is optimal
- B. The company's capital structure is sub-optimal
- C. The company's debt is too high
- D. The company's debt is too low
- E. The company's capital structure is optimal
- F. The company's capital structure is sub-optimal
- G. The company's capital structure is optimal
- H. The company's capital structure is sub-optimal
- I. The company's capital structure is optimal
- J. The company's capital structure is sub-optimal