

# Section Eight

## Revision



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## True & False Questions

1. The first stage of the Sources & Uses statement on a cash basis involves calculating the changes in assets, liabilities, and equity by comparing two balance sheets.

Answer: True

2. The changes in assets, liabilities, and equity are classified into two main groups: sources of funds and uses of funds.

Answer: True

# True & False Questions

**3. The Fund Sources and Uses statement provides insights into the movement of assets and liabilities during the period for which it is prepared.**

**Answer: True**

**4. The Fund Sources and Uses statement does not include information on changes in assets or liabilities.**

**Answer: False**

## True & False Questions

5. The Fund Sources and Uses statement is used to analyze past financial flows to understand the uses of funds and how those uses were financed.

Answer: True

6. The Fund Sources and Uses statement focuses primarily on future financing decisions and does not look at past financial activities.

Answer: False





# True & False Questions



7. Financial analysis is typically used to assess whether an enterprise is sufficiently stable, solvent, and liquid enough to attract investment.

Answer: True

8. The primary purpose of financial analysis is to focus only on a company's short-term liquidity and ignore long-term financial health.

Answer: False

# True & False Questions



**9. Financial analysis involves reviewing a company's financial activities, including programs, expenditures, and other finance-related areas, to assess their performance and relevance.**

**Answer: True**

**10. The aim of financial analysis is to determine the soundness of the relationship between financial decisions and their consequences.**

**Answer: True**



## True & False Questions

**11. Financial analysis looks at multiple periods to deduce information about the enterprise's progress and future performance.**

**Answer: True**

**12. The results of financial analysis are useful only to external stakeholders such as investors and creditors.**

**Answer: False**





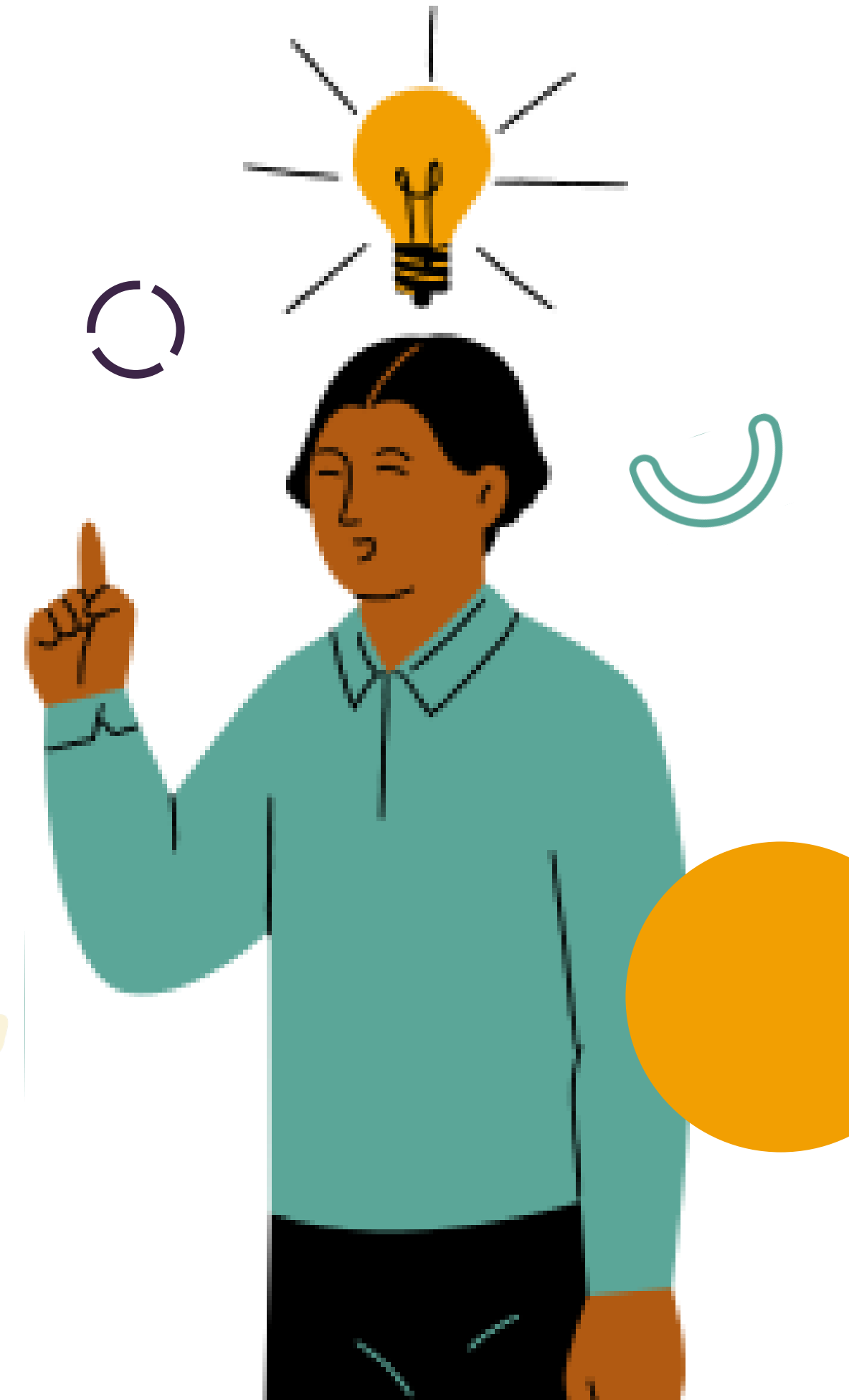
## True & False Questions

**13. The Profit & Loss Account focuses on the financial position of the company, including assets and liabilities.**

**Answer: False**

**14. A budget is typically used to track the company's actual performance against projected figures for a specific period.**

**Answer: True**





## True & False Questions

**15. Operating calculation shows the cost of industrial production and finished goods over a specified period of time.**

**Answer: True**

**16. Operating calculation determines the net profit or loss from trading activities.**

**Answer: False**



# True & False Questions



**17. Profitability analysis measures how effectively a company generates profits from its operations, typically using profit margins and return ratios.**

**Answer: True**

**18. Financial analysis should only focus on one area, such as profitability, for a complete understanding of a company's financial health.**

**Answer: False**



## True & False Questions

**19. The analysis of investment decisions includes calculating profitability ratios like ROA and ROE, which help evaluate the return on investment.**

**Answer: True**

**20. Liquidity analysis evaluates a company's ability to meet its long-term obligations by using current assets.**

**Answer: False**





# Multiple Choices

**1. Financial Management is primarily concerned with:**

- A. Managing personnel and hiring employees.
- B. Managing the organization's supply chain.
- C. Investing available financial resources to maximize business success and ROI.
- D. Overseeing the manufacturing processes.

**Answer: C**



# Multiple Choices

2. What did Gritman define financial management as?

- A. A collection of legal activities related to finance.
- B. The study of macroeconomic financial systems.
- C. The art and science of money management.
- D. The process of creating financial reports.

**Answer: C**





# Multiple Choices



**3. Which of the following is NOT part of the interrelated areas a financial manager should understand?**

- A. The Federal Reserve System.
- B. The commercial banking system.
- C. The global entertainment industry.
- D. The interrelationships between various economic sectors.

**Answer: C**





# Multiple Choices

**4. According to Pinches, what two basic aspects does the term 'finance' describe?**

- A. The study of global trade and the economy.
- B. Financial resources available and their management.
- C. Investment strategies and profitability analysis.
- D. Economic forecasting and the tax system.

**Answer: B**



# Multiple Choices

5. Which of the following statements best captures the function of financial management?

- A. It is solely focused on accounting principles.
- B. It involves making decisions about asset purchases and the financing for those assets.
- C. It deals exclusively with marketing strategies.
- D. It focuses on legal regulations surrounding businesses.

**Answer: B**

# Multiple Choices

6. Which of the following is NOT a distinguishing characteristic of financial management?

- A. It infiltrates all aspects of an enterprise's activities.
- B. Financial decisions are sometimes binding and irreversible.
- C. Financial decisions often result in immediate consequences.
- D. The outcomes of financial decisions can take a long time to be realized.

**Answer: C**







# Multiple Choices

**7. What is one of the challenges associated with financial decisions?**

- A. Financial decisions usually provide instant feedback, making it easy to correct errors.
- B. The results of financial decisions may not be recognized immediately, making them difficult to fix.
- C. Financial decisions are not significant enough to impact the company's future.
- D. Financial decisions are only relevant to the accounting department.

**Answer: B**

# Multiple Choices

8. What is the main focus of financial management as you study in chapter one?

- A. Financial accounting and taxation.
- B. The management and financing of an enterprise's resources.
- C. Human resources management.
- D. Customer relationship management.

**Answer: B**



# Multiple Choices

9. What is the primary purpose of financial management?

- A. To manage the organization's employees.
- B. To make decisions about investments and financing for business success.
- C. To manage the company's marketing strategies.
- D. To oversee the day-to-day operations of the business.

**Answer: B**





# Multiple Choices

**10. Who is responsible for financial management in an organization?**

- A. The CEO alone.
- B. The CFO and other managers.
- C. Only accountants.
- D. The marketing team.

**Answer: B**



# Multiple Choices

**11. What is one of the key challenges in financial management?**

- A. Financial decisions are always reversible.
- B. Financial decisions often affect the company's long-term success.
- C. Financial decisions are not important for business operations.
- D. Financial decisions only impact the finance department.

**Answer: B**



# Multiple Choices

**12. What is the primary role of the CFO?**

- A. To manage the company's marketing strategy
- B. To make financial decisions and contribute to the strategic plan
- C. To supervise the IT department
- D. To handle customer service

**Answer: B**



# Multiple Choices

**13. Who assists the CFO in financial decision-making?**

- A. Treasurer and Controller
- B. Sales Manager and Marketing Head
- C. CEO and COO
- D. Product Development Manager and HR Manager

**Answer: A**



# Multiple Choices



**14. What is the primary responsibility of the Treasurer?**

- A. To manage company marketing campaigns
- B. To maintain relationships with banks and financial institutions
- C. To prepare financial statements
- D. To conduct product research

**Answer: B**





## Multiple Choices

**15. What does the Controller do in financial management?**

- A. Manages the company's cash flow
- B. Prepares financial statements and handles taxes
- C. Develops the company's strategic plan
- ☒ D. Coordinates marketing strategies

**Answer: B**





# Multiple Choices



**16. What is one of the CFO's responsibilities in asset management?**

- A. Deciding on the best way to advertise products
- B. Analyzing the profitability and acquisition of assets
- C. Deciding employee compensation
- D. Hiring new staff

**Answer: B**



## Multiple Choices

**17. When deciding to introduce a new product, what is an important financial decision for the CFO?**

- A. Choosing the color of the product
- B. Deciding on the pricing and financing method
- C. Creating the product's logo
- ☒ D. Deciding on employee uniforms

**Answer: B**



# Multiple Choices

**18. What does the CFO need to manage regarding the financing structure?**

- A. Managing employee benefits
- B. Finding the best mix of internal and external funding sources
- C. Planning marketing campaigns
- D. Hiring financial analysts

**Answer: B**



Thank For  
Your Good  
Listening!

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