

CFA L1 模考卷 (3-1)

1. Joyce La Valle, CFA, is a portfolio manager at a global bank. La Valle has been told she should use a specific vendor for equity investment research that has been approved by the bank's headquarters. Because La Valle is located in a country different from the bank's headquarters, she is uncomfortable with the validity of the research provided by this vendor when it applies to her country and would like to use a local vendor on whom she has already conducted due diligence. Which research vendor(s) should La Valle use to avoid violating the Standards?
 - A. The local research vendor
 - B. The bank-approved research vendor
 - C. Both the local and the bank-approved research vendors.

2. Which of the following is consistent with the Standards?
 - Statement 1: "An IPS should address the client's return requirements."
 - Statement 2: "Personal data such as age and occupation are required to provide investment advice."
 - Statement 3: "Clients are primarily responsible for determining if investments are suitable for them if they are in an advisory relationship with members."
 - A. Statement 1 only
 - B. Statement 1 and Statement 2 only
 - C. Statement 1, Statement 2, and Statement 3

3. Asset owners most likely benefit from a firm being GIPS compliant because it:
 - A. eliminates the need for in-depth due diligence only.
 - B. facilitates the understanding of the sources of risk and excess return only.
 - C. both eliminates the need for in-depth due diligence and facilitates the understanding of the sources of risk and excess return

4. Which of the following is not a requirement of the GIPS standards? Firms are required to:
 - A. have their performance records verified by an independent third party
 - B. include all discretionary, fee-paying portfolios in at least one composite
 - C. present a minimum of five years of annual investment performance compliant with GIPS standards

5. Immediately after taking the CFA Level II exam, Tim Riley posts on social media broad topic areas that were not tested on the exam. He also posts an article on social media questioning the relevance of CFA Program for professional practice. Has Riley violated the Standards?
- A. No
 - B. Yes, by posting broad topic areas not tested on the exam
 - C. Yes, by questioning the relevance of CFA Program for professional practice
6. Ming Mei Xu, CFA, who is a well-known analyst issues a buy recommendation on a small-cap stock. Xu shares her recommendation with the public two days after communicating the recommendation with her clients. The public dissemination leads to a significant increase in the stock price. Trevor Thomas, CFA, one of Xu's clients, buys a large position in the stock. Thomas sells the entire position for a profit a month later. His action leads to a significant decline in the stock price. Has the Standard relating to market manipulation been violated?
- A. No
 - B. Yes, by Xu
 - C. Yes, by Thomas
7. Max Ohn, CFA, works as a client advisor for a small firm. He has established a referral program with a real estate agency. Ohn refers clients to the real estate agency and the real estate agency refers clients to Ohn. Because the real estate agency does not compete with Ohn's employer and because the arrangement benefits Ohn's firm, he omits disclosure of the arrangement to his firm. Ohn diligently discloses the referral arrangement to all referred clients after they become firm clients. Has Ohn most likely violated the Standard relating to referral fees?
- A. No
 - B. Yes, only by omitting disclosure of the arrangement to his firm
 - C. Yes, by omitting disclosure of the arrangement to his firm and by disclosing the referral arrangement to referred clients after they become firm clients
8. In a client presentation regarding a potential equity investment, a member makes the following statements:
Statement 1: "This investment will outperform the S&P 500 over a ten-year period."
Statement 2: "This investment is likely to outperform the market over a one-year period."
Statement 3: "With this product's 100% principal protection, our firm guarantees you will not lose money."
The member has most likely violated the Standards by making:
- A. Statement 1 only
 - B. Statement 1 and Statement 3 only
 - C. Statement 1, Statement 2, and Statement 3

9. According to the Standard relating to loyalty, members must:
- A. subordinate any personal obligations to their work.
 - B. place the interests of their employer below the interests of clients.
 - C. refrain from entering into an independent business while still employed.
10. Tharushi Ranasinghe, CFA, is president of a small investment firm. Most of her clients are longtime associates or family members whose investment portfolios she has managed for many years. Ranasinghe is familiar with her clients' investment profiles and is in regular contact with them. Ranasinghe makes appropriate adjustment in her clients' portfolios following significant events in their lives. She rarely updates her clients' records given her familiarity with their investment requirements. Ranasinghe has most likely violated the Standard(s) relating to:
- A. fair dealing only.
 - B. record retention only.
 - C. both fair dealing and record retention.
11. To comply with the Standard relating to knowledge of the law, members are required to take which of the following actions?
- Action 1 Acquire detailed knowledge of all the laws relating to their activities
Action 2 Dissociate from activities of others that they believe are unethical
- A. Action 1 only
 - B. Action 2 only
 - C. Both Action 1 and Action 2
12. A member who pays a higher brokerage commission on behalf of all of his clients than he would normally pay, without any corresponding benefit to the client, violates the Standard relating to:
- A. suitability.
 - B. fair dealing
 - C. loyalty, prudence, and care.
13. Kathy Lau, CFA, is a portfolio manager. After a comprehensive analysis, Lau buys Top Technology Company (TTC) IPO for all her clients for whom the investment is appropriate, including her brother's fee-paying account. Lau does not have beneficial ownership in her brother's account. Has Lau violated the Standards by buying shares for her brother's account?
- A. No
 - B. Yes, the Standard relating to disclosure of conflicts
 - C. Yes, the Standard relating to priority of transactions

14. All clients of John Chapman, CFA, are standard fee-paying clients. Chapman believes that half of his clients would benefit from premium service in exchange for higher fees. He offers the premium service only to these clients. Later that day, Chapman distributes an investment recommendation only to those clients for whom he deems it suitable. Has Chapman violated the Standard relating to fair dealing?
- A. No
 - B. Yes, by offering the premium service only to clients he believes would benefit from it
 - C. Yes, by distributing an investment recommendation only to those clients for whom he deems it suitable
15. According to the GIPS standards, a firm must:
- A. provide a GIPS composite report to all prospective clients.
 - B. include terminated composites on the firm's list of composite descriptions for at least seven years after the composite termination date.
 - C. attain compliance for a minimum of three years or since firm inception if the firm has been in existence for less than three years to initially claim compliance.
16. Which of the following parties can perform verification of a firm's claim of compliance with the GIPS standards?
- A. CFA Institute
 - B. An internal auditor of the firm
 - C. An independent third-party consultant
17. Which of the following is a violation of the Standards when local laws require firms to maintain client confidentiality? A member:
- A. discloses information relating to illegal activities of a client to local authorities
 - B. refuses to share details of a prospective client with his firm's marketing department
 - C. refuses to disclose information about a client during an investigation by the CFA Institute Professional Conduct Program
18. The Standards are most likely designed to foster and reinforce a culture of:
- A. service to the firm.
 - B. regulatory compliance.
 - C. responsibility and professionalism.

19. Which of the following policy recommendations is consistent with the Standards?

Recommendation 1	Investment banking personnel should approve any changes in investment recommendations from the research side.
Recommendation 2	Firewalls should separate reporting structures for personnel on the research side and personnel on the investment banking side.
Recommendation 3	Compensation arrangements should link research analyst remuneration directly to investment banking assignments in which analysts may participate as team members.

- A. Recommendation 1
- B. Recommendation 2
- C. Recommendation 3

20. Nidhi Mehta, CFA, is a fund manager at XYZ Investments. Mehta's fund delivers excellent returns for the year. A large investor in the fund offers Mehta cash compensation along with free tickets to the opening night of a sold-out opera as a reward for the fund's performance. Firm policy requires employees to inform supervisors about monetary compensation received from clients. Mehta does not inform her supervisor as she only accepts the tickets and not the cash compensation. Has Mehta violated the Standards?

- A. No
- B. Yes, the Standard relating to fair dealing
- C. Yes, the Standard relating to additional compensation arrangements

21. Frank Schneider, CFA, a securities analyst, applies for a new position. In his application, he makes two statements:

Statement 1	I passed all three CFA examinations in three consecutive attempts.
Statement 2	Based on my success in the CFA Program, I have a superior ability to analyze stocks compared to my peers

Schneider has most likely violated the Standards by making:

- A. Statement 1 only
- B. Statement 2 only
- C. Both Statement 1 and Statement 2

22. Colin Gifford, CFA, is finalizing a monthly newsletter to his clients, who are primarily individual investors. Many of the clients' accounts hold the common stock of Capricorn Technologies. In the newsletter, Gifford writes, "Based upon the next six month's earnings of \$1.50 per share and a 10% increase in the dividend, the price of Capricorn's stock will be \$22 per share by the end of the year." Regarding his stock analysis, the least appropriate action Gifford should take to avoid violating the Standards would be to:
- A. separate fact from opinion.
 - B. include earnings estimates.
 - C. identify limitations of the analysis.

23. Which of the following are among the recommended procedures that enable members to meet their obligations under the Standard relating to performance presentation?

Procedure 1	Members should include terminated accounts while presenting performance history.
Procedure 2	Procedure Members should use a single representative account to present the performance of each investment strategy.

- A. Procedure 1 only
 - B. Procedure 2 only
 - C. Both Procedure 1 and Procedure 2
24. Jacques Lagarde, CFA, is a sell-side analyst at Springhill Financial, a small investment bank. Springhill is the lead manager for the equity offering of Chorale Music. Lagarde is not part of the IPO team for this offering. While finalizing a research report on Chorale, Lagarde discovers inconsistencies that makes him believe the company may have concealed losses in its leasing division last quarter that would significantly reduce its earnings. Lagarde suspects that Springhill's investment banking team is aware of these unreported losses. The prospectus for Chorale's equity offering has already been approved by regulators and distributed to potential investors. According to the Standards, Lagarde should most likely:
- A. report the issue to his supervisor.
 - B. issue a report showing the leasing division losses.
 - C. issue the report using data as reported in the prospectus.
25. According to the recommended procedures for compliance with the Standard relating to responsibilities of supervisors, a member in a supervisory position should:
- A. incorporate a professional conduct evaluation as part of an employee's performance review.
 - B. rely on an employee's statement about the extent of a violation of the law if the employee gives written assurance that the wrongdoing will not reoccur.
 - C. implement the CFA Institute Code and Standards in her department if she cannot discharge supervisory responsibilities because of inadequate compliance system.

26. Abdul Naib, CFA, was recently asked by his employer to submit an updated document providing the history of his employment and qualifications. The existing document on file was submitted when he was hired five years ago. His employer notices that the updated version shows that Naib obtained his Masters of Business Administration (MBA) two years ago, while the earlier version indicated he had already obtained his MBA. As the position Naib was hired for required a minimum qualification of an MBA, Naib is asked to explain the discrepancy. He justifies his actions by stating, "I knew you wouldn't hire me if I didn't have an MBA degree but I already had my CFA designation. Knowing you required an MBA, I went back to school on a part-time basis after I was hired to obtain it. I graduated at the top of my class, but this shouldn't come as any surprise, as you have seen evidence I passed all of my CFA exams on the first attempt." Did Naib most likely violate the Standards?
- A. No
 - B. Yes, the Standard relating to misconduct
 - C. Yes, the Standard relating to reference to CFA Institute, the CFA Designation, and the CFA Program
27. Suni Kioshi, CFA, is an analyst at Pacific Asset Management, where she covers small capitalization companies. On her own time, Kioshi often speculates in low price thinly traded stocks for her own account. Over the last three months, Kioshi has purchased 50,000 shares of Basic Biofuels Company giving her a 5% ownership stake. A week after this purchase, Kioshi is asked to write a report on stocks in the biofuels industry with a request to complete the report within two days. Kioshi wants to rate Basic as a "buy" in this report but is uncertain how to proceed. Concerning the research report, what action should Kioshi most likely take to prevent violating any of the Standards?
- A. Sell her shares
 - B. Don't recommend a buy
 - C. Disclose her stock ownership
28. Which of the following tools is available to implement monetary policy?
- A. Indirect tax rates
 - B. Corporate tax rates
 - C. Open market operations
29. Compared to shareholders in public companies, shareholders in private companies typically:
- A. have longer holding periods.
 - B. can sell their shares more easily.
 - C. have less control over management.

30. When analyzing differences between the variances of two normally distributed populations, the most appropriate test is a(n):
- A. F-test.
 - B. chi-square test.
 - C. paired comparisons test.

31. The following table represents the history of an investment in a company:

Time	Activity	Price per Share	Dividends Paid per Share
Beginning of Year 1	Purchase 10 shares	€160	
End of Year 1	Purchase 5 shares	€168	€3.00
End of Year 2	---	€175	€4.00
End of Year 3	Sell 15 shares	€165	€0.00

The investor does not reinvest the dividends received. Ignoring taxes, the time-weighted rate of return on this investment is closest to:

- A. 1.93%.
 - B. 2.40%.
 - C. 2.57%.
32. Substantial government borrowing is less likely to be of concern when:
- A. the private sector decreases savings to offset the debt.
 - B. most of the borrowing is owed internally to local citizens.
 - C. the private sector is crowded out to make room for the debt.
33. Ensuring that the composition of a board of directors is aligned with a company's governance principles is most likely a responsibility of the:
- A. risk committee.
 - B. audit committee.
 - C. nominating committee.
34. Which of the following most accurately describes a distribution that is more peaked than normal?
- A. Leptokurtic
 - B. Mesokurtic
 - C. Platykurtic
35. Which of the following statements about dispersion measures is most accurate?
- A. The range shows how the data are distributed
 - B. The variance is expressed in the same unit of measurement as the observations
 - C. The number of degrees of freedom in estimating the population variance with the sample variance is equal to the sample size minus one

36. Which pricing model combines multiple products so that customers are incentivized to buy them together?
- A. Bundling
 - B. Tiered pricing
 - C. Value-based pricing
37. The correction of a material error for a prior period is handled by:
- A. adding a note disclosure regarding the error in the current financial statements only.
 - B. restating the financial statements for the prior periods presented in the current financial statements only.
 - C. both adding a note disclosure regarding the error in the current financial statements and restating the financial statements for the prior periods presented in the current financial statements.
38. Which of the following is not generally considered one of the three key characteristics of Big Data?
- A. Variety
 - B. Volume
 - C. Visibility
39. Based on the information in the table, which of the following is closest to the geometric mean annual return for the full period of 5 years?
- | | Annual Return |
|--------|---------------|
| Year 1 | -8.0% |
| Year 2 | -5.5% |
| Year 3 | -7.2% |
| Year 4 | 20.8% |
| Year 5 | 4.4% |
- A. 0.35%
 - B. 0.90%
 - C. 1.75%
40. When constructing a forecast, an analyst with a conservatism bias is most likely to:
- A. deemphasize new information when updating their forecast.
 - B. seek opinions and information that agrees with their forecast.
 - C. build complex models using a wide breadth of data to create a forecast.

41. An investment pays \$1,000 at the end of each year in perpetuity, with the first payment occurring six years from today. If the discount rate is 9% per year, the present value of the investment today is closest to:

A. \$4,486.
B. \$6,625.
C. \$7,221.

42. A liquidity trap is most closely associated with:

A. deflation.
B. an inelastic demand for money.
C. a positive nominal central bank policy rate.

43. An analyst gathered the following information about a stock index:

Mean net income for all companies in the index	\$2.4 million
Standard deviation of net income for all companies in the index	\$3.2 million

If the analyst takes a sample of 36 companies from the index, the standard error of the sample mean is closest to:

A. \$88.889
B. \$400,000.
C. \$533,333.

44. Using long-term debt or equity to finance working capital needs most likely:

A. reduces the cost of financing working capital.
B. provides the opportunity to borrow only as needed.
C. reduces the need to access capital markets in times of stress.

45. A company plans to do an upward revaluation of an asset under the revaluation model. All else being equal, the company's debt-to-assets ratio will:

A. decrease.
B. remain unchanged.
C. increase.

46. When estimating the average return of an investment over multiple consecutive periods, it is most appropriate to use the:

A. harmonic mean.
B. arithmetic mean.
C. geometric mean.

47. A well-defined supply function is most likely available to:
- A. a monopolist.
 - B. a firm operating in perfect competition.
 - C. a firm operating in monopolistic competition.

48. An analyst gathers the following information about a company:

Book value of debt	\$80 million
Market value of debt	\$150 million
Share price	\$60
Shares outstanding	10 million
Cost of equity	7%
Cost of debt	4%
Tax rate	30%

Based on this information, the company's WACC is closest to:

- A. 6.16%.
 - B. 6.40%.
 - C. 6.51%.
49. An option in a capital project to alter production when demand exceeds supply is a type of.
- A. sizing option.
 - B. timing option.
 - C. flexibility option.

50. Which of the following statements is most accurate?

Statement 1	The IRR assumes reinvestment of cash flows at the required rate of return.
Statement 2	IRR is strongly preferred when NPV and IRR rank two mutually exclusive projects differently.
Statement 3	NPV is zero when IRR equals the hurdle rate.

- A. Statement 1
 - B. Statement 2
 - C. Statement 3
51. Which of the following statements is most accurate? According to Modigliani-Miller Proposition I without taxes:
- A. firm value can be created by changing a company's capital structure.
 - B. any increase in the cost of equity must exactly offset the greater use of lower cost debt.
 - C. equity holders demand a higher return as leverage increases in order to offset increased risk.

52. An analyst gathers the following information:

CHF/USD spot exchange rate	1.0072
270-day CHF risk-free interest rate (annualized)	0.63%
270-day USD risk-free interest rate (annualized)	0.75%
CHF/USD is the amount of CHF per 1 USD.	

The number of forward points for the 270-day CHF/USD forward rate is closest to:

- A. -12.0
- B. -9.0.
- C. 0.5.

53. Which of the following functional forms of a simple linear regression is most appropriate to test the linear relationship between relative changes in the dependent variable and relative changes in the independent variable?

- A. The lin-log model
- B. The log-lin model
- C. The log-log model

54. A write-down of inventory to its net realizable value by a manufacturing company most likely results in a lower.

- A. cost of sales than if the write-down had not occurred.
- B. current ratio than if the write-down had not occurred.
- C. inventory turnover than if the write-down had not occurred.

55. Which of the following best describes a principal-agent conflict? A company's management puts their own interests above those of

- A. regulators.
- B. customers.
- C. shareholders.

56. An analyst gathers the following information about a currency pair.

Currency Pair	Spot Rate Expected	Spot Rate in One Year
USD/EUR	1.1800	1.1650
USD/EUR is the amount of USD per one EUR		

The expected change in value of the dollar relative to the euro over the next year is closest to a(n)

- A. depreciation of 1.27%.
- B. appreciation of 1.27%.
- C. appreciation of 1.29%.

57. An analyst gathers the following information about a company:

Debt-to-equity ratio based on market value	43%
Debt-to-equity ratio based on book value	52%

The weight of debt the analyst should use when determining the company's target capital structure is closest to:

- A. 30%.
- B. 43%.
- C. 52%.

58. In contrast to the Herfindahl-Hirschman index (HHI), the concentration ratio:

- A. considers the elasticity of demand.
- B. accounts for the possibility of new entrants.
- C. is less affected by mergers among the top market incumbents.

59. Assuming interest deductibility is allowed, an increase in the tax rate will cause a company's cost of capital to:

- A. decrease.
- B. remain the same.
- C. increase.

60. Under US GAAP, for a long-term operating lease, the lessee reports:

- A. after inception, the lease payment split between financing and operating outflows on the statement of cash flows.
- B. at inception, a right-of use asset and a lease liability calculated as the undiscounted value of its fixed lease payments
- C. after inception, a single lease expense each year, which is a straight-line allocation of the cost of the lease over its term.

61. An analyst gathers the following information (in £ millions) from a company's year-end balance sheet.

	Year 2	Year 1
Accounts receivable	65	55
Inventory	120	140
PP&E	1,400	1,400
Accumulated depreciation	120	80
Accounts payable	25	40

During Year 2, net income was £ 860 million. There were no acquisitions or sales of property, plant, and equipment and no write-downs. Cash flow from operating activities (in £ millions) for Year 2 is:

- A. 855.
- B. 895.
- C. 925.

62. Which of the following is most likely a benefit of globalization?

- A. Increased profits
- B. Interdependence
- C. Stronger environmental, social, and governance standards

63. An analyst gathers the following information (in \$ thousands) about an electronics manufacturing company:

	Year 2	Year 1
Cost of sales	1,250	1,000
Cost of inventor	225	375
Net realizable value of inventory	300	325

Changes to the allowance for inventory obsolescence have already been reflected in cost of sales. The inventory turnover (based on average inventory) for Year 2 is closest to:

- A. 4.0
- B. 4.2.
- C. 4.5.

64. The continuously compounded return:

- A. is higher than the holding period return for a given time period.
- B. for multiple time periods is the sum of the one-period continuously compounded returns.
- C. cannot be calculated for negative holding period returns because the natural logarithm of a negative number is not a real number.

65. A characteristic of a dollarized exchange regime is:

- A. imposed fiscal discipline.
- B. the ability to earn seigniorage profits.
- C. that monetary policy can be used as a source of economic stabilization.

66. Companies most likely have the largest proportion of equity in their capital structure in the:

- A. start-up stage
- B. growth stage.
- C. maturity stage.

67. An analyst gathers the following information (in € thousands) about a machine:

Carrying amount prior to impairment	50
Present value of expected future cash flows	46
Fair value	48
Costs to sell	3

Impairment loss (in € thousands) is:

- A. A.2
 - B. B.4.
 - C. C.5
68. Which of the following fiscal policy tools is an automatic stabilizer?
- A. Capital expenditures
 - B. Social benefits through transfer payments
 - C. Current government spending on goods and services

69. An analyst gathers the following information about three portfolios:

Portfolio	Return	Standard Deviation
1	8.0%	6.0%
2	10.2%	8.0%
3	11.8%	10.0%

If the risk-free rate is 2.0% and the shortfall level is 4.0%, the portfolio with the highest safety-first ratio is:

- A. Portfolio 1.
 - B. Portfolio 2.
 - C. Portfolio 3.
70. Which of the following is best described as a non-cooperative economic tool?
- A. Globalization
 - B. Nationalization
 - C. Restriction of foreign investment
71. Which of the following statements is most accurate?
- A. Deferred tax assets occur when the tax base of an asset is lower than its carrying amount
 - B. A company's current tax liability is the amount payable in taxes and is based on current taxable income
 - C. Deferred tax liabilities occur when regulatory income tax expense is greater than accounting income tax expense

72. In the context of considering ESG factors, "stranded asset" risk most likely applies to companies in which sector?
- A. Energy
 - B. Financial
 - C. Industrial

73. An analyst gathers the following information about a company:

Revenue	€20 million
Average shareholders' equity	€10 million
ROE	10%
ROA	4%

The total asset turnover ratio is:

- A. 0.80.
 - B. 1.25.
 - C. 2.50.
74. Credit cycles:
- A. can amplify business cycles.
 - B. are defined as fluctuations in real GDP
 - C. tend to be shorter than business cycles.
75. An analyst examining the statement of cash flows for possible manipulation is least likely to be concerned about a(n):
- A. cash flow from operations to net income ratio consistently higher than 1.
 - B. increase in cash from operations arising from a large change in accounts payable.
 - C. change in the classification of interest paid from an operating cash flow to a financing cash flow.

76. An analyst gathers the following information (in € millions) about a company's 4-year construction contract

Contract price	106
Expected total costs	70
Actual costs incurred in Year 1	21
Bonus for on-time completion	8

Costs incurred are an appropriate measure of progress toward completion. The construction company is very experienced with similar contracts. If it is highly probable revenue will not be subsequently reversed, revenue (in € millions) recognized in Year 1 is most likely.

- A. 31.8.
- B. 33.8.
- C. 34.2.

77. All else being equal, in periods of decreasing inventory unit costs and constant inventory quantities, using the FIFO inventory valuation method results in:
- lower gross profit and lower inventory turnover than using the LIFO inventory valuation method.
 - lower gross profit and higher inventory turnover than using the LIFO inventory valuation method.
 - higher gross profit and higher inventory turnover than using the LIFO inventory valuation method.

78. An analyst gathers the following information about a company's fiscal year beginning on 1 January:

Net income	£ 1,800,000
Preferred dividends declared and paid	£ 600,000
Common shares outstanding on 31 December	300,000
Weighted average common shares outstanding during the year	500,00
Convertible preferred shares outstanding during the year	25,000

If one preferred share can be converted into four common shares and there are no other potentially dilutive securities outstanding, reported diluted EPS should be:

- £ 2.40.
- £ 3.00
- £ 4.00.

79. An analyst gathers the following information about a company:

	Canadian Dollars (millions)
Cash flow from operating activities (CFO)	105.9
Cash flow from investing activities	(11.8)
Cash flow from financing activities	46.5
Net change in cash for the year	140.6
Interest paid (included in CFO)	22.4
Taxes paid (tax rate of 30%)	18.0
Total debt, end of year	512.8

The cash flow debt coverage ratio for the year is closest to:

- 20.6%.
- 23.7%.
- 27.4%.

80. A firm operating in a perfectly competitive market will most likely shut down in the short run when:
- average total cost is higher than marginal revenue.
 - average fixed cost is higher than average revenue.
 - average variable cost is higher than average revenue.

81. In contrast to US GAAP, cash flow statements prepared under IFRS:
- A. are less flexible regarding the classification of dividends paid or received.
 - B. allow interest receipts to be classified as either operating or investing cash flows.
 - C. require adherence to the direct method format when reporting operating activities.
82. If a company's receivables turnover ratio is equal to its payables turnover ratio, the company's cash conversion cycle is equal to its number of days of:
- A. payables.
 - B. sales outstanding.
 - C. inventory on hand.
83. A central bank most likely:
- A. lends money to banks facing serious shortages.
 - B. is one of many supplier's of a country's currency.
 - C. does not manage a country's foreign currency reserves.
84. Bootstrap resampling:
- A. repeatedly draws samples without replacement.
 - B. can be used to estimate the standard error of a population median.
 - C. relies on an analytical formula to estimate the distribution of estimators.
85. When a company's payables turnover ratio is lower compared to its peers, the company is most likely:
- A. utilizing early payment discounts.
 - B. taking advantage of lenient supplier terms.
 - C. receiving payments from customers faster than its peers.
86. A company acquires 100% of a target company for a purchase price of \$4.5 million. The net identifiable assets of the target company have a fair value of \$5 million. In the period the acquisition occurs, the acquiring company most likely reports:
- A. goodwill of \$0.5 million.
 - B. a pretax gain of \$0.5 million in profit and loss.
 - C. a pretax gain of \$0.5 million in other comprehensive income.

87. Costs incurred related to the search of alternative materials to use in a production process:
- A. must be expensed.
 - B. must be capitalized.
 - C. may be capitalized if certain criteria are met.
88. Which of the following statements is most accurate? The role of financial reporting is to:
- A. forecast future net income and cash flow.
 - B. value a security for making investment decisions.
 - C. provide information about a company's performance, financial position, and changes in financial position.
89. Which of the following is an example of a liquidity ratio?
- A. Defensive interval ratio
 - B. Inventory turnover ratio
 - C. Working capital turnover ratio
90. In simple linear regression models, the normality assumption requires that the:
- A. dependent variable is normally distributed.
 - B. independent variable is normally distributed.
 - C. regression residuals are normally distributed.