

## Quiz 6- Time to check your understanding of Product Financials and Profitability

1. What is the purpose of product financial analysis?
  - a. To determine the profitability of the product
  - b. To forecast the future financial performance of the product
  - c. To identify cost-saving opportunities for the product
  - d. All of the above

**Correct Answer:** Option d – All of the above

**Explanation:** Product financial analysis is the process of examining the financial performance of a product in order to determine its profitability, forecast its future financial performance, and identify cost-saving opportunities. Product financial analysis is an important tool for product managers, as it provides insight into the financial performance of a product and helps inform product strategy and decision-making.

2. What is the purpose of cost-benefit analysis?
  - a. To determine the financial feasibility of a project
  - b. To measure the impact of a project on the environment
  - c. To assess the trade-off between the costs and benefits of a project
  - d. To evaluate the technical feasibility of a project

**Correct Answer:** Option c – To assess the trade-off between the costs and benefits of a project.

**Explanation:** A cost-benefit analysis is a method used to assess the trade-off between the costs and benefits of a project. This analysis helps to determine the financial feasibility of a project by comparing the expected costs with the expected benefits. By weighing the costs and benefits, a cost-benefit analysis provides a basis for making informed decisions about the viability of a project.

3. Which of the following equations can be used to calculate the present value of future cash flows?

*(This was discussed in the lecture 'Time Value of Money Concept')*

- a.  $FV = PV * (1 + r)^n$
- b.  $PV = FV / (1 + r)^n$
- c.  $PV = FV * (1 + r)^n$
- d.  $FV = PV / (1 + r)^n$

**Correct Answer:** Option b -  $PV = FV / (1 + r)^n$