|  |  |  |
| --- | --- | --- |
| Question | What is the primary objective of financial management? | |
| Type | multiple\_choice | |
| Option | Profit maximization | incorrect |
| Option | Wealth maximization | correct |
| Option | Revenue maximization | incorrect |
| Option | Market share maximization | incorrect |
| Solution | Wealth maximization | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The Capital Asset Pricing Model (CAPM) is used to determine ? | |
| Type | multiple\_choice | |
| Option | Dividend yields | incorrect |
| Option | Risk-free rate | incorrect |
| Option | Cost of equity | correct |
| Option | Earnings per share | incorrect |
| Solution | Cost of equity | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | In finance, what does the term "Liquidity" refer to? | |
| Type | multiple\_choice | |
| Option | Ability to convert assets into cash | correct |
| Option | Ability to cover long-term debts | incorrect |
| Option | Return on investment | incorrect |
| Option | Profit margin | incorrect |
| Solution | Ability to convert assets into cash | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What does the Debt-to-Equity ratio measure? | |
| Type | multiple\_choice | |
| Option | Profitability | incorrect |
| Option | Solvency | correct |
| Option | Liquidity | incorrect |
| Option | Efficiency | incorrect |
| Solution | Solvency | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The Efficient Market Hypothesis (EMH) suggests that ? | |
| Type | multiple\_choice | |
| Option | Stock prices reflect all available information | correct |
| Option | Stock prices are random and unpredictable | incorrect |
| Option | Stock prices are manipulated by large investors | incorrect |
| Option | Stock prices are determined solely by supply and demand | incorrect |
| Solution | Stock prices reflect all available information | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | Which financial statement represents a company's financial position at a specific point in time? | |
| Type | multiple\_choice | |
| Option | Income statement | incorrect |
| Option | Statement of cash flows | incorrect |
| Option | Balance sheet | correct |
| Option | Retained earnings statement | incorrect |
| Solution | Balance sheet | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What does the term "Net Present Value (NPV)" represent in investment analysis? | |
| Type | multiple\_choice | |
| Option | The difference between current assets and current liabilities | incorrect |
| Option | The present value of cash inflows minus the present value of cash outflows | correct |
| Option | The total revenue generated by an investment | incorrect |
| Option | The percentage return on investment | incorrect |
| Solution | The present value of cash inflows minus the present value of cash outflows | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | Which financial ratio measures a company's efficiency in managing its assets? | |
| Type | multiple\_choice | |
| Option | Return on Investment (ROI) | incorrect |
| Option | Current Ratio | incorrect |
| Option | Asset Turnover Ratio | correct |
| Option | Debt-to-Equity Ratio | incorrect |
| Solution | Asset Turnover Ratio | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What is the purpose of a hedging strategy in finance? | |
| Type | multiple\_choice | |
| Option | Maximizing profits | incorrect |
| Option | Minimizing risk | correct |
| Option | Expanding market share | incorrect |
| Option | Accelerating revenue growth | incorrect |
| Solution | Minimizing risk | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The Weighted Average Cost of Capital (WACC) is a calculation used to determine: | |
| Type | multiple\_choice | |
| Option | Profitability | incorrect |
| Option | Cost of debt | incorrect |
| Option | Dividend yield | incorrect |
| Option | Average cost of financing | correct |
| Solution | Average cost of financing | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | In the context of financial markets, what does the term "Arbitrage" refer to? | |
| Type | multiple\_choice | |
| Option | Buying and holding assets for the long term | incorrect |
| Option | Exploiting price differences to make a risk-free profit | correct |
| Option | Speculating on future price movements | incorrect |
| Option | Diversifying investment portfolios | incorrect |
| Solution | Exploiting price differences to make a risk-free profit | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What does the term "Beta" measure in finance? | |
| Type | multiple\_choice | |
| Option | Market risk of an individual stock | correct |
| Option | Total risk of an investment portfolio | incorrect |
| Option | Interest rate risk | incorrect |
| Option | Credit risk | incorrect |
| Solution | Market risk of an individual stock | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The Gordon Growth Model is used to estimate: | |
| Type | multiple\_choice | |
| Option | Cost of debt | incorrect |
| Option | Dividend growth rate | incorrect |
| Option | Earnings per share | incorrect |
| Option | Terminal value of a stock | correct |
| Solution | Terminal value of a stock | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What is the purpose of financial leverage? | |
| Type | multiple\_choice | |
| Option | Minimizing risk | incorrect |
| Option | Maximizing profits | incorrect |
| Option | Increasing the cost of capital | incorrect |
| Option | Magnifying the effects of changes in operating income on earnings per share | correct |
| Solution | Magnifying the effects of changes in operating income on earnings per share | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The Black-Scholes model is commonly used for pricing: | |
| Type | multiple\_choice | |
| Option | Bonds | incorrect |
| Option | Options | correct |
| Option | Stocks | incorrect |
| Option | Mutual funds | incorrect |
| Solution | Options | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What does the term "Working Capital" represent? | |
| Type | multiple\_choice | |
| Option | Long-term assets | incorrect |
| Option | Short-term assets | incorrect |
| Option | Current assets minus current liabilities | correct |
| Option | Total assets minus total liabilities | incorrect |
| Solution | Current assets minus current liabilities | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | In financial analysis, what does the term "Beta" indicate? | |
| Type | multiple\_choice | |
| Option | Market risk of a stock | correct |
| Option | Liquidity of an investment | incorrect |
| Option | Debt-to-Equity ratio | incorrect |
| Option | Profit margin | incorrect |
| Solution | Market risk of a stock | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What is the formula for the Quick Ratio? | |
| Type | multiple\_choice | |
| Option | (Current Assets - Inventory) / Current Liabilities | correct |
| Option | Current Assets / Current Liabilities | incorrect |
| Option | (Current Assets + Inventory) / Current Liabilities | incorrect |
| Option | Current Assets / (Current Liabilities - Inventory) | incorrect |
| Solution | (Current Assets - Inventory) / Current Liabilities | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The term "Diversification" in investment refers to: | |
| Type | multiple\_choice | |
| Option | Concentrating investments in a single asset | incorrect |
| Option | Spreading investments across different assets | correct |
| Option | Selling all investments during market downturns | incorrect |
| Option | Maximizing leverage | incorrect |
| Solution | Spreading investments across different assets | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What does the term "Capital Budgeting" involve in finance? | |
| Type | multiple\_choice | |
| Option | Managing day-to-day expenses | incorrect |
| Option | Evaluating long-term investment projects | correct |
| Option | Calculating short-term profits | incorrect |
| Option | Analyzing working capital | incorrect |
| Solution | Evaluating long-term investment projects | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What does the term "Earnings Before Interest and Taxes (EBIT)" represent? | |
| Type | multiple\_choice | |
| Option | What does the term "Earnings Before Interest and Taxes (EBIT)" represent? | incorrect |
| Option | Operating profit before interest and taxes | correct |
| Option | Gross profit before taxes | incorrect |
| Option | Total revenue before expenses | incorrect |
| Solution | Operating profit before interest and taxes | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The Sharpe Ratio is a measure of: | |
| Type | multiple\_choice | |
| Option | Liquidity risk | incorrect |
| Option | Market volatility | incorrect |
| Option | Risk-adjusted return | correct |
| Option | Financial leverage | incorrect |
| Solution | Risk-adjusted return | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What is the purpose of the DuPont Analysis in financial management? | |
| Type | multiple\_choice | |
| Option | Evaluating market trends | incorrect |
| Option | Analyzing credit risk | incorrect |
| Option | Assessing the profitability of a company | correct |
| Option | Measuring liquidity | incorrect |
| Solution | Assessing the profitability of a company | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The term "Yield to Maturity (YTM)" is associated with: | |
| Type | multiple\_choice | |
| Option | Dividend-paying stocks | incorrect |
| Option | Bond investments | correct |
| Option | Real estate investments | incorrect |
| Option | Mutual funds | incorrect |
| Solution | Bond investments | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | In financial markets, what does the term "Derivative" refer to? | |
| Type | multiple\_choice | |
| Option | Securities backed by physical assets | incorrect |
| Option | Financial instruments whose value is derived from an underlying asset | correct |
| Option | Low-risk investments | incorrect |
| Option | Government-issued bonds | incorrect |
| Solution | Financial instruments whose value is derived from an underlying asset | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The term "Blue Chip Stocks" typically refers to: | |
| Type | multiple\_choice | |
| Option | Stocks of new, innovative companies | incorrect |
| Option | Stocks with high market value and a history of stable performance | correct |
| Option | Small-cap stocks with high growth potential | incorrect |
| Option | Stocks of companies in financial distress | incorrect |
| Solution | Stocks with high market value and a history of stable performance | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What is the purpose of the PEG ratio (Price/Earnings to Growth ratio) in stock analysis? | |
| Type | multiple\_choice | |
| Option | Evaluating a company's debt levels | incorrect |
| Option | Assessing a stock's dividend yield | incorrect |
| Option | Determining the growth prospects of a stock relative to its price | correct |
| Option | Calculating the book value of a stock | incorrect |
| Solution | Determining the growth prospects of a stock relative to its price | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The term "Mergers and Acquisitions (M&A)" in finance refers to: | |
| Type | multiple\_choice | |
| Option | Buying and selling stocks on the open market | incorrect |
| Option | Combining two or more companies through various types of financial transactions | correct |
| Option | Trading commodities in the futures market | incorrect |
| Option | Investing in mutual funds | incorrect |
| Solution | Combining two or more companies through various types of financial transactions | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | What does the term "Hurdle Rate" represent in investment analysis? | |
| Type | multiple\_choice | |
| Option | The minimum rate of return required for an investment to be worthwhile | correct |
| Option | The maximum allowable risk for a particular investment | incorrect |
| Option | The rate at which a company's debt matures | incorrect |
| Option | The average return on equity for a company | incorrect |
| Solution | The minimum rate of return required for an investment to be worthwhile | |
| Marks | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| Question | The term "Depreciation" in financial accounting refers to: | |
| Type | multiple\_choice | |
| Option | An increase in the value of an asset | incorrect |
| Option | The process of converting assets into cash | incorrect |
| Option | The allocation of the cost of a tangible asset over its useful life | correct |
| Option | A decrease in the liabilities of a company | incorrect |
| Solution | The allocation of the cost of a tangible asset over its useful life | |
| Marks | 1 | 0 |