



Free Questions for CECP by dumpsheet

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Question 1

Question Type: MultipleChoice

The Alpha company ships an order to a customer on March 1st and invoices the customer for the product with the shipment, with payment terms of net 30 days. The customer's payment is received on April 5th. The payment clears the bank and shows on Alpha's account on April 8th. If Alpha is using accrual accounting, when does it record the revenue for this sale?

Options:

A- March 1st

B- March 31st

C- April 5th

D- April 8th

Answer:

A

Question 2

Question Type: MultipleChoice

Which of the following best describes present value?

Options:

- A-** The current value of holdings
- B-** The current value of holdings and how much it will grow over time at a given rate of return
- C-** The desired value in the future and what needs to be invested today to realize that amount
- D-** The difference between the desired value in the future and the current value as a percentage of the desired value

Answer:

C

Question 3

Question Type: MultipleChoice

The XYZ Company opened a new manufacturing facility with a capital investment of 10,000,000. The cost to obtain the capital was 8%. In its first year of operations, the facility's net operating profit after taxes was 10,500,000. What was the economic value added (EVA)

using the EVA formula?

Options:

A- 500,000

B- 840,000

C- 8,000,000

D- 9,700,000

Answer:

D

Question 4

Question Type: MultipleChoice

What do working capital metrics evaluate?

Options:

- A- The change in working capital over a specific period of time, typically one year
- B- A company's efficiency in converting short-term capital into cash
- C- A company's mean capital expenditure per employee
- D- The amount of cash needed to meet the company's short-term obligations

Answer:

B

Question 5

Question Type: MultipleChoice

The "return" represented by the Total Shareholder Return (TSR) metric is the increase in what?

Options:

- A- Earnings
- B- Shares
- C- Market capitalization

D- Increased market value and reinvested dividends paid

Answer:

D

Question 6

Question Type: MultipleChoice

Gross margin is which of the following, as percent of revenue?

Options:

A- Revenue minus cost of goods sold

B- Expenses plus taxes and depreciation

C- Gross profit minus expenses

D- Cost of goods sold

Answer:

A

Question 7

Question Type: MultipleChoice

Which of the following is the earnings available to equity owners after paying debt and taxes?

Options:

A- EBIT

B- EPS

C- Net income

D- Operating profit

Answer:

C

Question 8

Question Type: MultipleChoice

What is the top line or starting point of an organization's income?

Options:

- A- Gross profit
- B- Revenue
- C- Net income
- D- Operating profit

Answer:

B

Question 9

Question Type: MultipleChoice

What do profits, equity and debt all have in common?

Options:

- A- They are all reported on the balance sheet.
- B- They are all sources of capital.
- C- They all incur the same costs to the business.
- D- Nothing. Each of these is a different financial metric.

Answer:

B

Question 10

Question Type: MultipleChoice

Which financial statement or combination of statements provide(s) the most comprehensive view of the company's financial situation?

Options:

- A- The balance sheet

- B-** The income statement
- C-** The cash flow statement and the income statement
- D-** The cash flow statement, along with the balance sheet and income statement

Answer:

D

Question 11

Question Type: MultipleChoice

What information is found on the balance sheet?

Options:

- A-** A list of what is owned, what is owed and the equity of an entity
- B-** The revenues and expenses incurred by an entity over a period of time
- C-** The change during the reporting period in cash and cash equivalents
- D-** The profitability of the company as of a specific date

Answer:

A

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