



Free Questions for *Series-7* by *certsinside*

Shared by *Armstrong* on *06-06-2022*

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Question 1

Question Type: MultipleChoice

The Bubba Corporation has 900,000 of common outstanding and holds 100,000 shares as treasury stock. At the end of the third quarter \$450,000 is distributed as a dividend on the common.

How much is the dividend per share?

Options:

A- \$0.45

B- \$0.50

C- \$2.00

D- \$2.22

Answer:

A

Explanation:

\$0.45. Since treasury stock does not receive dividends, divide \$450,000 by the outstanding 100,000 shares to arrive at \$0.45 per share.

Question 2

Question Type: MultipleChoice

A large manufacturing company has current assets of approximately \$9,400,000 and current liabilities of about \$4,900,000.

Which of the following statements is true about the current ratio?

Options:

- A- it is substantially below the standard minimum
- B- it is somewhat below the standard minimum
- C- it is about the standard minimum
- D- it is somewhat above the standard minimum

Answer:

B

Explanation:

it is somewhat below the standard minimum. The standard minimum current ratio for a manufacturing company is 2 to 1. The current ratio for this company is 1.92 (9,400,000 divided by 4,900,000).

Question 3

Question Type: MultipleChoice

Which of the following is normally the largest asset of a manufacturing company?

Options:

- A- sales
- B- inventory
- C- accounts receivable
- D- notes receivable

Answer:

B

Explanation:

Inventory. A manufacturer will normally have more inventory than accounts receivable and notes receivable. Sales is not an asset category.

Question 4

Question Type: MultipleChoice

A company earns \$6 per share and pays out 20% in common stock dividends.

What does the stock yield if it sells at \$30 per share?

Options:

A- 10%

B- 4%

C- 2.5%

D- 6%

Answer:

B

Explanation:

4%. The dividend is \$1.20 per share ($\$6 \times 20\%$). Divide this by the stock price to obtain the yield.

Question 5

Question Type: MultipleChoice

A leveraged company is best described as one that has a small portion of its capitalization represented by:

Options:

A- common stock

B- preferred stock

C- debentures

D- convertible bonds

Answer:

A

Explanation:

common stock. Leverage refers to the existence of securities that are senior to common stock. There can be debt leverage and equity leverage.

Question 6

Question Type: MultipleChoice

After an extended period of backing and filling, a stock moves up sharply through a resistance level on heavy volume. A technical analyst would likely call this a:

Options:

- A- buy-in
- B- technical rally
- C- buying climax
- D- breakout

Answer:

D

Explanation:

breakout. An upward move through a resistance level that is confirmed by heavy volume is called a breakout.

Question 7

Question Type: MultipleChoice

The market theory stating that the small investor is usually wrong is called the:

Options:

A- advance-decline theory

B- odd-lot theory

C- Dow theory

D- short interest theory

Answer:

B

Explanation:

The market theory stating that the small investor is usually wrong is called the odd-lot theory. The concept behind this theory is that when small lot sales are high, it is a good time to buy, as a high ratio of small business sales is a contrary indicator of market direction.

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