Free Questions for CIMAPRA19-F03-1 by vceexamstest

Shared by Bruce on 30-08-2022

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Question 1

Question Type: **MultipleChoice**

Two companies that operate in the same industry have different Price/Earnings (P/E)ratios as follows:

Which of the following is the most likely explanation of the different P/E ratios?

Options:

A) Company B has a greater profit this year than Company A.

B) Company B has higherbusiness risk than Company A.

C) Company B has higher expected future growth than Company A.

D) Company B has higher gearing than Company A.

Answer:

C

Question 2

Question Type: **CorrectText**

An aerospace company is planning to diversify into car manufacturing.

Relevant data:

What is the the cost of equity to be used in the WACC for the project appraisal?

Give your answer in percentage, as a whole number.

? %

Answer:

Question 3

Question Type: **MultipleChoice**

Acompanyhas 8% convertible bonds in issue. The bonds are convertible in 3 years time at a ratio of 20 ordinary shares per $100 nominal value bond.

Each share:

* has a current market value of $5.60

* is expected to grow at 5% each year

What is the expected conversion valueof each$100nominal value bondin 3 years' time?

Options:

A) $129.6

B) $117.6

C) $100.0

D) $112.0

Answer:

A

Question 4

Question Type: **MultipleChoice**

Two companies that operate in the same industry have different Price/Earnings (P/E)ratios as follows:

Which of the following is the most likely explanation of the different P/E ratios?

Options:

A) Company B has a greater profit this year than Company A.

B) Company B has higherbusiness risk than Company A.

C) Company B has higher expected future growth than Company A.

D) Company B has higher gearing than Company A.

Answer:

C

Question 5

Question Type: CorrectText

An aerospace company is planning to diversify into car manufacturing.

Relevant data:

What is the the cost of equity to be used in the WACC for the project appraisal?

Give your answer in percentage, as a whole number.

? %

Answer:

Question 6

Question Type: **MultipleChoice**

Acompanyhas 8% convertible bonds in issue. The bonds are convertible in 3 years time at a ratio of 20 ordinary shares per $100 nominal value bond.

Each share:

* has a current market value of $5.60

* is expected to grow at 5% each year

What is the expected conversion valueof each$100nominal value bondin 3 years' time?

Options:

A) $129.6

B) $117.6

C) $100.0

D) $112.0

Answer:

A