

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:

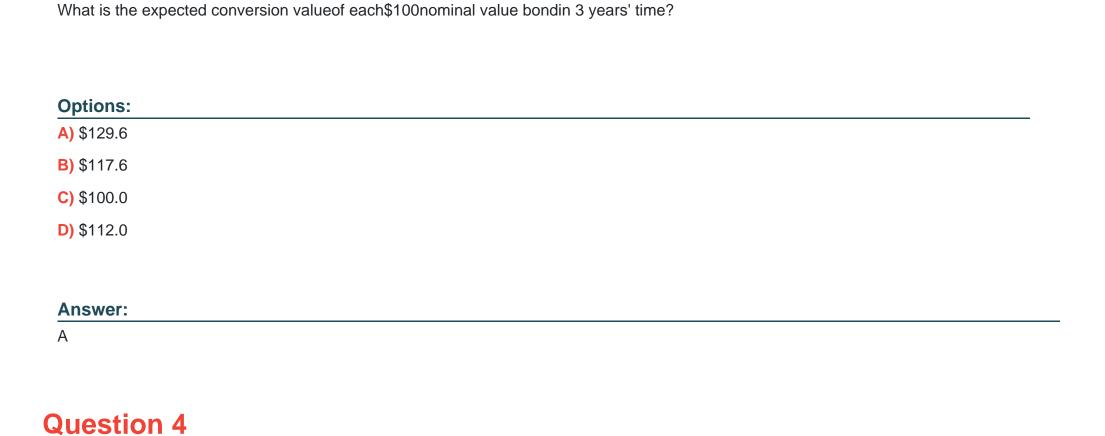
Question 3

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



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?

* is expected to grow at 5% each year

Question Type: MultipleChoice

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:

С

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 value of each\$100nominal value bondin 3 years' time?

Options:

- **A)** \$129.6
- **B)** \$117.6
- **C)** \$100.0
- **D)** \$112.0

Answer:

A

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