

1. The stock price of a company increases and the market is deemed efficient. What assumption can be made?
A. A new, patented, product was introduced to the market.
B. New machinery was purchased with a useful life of 20 years.
C. Management is optimizing its resources and operating efficiently.
D. Management hired new employees and invested in a training program.
2. Which statement is true about how the global market affects the U.S.
A. A bad options trade executed by a foreign subsidiary of a Wall Street bank will affect layoffs overseas.
B. A Bad derivatives trade executed by a foreign subsidiary of a Wall Street bank will affect layoffs overseas.
C. American investors and fund managers make decisions based on financial reporting standards developed and financial statements audited overseas.
D. Foreign investors and fund managers make decisions based on financial reporting standards developed and financial statements audited overseas.
3. What are secondary markets?
A. Markets where securities are traded subsequent to the initial offering.
B. Markets where securities are issued for the first time.
C. Markets where securities are issued through a competitive sale.
D. Markets where securities are issued through a negotiated sale.
4. A special interest group in the U.S. has been lobbying intensely for protectionism through increased tariffs and trade restrictions, with the argument that it will save jobs in the industry they represent. What is the most likely result if they are successful?
A. Employees and shareholders of the domestic industry that produce the protective goods will be hurt and the nation will benefit.
B. The overall economy will benefit from trade restrictions and tariffs.
C. Removing the trade restrictions and tariffs will result in a net economic loss to the overall U.S. economy.
D. Employees and shareholders of the domestic industry that produce the protected goods will benefit and the nation will be hurt.
5. What do the content and structure of a balance sheet report?
The assets, liabilities, and equity at a point in time
6. What is the basis used to compute a company's income tax expense?
A. Pretax accounting income.
B. Taxable income.
C. Net operating income.
D. Taxes payable.
7. What is the firm's cash flow from financing, using the data above?

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Net Income	\$1000
Depreciation Expense	\$300
Change in operating assets	\$600
Change in net PP&E	\$5000
Change in long-term Liabilities	\$1000
Dividends Paid	\$200

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