

## Finance Exam Questions List

1. A Capital Projects Fund for a new city courthouse recorded a receivable of \$300,000 for a state grant and a \$450,000 transfer from the General Fund. What amount should be reported as revenue by the Capital Projects Fund?
  - \$0
  - \$300,000 (Answer)
  - \$450,000
  - \$750,000
2. Kew City received a \$15,000,000 federal grant to finance the construction of a center for the rehabilitation of drug addicts. The proceeds of this grant should be accounted for in the:
  - Special Revenue Funds
  - General Fund
  - Capital Projects Funds (Answer)
  - Trust funds
3. "Shareholder wealth" in a firm is represented by:
  - the number of people employed in the firm
  - the book value of the firm's assets less the book value of its liabilities
  - the amount of salary paid to its employees
  - the market price per share of the firm's common stock (Answer)
4. The long-run objective of financial management is to:
  - maximize earnings per share
  - maximize the value of the firm's common stock (Answer)
  - maximize return on investment
  - maximize market share
5. A(n) \_\_\_\_ would be an example of a principal, while a(n) \_\_\_\_ would be an example of
  - an agent.
  - shareholder; manager (Answer)
  - manager; owner
  - shareholder; bondholder
6. A company's \_\_\_\_ is (are) potentially the most effective instrument of good corporate governance.
  - common stock shareholders
  - board of directors (Answer)
  - top executive officers