

These sample questions are designed to match the question types and difficulty level of the Grand Test, helping candidates familiarize themselves with the exam format. The actual Grand Test consists of 300 questions.

The sample set includes 6 groups of questions, with 15 questions in each group. Answer keys can be found at the end of the last page of each group.

## Group 1

1. Which characteristic of money enhances its role as a medium of exchange?
  - A) Unlimited supply
  - B) Inconsistency
  - C) Lengthy lifespan without use
  - D) Divisibility, allowing transactions of varied sizes
2. When digital currencies emerge, they challenge traditional money by offering \_\_\_\_\_.
  - A) Physical traceability
  - B) Centralized banking solutions
  - C) Guaranteed exchange rates
  - D) Decentralization and potential reductions in transaction costs
3. Financial systems facilitate economic growth by \_\_\_\_\_.
  - A) Disregarding savings mechanisms
  - B) Promoting inefficient resource allocations
  - C) Relying solely on cash transactions
  - D) Ensuring efficient flow of funds between investors and those in need of capital
4. Distinguishing between money markets and capital markets, the former generally deals with \_\_\_\_\_.
  - A) Short-term debt securities and liquidity management
  - B) Long-term equity investments
  - C) Exotic financial derivatives
  - D) Real estate investments
5. A central bank's role in regulating the financial system includes \_\_\_\_\_.
  - A) Issuing currency and implementing monetary policy to stabilize the economy
  - B) Setting fiscal policy for the government
  - C) Direct hiring of financial analysts
  - D) Speculative trading in stock markets
6. In the context of investments, the time value of money principle suggests that \_\_\_\_\_.
  - A) Future cash flows have no bearing on present value

- B) Present value calculations ignore discounting factors
  - C) Future value estimates offer exact returns
  - D) A dollar today holds more value than a dollar in the future due to potential earning capacity
7. Simple interest is best described as interest that is \_\_\_\_.
- A) Compounded monthly on initial principal
  - B) Calculated once at maturity of invested funds
  - C) Complex and periodically adjusted
  - D) Calculated solely on the initial principal amount over time
8. The main factor influencing central banks when setting interest rates is \_\_\_\_.
- A) Forecasts of technological changes
  - B) Political lobbying
  - C) Historical data trends alone
  - D) Inflation expectations and economic stability
9. The store of value function is effectively maintained when money is \_\_\_\_.
- A) Constantly devaluing due to inflation
  - B) Controlled by competitive sectors
  - C) Limited in circulation
  - D) Retained its purchasing power over time despite economic fluctuations
10. Which real-world impact does inflation generally have on savings?
- A) Erodes purchasing power, diminishing real savings value if interest rates are lower than inflation
  - B) Enhances savings value without investing
  - C) Guarantees fixed interest earnings
  - D) Stabilizes currency values
11. The introduction of government bonds as saving instruments provides individuals with \_\_\_\_.
- A) Permanent capital gains
  - B) A risky investment choice
  - C) Unlimited cash flow
  - D) A relatively low-risk option for fixed income returns
12. In the financial lifecycle, an essential reason for individuals to save is to \_\_\_\_.
- A) Increase consumption beyond means
  - B) Enhance liquidity for impulsive purchasing
  - C) Maximize immediate liabilities
  - D) Prepare for unforeseen events and build future financial security
13. The key distinction between commercial banks and investment banks is that the former \_\_\_\_.
- A) Primarily deals in underwriting and advisory services
  - B) Offers insurance with no lending services
  - C) Engages in interest rate swaps



D) Accepts deposits and extends loans to individuals and businesses

14. Currency exchange rates are primarily determined by \_\_\_\_.

- A) Supply and demand dynamics in the foreign exchange market
- B) Arbitrary government policies
- C) Fixed annual meetings of central banks
- D) Cultural appreciation

15. A primary cause of demand-pull inflation is \_\_\_\_.

- A) An increase in aggregate demand outpacing aggregate supply
- B) A significant decline in consumer confidence
- C) Supply chain innovations
- D) Reduced import tariffs

Answer Keys: DDDAA DDDDA DDDAA



## Group 2

1. Price elasticity of demand plays a crucial role in determining \_\_\_\_.  
A) How a change in price affects total revenue and consumer demand for a product  
B) The total cost of production  
C) The marginal cost of an item  
D) Interest rates
2. In microeconomic theory, when two goods are substitutes, an increase in the price of one good will likely \_\_\_\_.  
A) Increase the demand for the other good  
B) Decrease the demand for the other good  
C) Not affect the market at all  
D) Affect supply curves only
3. The concept of comparative advantage encourages countries to specialize in the production of goods \_\_\_\_.  
A) Where they can produce at the lowest opportunity cost, leading to more efficient global resource use  
B) That have the highest production cost  
C) That are not traded globally  
D) Without considering opportunity costs
4. Diminishing marginal returns occur when \_\_\_\_.  
A) Additional units of input yield progressively lower increments of output, assuming other inputs remain constant  
B) Each additional unit of input slightly boosts output beyond proportion  
C) Total output declines despite increasing inputs  
D) Maximum output is achieved through minimal inputs
5. In economics, the role of a central bank in managing inflation is typically realized by \_\_\_\_.  
A) Employing monetary policy instruments, such as interest rates adjustments, to influence economic activity  
B) Controlling import tariffs and exchange rates  
C) Directly setting commodity prices  
D) Regulating fiscal budgets
6. An increase in income can lead to \_\_\_\_.  
A) An increase in the demand for normal goods  
B) An upward shift in demand for inferior goods  
C) A downward shift in the saving rate  
D) A sharp decrease in inflation
7. The Philips Curve presents a short-run trade-off between two macroeconomic variables, which are \_\_\_\_.  
A) Inflation and unemployment, indicating that policies to reduce one might increase the other  
B) Inflation and GDP

- C) Unemployment and interest rates
  - D) Exchange rates and GDP growth
8. The equilibrium price in a market is established when \_\_\_\_.
- A) Government imposes price ceilings
  - B) Demand decreases significantly
  - C) Supply exceeds demand consistently
  - D) Quantity supplied equals quantity demanded, clearing the market
9. Supply-side economics primarily focuses on \_\_\_\_.
- A) Demand stimulation through government spending
  - B) Creation of barriers to international trade
  - C) Stabilizing short-term market fluctuations through price controls
  - D) Long-term growth achieved through incentives for producers, like tax cuts and deregulation
10. An example of an automatic stabilizer in an economic system is \_\_\_\_.
- A) Progressive tax systems and unemployment benefits that adjust naturally with economic cycles, stabilizing disposable income
  - B) Government austerity measures
  - C) Targeted monetary expansions
  - D) Regulatory penalties for fiscal deficits
11. Economic cycles featuring prolonged periods of recessions primarily affect \_\_\_\_.
- A) Employment rates
  - B) Seasonal weather patterns
  - C) The number of banking establishments
  - D) Municipal governance structures
12. The law of supply states that \_\_\_\_.
- A) Supply remains unchanged regardless of price
  - B) Higher prices incentivize producers to increase the quantity supplied
  - C) Natural resources set fixed supply levels
  - D) Lower prices motivate an increase in production capacity
13. In market structures, the key difference between perfect competition and monopoly lies in \_\_\_\_.
- A) The uniformity of product attributes
  - B) Barriers to entry and the number of firms, with monopolies having high barriers and a single dominant firm
  - C) Regulatory compliance requirements
  - D) Monopolistic pricing strategies holding consistent profit margins
14. In evaluating GDP, a real GDP growth rate calculation takes into account \_\_\_\_.
- A) Current market prices
  - B) Base year price levels to account for inflation, providing a more accurate reflection of economic growth
  - C) Inward investment only



D) Commodity production outputs

15. Seasonal fluctuations affecting specific industries, such as tourism, are best managed through \_\_\_\_.

A) Comprehensive long-term contracts

B) Price-setting cartels

C) Dynamic demand-supply adjustments, ensuring equilibrium price adaptation during off-peak times

D) Import taxes

Answer Keys: AAAAA AADDA ABBBC



## Group 3

1. A meticulous personal budget facilitates which of the following outcomes?
  - A) Fluctuating discretionary income
  - B) Precise allocation of resources
  - C) Increased impulsive spending
  - D) Compliance with financial indifference
  
2. To effectively differentiate expenses, an individual should categorize \_\_\_\_.
  - A) Only fixed costs, ignoring variable changes
  - B) Fixed, variable, and periodic expenditures
  - C) Costs by arbitrary personal preference
  - D) All expenses as discretionary
  
3. What is the strategic advantage of maintaining an emergency fund equivalent to 3-6 months of expenses?
  - A) Preparation for minor unforeseen expenses
  - B) Leveraging funds for speculative investments
  - C) Shielding against potential liquidity crises
  - D) Avoiding the need for detailed budgeting
  
4. In the assessment of creditworthiness, the FICO score algorithm predominantly weighs \_\_\_\_.
  - A) The credit mix and recent inquiries equally
  - B) Length of credit history over payment consistency
  - C) Payment history and amounts owed
  - D) New credit acquisitions over account diversity
  
5. Establishing a robust credit history is crucial as it directly impacts \_\_\_\_.
  - A) Unconditional loan approvals
  - B) The interest rates on borrowed funds
  - C) Investment portfolio performance
  - D) Employer evaluation metrics
  
6. The avalanche method of debt repayment prioritizes what aspect?
  - A) Paying off obligations based on emotional attachment
  - B) Prioritizing debts with the lowest interest rate
  - C) Systematically reducing the smallest balances first
  - D) Targeting debts with the highest interest rate
  
7. Which category of taxes is inherently progressive and directly affects individuals based on their earnings?
  - A) Sales taxes
  - B) Property taxes
  - C) Payroll taxes
  - D) Income taxes

8. Ensuring accuracy in tax reporting requires an individual to retain which documentation until the statute of limitations concludes?
- A) Grocery receipts
  - B) Prior year tax returns and relevant financial records
  - C) Sentimental family photos
  - D) Home improvement projects saved on mobile apps
9. Which insurance product primarily focuses on the risk transference associated with both human life and tangible property?
- A) Umbrella insurance
  - B) Health savings accounts
  - C) Standard property insurance
  - D) Variable life insurance
10. Assessing the comparative value of insurance plans necessitates analyzing \_\_\_\_.
- A) Exclusively the deductible amount
  - B) Premium, coverage, and exclusions against potential risks
  - C) Total coverage view only
  - D) Reputation of the insurer devoid of policy specifics
11. Cybersecurity awareness in financial contexts underscores the necessity of recognizing which variant of manipulation schemes?
- A) Basic email communication
  - B) Phishing expeditions targeting identity and financial theft
  - C) General ad-based schemes
  - D) Traditional postal fraud methods
12. Optimal safeguarding of sensitive online banking credentials involves \_\_\_\_.
- A) Frequent disclosure for updates
  - B) Utilization of two-factor authentication and complex passwords
  - C) Simplifying passwords for ease of recall
  - D) Exclusive reliance on device fingerprinting
13. Eschewing physical cash, digital wallets present what latent risk despite apparent conveniences?
- A) Enhanced credit scores
  - B) Increased susceptibility to cyber infiltration
  - C) Augmentation of cash reserves
  - D) Simplified currency conversion
14. Which effect typifies the fallout from identity theft for the unwary individual?
- A) Elevated social status
  - B) Compromising of personal financial ecosystems
  - C) Exclusion from credit evaluations





D) Strengthened existing credit lines

15. Employing sophisticated financial apps empowers users with the capability to \_\_\_\_.

- A) Aggregate expenses indiscriminately
- B) Camouflage overspending tendencies
- C) Execute nuanced financial tracking and forecasting
- D) Eliminate budgeting systems holistically

Answer Keys: BBCCB DDBAB BBBBC



## Group 4

1. How do money markets fundamentally support an economy's operational efficiency?
  - A) By facilitating long-term investment
  - B) Through backing large-scale infrastructure projects
  - C) By providing short-term financing solutions
  - D) By underwriting equity securities
  
2. The capacity to execute large transactions without a significant impact on asset prices defines \_\_\_\_.
  - A) Systemic risk exposure
  - B) Market liquidity
  - C) Capital adequacy
  - D) Portfolio insurance
  
3. Secondary markets are critical in financial systems because they \_\_\_\_.
  - A) Allow for the initial distribution of securities
  - B) Enhance market efficiency by providing liquidity and price discovery
  - C) Serve solely as a mechanism for regulatory compliance
  - D) Incorrectly reflect asset intrinsic values
  
4. What purpose do comprehensive stock indices like the FTSE 100 or DAX primarily serve?
  - A) Total economic valuation
  - B) Individual company assessment
  - C) Benchmarking market performance and investor sentiment
  - D) Sustaining fixed income securities
  
5. Within the context of the efficient market hypothesis, semi-strong form efficiency implies that \_\_\_\_.
  - A) Private information is reflected in current stock prices
  - B) Public information is not yet reflected in prices
  - C) Stock prices instantly reflect all publicly available information
  - D) Historical pricing data is irrelevant
  
6. When companies issue preferred stock, what trade-off do they offer investors compared to common stock?
  - A) Unlimited capital gains
  - B) Guaranteed voting rights
  - C) Reduced risk with preferential dividends
  - D) Enhanced liquidity with future contracts
  
7. Corporate bonds are often considered less speculative than equities due to \_\_\_\_.
  - A) Their lack of price fluctuations
  - B) Legal precedence of claim in case of liquidation
  - C) Guaranteed high returns regardless of market conditions
  - D) Absence of credit risk concerns

8. The strategic role of commodity investments typically involves \_\_\_\_.
- A) Engaging in legal speculation
  - B) Offering pure speculative gains
  - C) Acting as a hedge against inflation and economic volatility
  - D) Avoiding any market correlations
9. What advantage do hedge funds possess over mutual funds?
- A) Operations strictly within regulated parameters
  - B) Capacity to employ leverage and short selling for greater flexibility
  - C) Required daily liquidity
  - D) Mandatory retail investor compliance
10. A paramount function of the International Monetary Fund (IMF) is \_\_\_\_.
- A) Direct economic sanctions
  - B) Offering financial oversight to enhance macroeconomic stability
  - C) Establishing global environmental policies
  - D) Harmonizing national tax codes
11. Through what mechanisms do World Trade Organization (WTO) agreements bolster international trade?
- A) Price imposition mechanisms
  - B) Trade dispute adjudication and reduction of trade barriers
  - C) Subsidization of domestic industries
  - D) Imposition of competitive devaluation tactics
12. The phenomenon of currency appreciation often leads to \_\_\_\_.
- A) Expanded deficit in the current account balance
  - B) Heightened competitiveness of local exports
  - C) Reduced foreign investment flows
  - D) Increased affordability of foreign goods
13. Free trade agreements intrinsically aim to \_\_\_\_.
- A) Strengthen protectionist measures
  - B) Facilitate cross-border trade by eliminating tariffs and increasing mutual market access
  - C) Develop monetary union frameworks
  - D) Establish global tax standards
14. Financial contagion describes a scenario where \_\_\_\_.
- A) Localized banking failures are contained without broader impact
  - B) Economic distress in one country induces pressures in another through integrated market linkages
  - C) Sovereign debt issues become entirely domestic
  - D) Capital flows are strictly homeward-bound
15. Within derivatives markets, options contracts serve primarily to \_\_\_\_.



- A) Lock in investment profits without underlying risks
- B) Provide holders with rights, but not obligations, to buy or sell assets at predetermined prices
- C) Underwrite new bond issues at competitive rates
- D) Stabilize pegged currency systems

Answer Keys: CBBCC CBCBB BDBBB



## Group 5

1. What is the inherent limitation of using the Payback Period as an exclusive capital budgeting tool?
  - A) Ignores initial investment cost
  - B) Assumes a constant funding rate
  - C) Omits total project profitability and cash flows beyond the break-even point
  - D) Encourages excessive credit utilization
  
2. The optimal capital structure of a firm is fundamentally influenced by the interplay between \_\_\_\_.
  - A) Warrants and convertible securities
  - B) Operating income and tax obligations
  - C) Cost of debt and equity financing, balancing risk and return to maximize firm value
  - D) Transaction costs and dividend payout ratios
  
3. In capital budgeting, the net present value (NPV) method is preferred because it \_\_\_\_.
  - A) Provides estimates of potential annual loss
  - B) Ignores capital cost requirements
  - C) Considers the time value of money and aids in value maximization
  - D) Relies on equity market fluctuations
  
4. Which capital structure theory posits that firms prioritize their sources of financing according to the least cost and risk, typically starting with internal funds?
  - A) Pecking Order Theory
  - B) Static Trade-off Theory
  - C) Market Timing Hypothesis
  - D) Dividend Irrelevance Theory
  
5. When analyzing the dividend signaling theory, which of the following assumptions is made about investor perception?
  - A) Investors perceive a firm's dividend changes as an indicator of future cash flow prospects
  - B) Investors react negatively to dividend announcements due to tax liabilities
  - C) There is no correlation between declared dividends and market sentiment
  - D) Results are predominantly unrelated to equity values
  
6. In assessing financial leverage, what is a primary drawback of firms relying excessively on debt financing?
  - A) Reduced variability in earnings
  - B) Dilution of shareholder equity
  - C) Increased financial distress risk and cost of equity
  - D) Enhanced managerial autonomy
  
7. Using the Modigliani-Miller Proposition I (without taxes), how is firm valuation affected by changes in capital structure?
  - A) Firm value decreases with increased debt usage

- B) Firm value increases with lower equity costs
  - C) Firm value remains unchanged regardless of the capital structure
  - D) Firm value fluctuates with equity dilution
8. The internal rate of return (IRR) can lead to misleading investment decisions when \_\_\_\_.
- A) Project durations differ significantly or cash flows are non-standard, potentially resulting in multiple IRRs
  - B) Cash flows are conventional and consistent
  - C) Discount rates maintain a fixed trajectory
  - D) Projects are entirely risk-free
9. Which dividend policy approach aligns with maintaining a consistent dividend per share irrespective of fluctuating earnings or market conditions?
- A) Residual Dividend Policy
  - B) Constant Payout Ratio
  - C) Stable Dividend Policy
  - D) Variable Dividend Strategy
10. A firm's decision to issue new equity is motivated by which of the following under the pecking order theory?
- A) Last-line consideration when retained earnings and debt are insufficient
  - B) Avoidance of debt to maintain flexibility
  - C) Robust market sentiment for new capital stock
  - D) Immediate shareholder value enhancement
11. In forecasting, what advantage does scenario analysis provide finance professionals?
- A) Simplifies budgetary constraints
  - B) Offers a singular view ensuring perfect accuracy
  - C) Evaluates potential future events by considering alternative outcomes, testing the robustness of financial decisions
  - D) Causes reliance on past market trends
12. How does the weighted average cost of capital (WACC) serve in capital budgeting decisions?
- A) Functions as an immaterial, arbitrary benchmark
  - B) Represents the cost of marginal debt only
  - C) Acts as a hurdle rate ensuring investments exceed the firm's overall expense of capital
  - D) Solely indicates equity funding expenses
13. What principle underlies the concept of operating leverage?
- A) Fixed costs are leveraged to generate disproportionately higher returns as sales volume increases
  - B) Fluctuations in production levels have no bearing on profitability
  - C) It only applies to organizations with minimal debt structures
  - D) Variable costs are non-contributory to profit margins
14. In risk management, a project's beta coefficient is most directly related to \_\_\_\_.
- A) Measuring unsystematic risk



- B) Appraising bond yields
- C) Estimating systematic risk relative to the market
- D) Predicting short-term currency movements

15. What does the profitability index measure in relation to investment appraisal?

- A) The total failure risk of an investment
- B) Future tax implications of a project
- C) The ratio of present value of future cash flows to the initial investment outlay, indicating project desirability
- D) Company-wide liquidity ratios

Answer Keys: CCCAA CCACA CCACC



## Group 6

1. On the balance sheet, what does the equity section signify?
  - A) The company's total liabilities
  - B) Resources controlled by the firm
  - C) Residual interest in the assets of the entity after deducting liabilities, representing ownership value
  - D) Short-term debts due within the accounting period
  
2. Revenues are recognized on the income statement based on the principle that \_\_\_\_.
  - A) Transactions can be anticipated regardless of completion
  - B) Revenue is recognized when cash is received, irrespective of when goods are delivered or services performed
  - C) Revenue should be recorded when earned and realizations are assured
  - D) Revenues must be equivalent to expenses
  
3. An income statement captures \_\_\_\_.
  - A) Stockholder transactions only
  - B) Earnings before interest and taxation
  - C) The company's financial position at a specific date
  - D) Revenues and expenses, highlighting profit over a period
  
4. Free cash flow is pivotal in valuation as it represents \_\_\_\_.
  - A) Cash generated from operations that is available for distribution after meeting capital expenditure requirements and working capital needs
  - B) Funds allocated purely to dividend payouts
  - C) Net income less outstanding debt
  - D) Cash needed for corporate tax liabilities
  
5. The current ratio primarily assesses a company's \_\_\_\_.
  - A) Ability to transform equity into cash
  - B) Long-term solvency
  - C) Efficiency in using payrolls
  - D) Liquidity by comparing current assets to current liabilities
  
6. Which statement best describes what the debt-to-equity ratio indicates?
  - A) The likelihood of dividend increases
  - B) Short-term asset management efficiency
  - C) Extent of company's reliance on financial leverage
  - D) Market anticipation of interest rate movements
  
7. In performing horizontal analysis, a company assesses \_\_\_\_.
  - A) Financial data across multiple periods by evaluating changes over time
  - B) Proportional size of each financial statement item



- C) Variability in industry benchmarks  
D) Flash reports submitted within a quarter
8. A higher receivables turnover ratio typically implies \_\_\_\_.
- A) Inefficient collection processes  
B) Aggressive credit policies  
C) Efficient credit and collection mechanisms, resulting in quick conversion of receivables to cash  
D) Decreased operational capacity
9. If a company has a price-to-earnings (P/E) ratio substantially above the industry average, it suggests that \_\_\_\_.
- A) Investors anticipate higher earnings growth in the future  
B) The company is underperforming relative to peers  
C) Market sentiment is negative  
D) The company has lower market capitalization risks
10. A significant advantage of vertical analysis lies in its ability to \_\_\_\_.
- A) Predict future market interest trends  
B) Facilitate year-over-year performance matching  
C) Compare proportions of specific financial statement components within a single period of analysis  
D) Detect fraudulent financial reporting
11. The discounted cash flow (DCF) method utilizes which of the following to determine intrinsic company value?
- A) Projected future cash flows discounted back to present value using an appropriate discount rate  
B) Net profit fluctuations  
C) Comparative interest rates over time  
D) Volatility indices in stock markets
12. Inventory turnover is a crucial metric for assessing \_\_\_\_.
- A) Long-term solvency  
B) Profit margin sustainability  
C) How fast a company sells and replaces its stock during a period  
D) Cash accounting consistency
13. A low quick ratio may indicate that a company \_\_\_\_.
- A) Lacks sufficient liquid assets to meet short-term liabilities, potentially leading to liquidity challenges  
B) Is highly leveraged in its asset base  
C) Has an excess of cash on hand  
D) Faces immediate bankruptcy
14. The concept of present value is pivotal in finance because it \_\_\_\_.
- A) Simplifies understanding future profits  
B) Addresses the decrease in purchasing power



- C) Allows investors to assess the value today of cash flows expected to be received in the future
- D) Reduces financial errors and scandals

15. Profit margin ratios are valuable for determining \_\_\_\_.

- A) Operating performance, i.e., how much profit a company generates from its revenues
- B) The intrinsic value of a company's assets
- C) Variance in tax rate exposure
- D) Minimum capital reserve requirements

Answer Keys: CCDAD CACAC ACACA

