Sample Questions

Finance and Banking Services

1. Debt ratio is the ratio of _______.
   a. current liabilities to current assets
   b. current assets to current liabilities
   c. total assets to total liabilities
   d. total liabilities to total assets

2. Which of the following is correct in regards to gross profit?
   a. It is always equal to net profit.
   b. It is always more than net profit.
   c. It is always less than net profit.
   d. It has no relation to net profit.

3. Which of the following are high risk stocks?
   a. Common stocks
   b. Preferred stocks
   c. Both involve the same amount of risk.
   d. It depends upon the market situation.

4. What is the difference between American and European index options?
   a. American index option may be exercised any time before the option expires, while European index option may be exercised only at expiration.
   b. American index option stops trading one day before European index option.
   c. European index option may be exercised any time before the option expires, while American index option may be exercised only at expiration.
   d. European index option stops trading two days before American index option.
5. State whether the following statement is True or False:

The interest rate on loans either decreases or remains the same if the CRR is reduced.

a. True
b. False