



CFA-LEVEL-1^{Q&As}

CFA Level I Chartered Financial Analyst

Pass CFA CFA-LEVEL-1 Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

<https://www.geekcert.com/cfa-level-1.html>

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by CFA Official Exam Center

-  **Instant Download** After Purchase
-  **100% Money Back** Guarantee
-  **365 Days** Free Update
-  **800,000+** Satisfied Customers





QUESTION 1

Which of the following are practical difficulties associated with capital structure and degree of leverage analyses?

- A. All of these statements are correct.
- B. None of the statements represent a serious impediment to the practical application of leverage analysis in capital structure determination.
- C. Managers' attitudes toward risk differ and some managers may set a target capital structure other than the one that would maximize stock price.
- D. Managers often have a responsibility to provide continuous service; they must preserve the long-run viability of the enterprise. Thus, the goal of employing leverage to maximize short-run stock price and minimize capital cost may conflict with long-run viability.
- E. It is nearly impossible to determine exactly how P/E ratios or equity capitalization rates are affected by different degrees of financial leverage.

Correct Answer: A

Two projects being considered are mutually exclusive and have the following projected cash flows: Year Project
A Project B 0-\$50,000-\$50,000 115,6250 215,6250 315,6250 415,6250 515,62599,500

QUESTION 2

At the end of an accounting period, each expense that has been incurred but not yet paid should be recorded as _____.

- A. a closing entry
- B. an opening entry
- C. an adjusting entry
- D. a reversing entry

Correct Answer: C

Expenses should be recognized in the period in which they are incurred. In order to be consistent with the matching principle, an adjusting entry must be made to record the expense, regardless of whether it has been paid.

QUESTION 3

Carlos Johanson, a quantitative analyst with Eastern Rhodium Institutional Brokerage, has been instructed to perform a regression analysis to test whether the proliferation of neural networks is positively related to the growth of domestic research grants. Mr. Johanson begins the process by formulating and stating a hypothesis. Now that the hypothesis has been explicitly stated, Mr. Johanson should proceed to which of the following steps? Choose the best answer.

- A. Specifying the significance level



- B. Stating the decision rule
- C. Collecting the data and performing the calculations
- D. Identifying the appropriate test statistic and probability distribution
- E. Performing an autocorrelation test

Correct Answer: D

Hypothesis testing involves a series of seven explicit steps: Step 1: Formulating and stating the hypothesis Step 2: Identifying the appropriate test statistic and its probability distribution Step 3: Specifying the significance level Step 4: Stating the decision rule Step 5: Collecting the data and performing the necessary calculations Step 6: Making the statistical decision Step 7: Making the economic/investment decision. In this example, Carlos Johanson, a quantitative analyst, has been instructed to perform a regression analysis analyzing the relationship between two sets of variables. Mr. Johanson began his task with the appropriate first step - formulating and stating the hypothesis. The next step in the hypothesis testing process is to identify the appropriate test statistic and its probability distribution.

QUESTION 4

An expansionary fiscal policy causes which of the following effects?

- I. The domestic currency depreciates.
- II. Exports decrease.
- III. Real interest rates increase.
- IV. Capital flows in from abroad.

- A. II, III and IV
- B. I, II and III
- C. I, II, III and IV
- D. I and III

Correct Answer: B

When the government adopts an expansionary fiscal policy, the aggregate demand increases, causing an increase in prices. Since the demand for loanable funds increases due to the governmental presence in the market, the real interest rate increases. This attracts foreign investment, raising the demand for domestic currency, which appreciates in response. The appreciation of the domestic currency makes imports cheaper and exports costlier. As a result, exports decline and imports increase over time.



QUESTION 5

Which of the following statements about Beta is TRUE?

- A. In the characteristic line, the term $E(\text{Residual})$ equals the portion of the asset's returns that are correlated to the market portfolio's returns.
- B. The calculation of Beta assumes that future variability will equal past variability.
- C. Beta $E(\text{Residual})$.
- D. Beta and standard deviation differ as risk measures in that beta measures only systematic risk, whereas standard deviation measures only unsystematic risk.

Correct Answer: B

Standard deviation measures total risk. When Beta

[Latest CFA-LEVEL-1](#)

[CFA-LEVEL-1 VCE Dumps](#)

[CFA-LEVEL-1 Braindumps](#)

[Dumps](#)