

Exam Name - Certified Finance Manager (CFM)[™]

Sample Exam

1. What does financial management encompass?
 - A. Solely managing cash registers
 - B. Planning, directing, monitoring, organizing, and controlling monetary resources
 - C. Only creating marketing budgets
 - D. Exclusively auditing accounts

Answer **B**

2. Which capital budgeting technique accounts for the time value of money?
 - A. Payback Period
 - B. Net Present Value (NPV)
 - C. Accounting Rate of Return (ARR)
 - D. Operating Margin Analysis

Answer **B**

3. What is the primary purpose of cash management?
 - A. Maximize profits
 - B. Ensure liquidity and solvency
 - C. Increase market share
 - D. Reduce operational costs

Answer **B**

4. Which statement about working capital is true?

- A. It refers to long-term liabilities
- B. It includes medium-term debt
- C. It refers to short-term assets and liabilities
- D. It's synonymous with fixed assets

Answer **C**

5. What is the formula for the current ratio?

- A. Current Assets ÷ Current Liabilities
- B. Revenue – Expenses
- C. Assets – Liabilities
- D. Assets + Liabilities

Answer **A**

6. Which budgeting method starts from scratch each period?

- A. Incremental budgeting
- B. Flexible budgeting
- C. Static budgeting
- D. Zero-based budgeting

Answer **D**