



FRANKLIN UNIVERSITY PROFICIENCY EXAM (FUPE) STUDY GUIDE

Course Title:	<i>Principles of Finance (FINA 301)</i>
Recommended Textbook(s):	<i>Practical Financial Management</i> 4 th Ed. or Franklin Ed. William R. Lasher, Thomson South-Western <i>Essentials of Corporate Finance</i> 3 rd Edition. Ross Westerfield and Jordan, McGraw Hill <i>Financial Institutions, Investments, and Management.</i> Herbert B. Mayo, Thomson South-Western
Number & Type of Questions:	40 multiple choice
Permitted Materials:	Non-programmable and/or financial calculator and 1 text book with no writing (see recommended textbooks)
Time Limit:	2 hours
Minimum Passing Score:	70 percent (28 correct answers)

Description of the Test:

All of the questions on this test are multiple choice. The test is basically a comprehensive final exam based on the textbook currently in use in the course. The questions are approximately equally distributed from the chapters in the text.

Knowledge & Skills Required:

Those opting not to follow the format of the text should have a good basic knowledge of four general areas of finance – Financial Analysis, Financial Institutions and Markets, Financial Management, and Investments.

Sample Questions:

The 5 sample questions given here are similar to questions on the Principles of Finance FUPE, but they do not actually appear on the test.

1. The assets of a typical commercial bank include
 - a. commercial loans
 - b. demand deposits

- c. common stock
 - d. equity
2. The regulation of security markets
- a. protects investors from poor investments
 - b. is enforced by the Federal Reserve
 - c. is enforced by the SEC
 - d. applies only to government securities
3. Which is the largest if interest rates are 10%?
- a. present value of \$100 after five years
 - b. present value of \$100 annuity for five years
 - c. future value of \$100 annuity for five years
 - d. future value of \$100 after five years
4. The value of a stock should decline if
- a. the risk free rate declines
 - b. the return on the market declines
 - c. the firm's beta rises
 - d. the earnings multiple rises
5. Performance is measured by
- a. liquidity ratios
 - b. leverage ratios
 - c. profitability ratios
 - d. coverage ratios