

ABV Practice Test Questions and Answers

1. In CAPM, what does beta measure?

- A) A company's total risk including unsystematic risk
- B) A company's systematic (market) risk relative to the overall market
- C) The correlation between a company's revenue and GDP
- D) The volatility of a company's debt relative to its equity

2. What does the current ratio measure?

- A) Profitability
- B) Liquidity
- C) Market share
- D) Inventory turnover

3. What is the purpose of vertical analysis?

- A) Compare trends across periods
- B) Identify industry benchmarks
- C) Assess internal control efficiency
- D) Analyze line items as a percentage of total assets or sales

4. What is included in the conclusion of value?

- A) The average market price
- B) A calculated result without context
- C) Final opinion supported by full analysis
- D) Unverified client input

Answers: 1-B 2-B 3-D 4-C

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