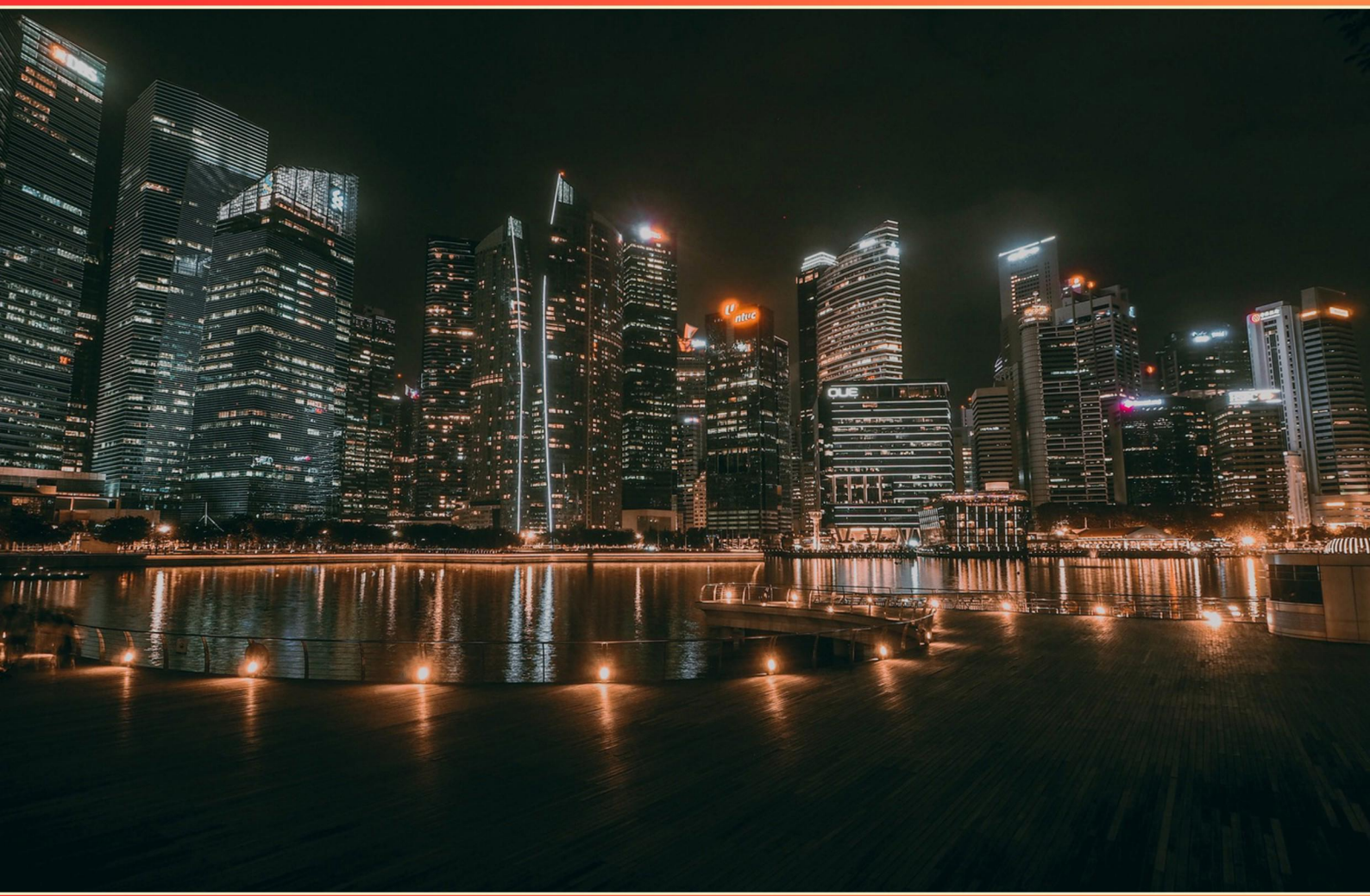
EXPLORING CAREERS – FINANCE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. What is the core principle of IFRS 15 revenue recognition?

A. Revenue is recognized when cash is collected from the customer.

B. Revenue is recognized at the end of the reporting period regardless of delivery.

C. Revenue is recognized to depict transfer of promised goods/services to customers in an amount reflecting consideration entity expects to be entitled.

D. Revenue is recognized based on costs incurred.

2. Which of the following is not a career in the insurance pathway?

A. Insurance

B. Banking services

C. Accounting

D. Traders

3. Employees of the insurance industry have the opportunity to earn a high salary and also have the potential for ___.

A. Pension

B. Self-employment

C. Franchising

D. Equity ownership

4. What is the role of ethics in financial decision-making?

A. Promote maximizing profits without constraints

B. Ensure honesty, transparency, avoidance of conflicts of interest, and compliance with laws and standards

C. Minimize taxes at any cost

D. Seek preferential treatment for clients

5. In a discounted cash flow valuation, what is the terminal value and why is it included?

A. Terminal value captures the value of cash flows beyond the forecast horizon; it is added to the present value.

B. Terminal value is the final cash inflow in year 1.

C. Terminal value is the initial investment returned at t=0.

D. Terminal value is the tax shield on depreciation.

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6. In the securities and investments pathway, what is considered a reward?

A. Salary Growth

B. Networking Opportunities

C. Closing a Deal

D. Continued Education

7. What is the role of a treasurer in a corporation?

A. Manage marketing and sales

B. Prepare financial statements

C. Manage liquidity, funding, risk management, capital structure, and relationships with lenders/investors.

D. Develop product lines

8. Students gain knowledge and experience by participating in summer jobs or _____.

A. Volunteer work

B. Internship

C. Part-time studies

D. Online courses

9. Which pathway includes cash management, short-term investments, mortgages and other loans such as credit cards and bill payment?

A. Accounting

B. Insurance

C. Banking services

D. Securities and investments

10. Explain the concept of present value with a simple example.

A. PV is today's value of future cash flows discounted at a rate; example: PV of $100 received in 1 year at 5% is $95.24.

B. PV equals future value of cash flows at 2%.

C. PV is the sum of all future cash flows.

D. PV is the time when cash is received.

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Answers

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1. C
2. D
3. B
4. B
5. C
6. C
7. C
8. B
9. C
10. A

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Explanations

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1. What is the core principle of IFRS 15 revenue recognition?

A. Revenue is recognized when cash is collected from the customer.

B. Revenue is recognized at the end of the reporting period regardless of delivery.

C. Revenue is recognized to depict transfer of promised goods/services to customers in an amount reflecting consideration entity expects to be entitled.

D. Revenue is recognized based on costs incurred.

The main idea IFRS 15 tests is that revenue should depict the transfer of promised goods or services to customers in an amount reflecting the consideration the entity expects to be entitled to. Revenue is recognized when control of the goods or services transfers to the customer, not simply when cash is collected or at the end of the period. The amount recognized is the transaction price—the consideration the entity expects to receive after accounting for any variable elements, discounts, or refunds—allocated to each performance obligation as control is transferred. This ensures revenue reflects the actual economic exchange, not just timing or costs incurred. So, the best description is that revenue is recognized to depict the transfer of promised goods/services to customers in an amount reflecting consideration the entity expects to be entitled to.

2. Which of the following is not a career in the insurance pathway?

A. Insurance

B. Banking services

C. Accounting

D. Traders

Understanding which careers align with the insurance pathway helps you see how roles focus on risk management, policy work, and financial controls inside insurance companies. A Trader is centered on buying and selling securities in financial markets, which belongs to investment and capital markets rather than core insurance activities like underwriting, claims handling, or policy administration. Banking services and accounting, while not exclusively insurance, commonly connect to the financial operations that support an insurance firm. This is why Traders isn't a typical career in the insurance pathway.

3. Employees of the insurance industry have the opportunity to earn a high salary and also have the potential for ___.

A. Pension

B. Self-employment

C. Franchising

D. Equity ownership

In the insurance field, professionals often grow beyond a fixed salary by becoming self-employed, such as by opening an independent agency or working as an independent broker. The appeal is not only earning a salary but also earning commissions on every policy sold and building a client base that generates ongoing, renewal income. This combination—steady earnings plus the potential to scale your own business and profits—fits the statement about high pay with room to grow through entrepreneurship. Retirement benefits like a pension are separate and don't capture the entrepreneurial earning potential, franchising is a specific business model rather than the general path to self-direction, and equity ownership would require already owning part of a company. Self-employment captures the idea of taking control of your career and income in the insurance industry.

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4. What is the role of ethics in financial decision-making?

A. Promote maximizing profits without constraints

B. Ensure honesty, transparency, avoidance of conflicts of interest, and compliance with laws and standards

C. Minimize taxes at any cost

D. Seek preferential treatment for clients

Ethics in financial decision-making means actions are guided by honesty, transparency, avoidance of conflicts of interest, and strict adherence to laws and professional standards. This ethical guardrail helps build trust with clients and the public, reduces the risk of fraud or legal trouble, and supports decisions that are sustainable and fair over the long term. The best choice captures these essential elements by emphasizing truthful disclosure, avoiding conflicts, and complying with legal and standards-based requirements. Choices that push for profit at any cost, aggressive tax minimization, or special treatment for clients promote unethical or illegal behavior and undermine trust and market integrity.

5. In a discounted cash flow valuation, what is the terminal value and why is it included?

A. Terminal value captures the value of cash flows beyond the forecast horizon; it is added to the present value.

B. Terminal value is the final cash inflow in year 1.

C. Terminal value is the initial investment returned at t=0.

D. Terminal value is the tax shield on depreciation.

In a discounted cash flow valuation, you must capture not only the cash flows you can forecast explicitly but also the value of all cash flows that occur after that forecast period. The thing that represents that continuing value is the terminal value. It reflects the value of expected cash flows beyond the explicit forecast horizon, typically estimated either by a perpetuity growth model or by applying an exit multiple. Terminal value is included because a business is expected to generate cash flows far into the future, and ignoring those beyond the forecast window would underestimate the total value. The terminal value is then brought back to present value and added to the present value of the explicit forecast cash flows to obtain the total valuation. It is not the initial investment at time zero, nor the final cash inflow in year one, nor a tax shield on depreciation.

6. In the securities and investments pathway, what is considered a reward?

A. Salary Growth

B. Networking Opportunities

C. Closing a Deal

D. Continued Education

Rewards in the securities and investments field are tied to tangible outcomes from performance. Closing a deal embodies that idea because it represents turning analysis, negotiation, and effort into a concrete, revenue-generating result. When a deal is closed, the worker or team often earns a direct payoff such as commissions, bonuses, or other incentives, making it a clear reward for achieving a successful transaction. In contrast, salary growth is a regular component of compensation that evolves over time, not a one-time outcome tied to a single win. Networking opportunities and continued education are valuable for future success and capability, but they are development avenues rather than the immediate reward earned from delivering a specific financial transaction.

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7. What is the role of a treasurer in a corporation?

A. Manage marketing and sales

B. Prepare financial statements

C. Manage liquidity, funding, risk management, capital structure, and relationships with lenders/investors.

D. Develop product lines

The treasurer's main job is to keep the company financially healthy by managing liquidity, funding, risk, and how the business is financed. They ensure there's enough cash to meet obligations and plan for future needs, arranging the funding the company requires to operate and grow. They decide on the mix of debt and equity to optimize cost and risk, and they oversee risk management activities like interest rate and currency risk to protect the company's finances. Building and maintaining strong relationships with lenders, banks, investors, and rating agencies is also a key part, helping the firm secure favorable terms and financing options. This combination—managing cash flow and liquidity, securing funding, handling risk, shaping the capital structure, and maintaining lender/investor relationships—best captures the treasurer's role. Marketing, sales, or product development sit outside these treasury duties, and financial statements are typically prepared by accounting, though treasury uses those numbers in planning and decision-making.

8. Students gain knowledge and experience by participating in summer jobs or _____.

A. Volunteer work

B. Internship

C. Part-time studies

D. Online courses

Gaining knowledge and experience happens best through practical, hands-on work in a field related to what you're studying. An internship provides structured, real-world work in a company or organization, usually with supervision, meaningful tasks, and opportunities to learn on the job. This setup lets students apply classroom concepts, develop professional skills, and build industry contacts, all of which deepen understanding far beyond what purely classroom work offers. Volunteer work can build skills and character, but it isn't always aligned with a specific career path or offer the same level of guided, field-related training as an internship. Part-time studies focus on coursework rather than workplace experience, and online courses also emphasize learning without immersion in a work environment. So, internship best completes the idea of gaining knowledge and experience alongside summer jobs.

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9. Which pathway includes cash management, short-term investments, mortgages and other loans such as credit cards and bill payment?

A. Accounting

B. Insurance

C. Banking services

D. Securities and investments

Cash management, short-term investments, mortgages and other loans such as credit cards and bill payment are all services typically offered by banks as part of their core banking activities. Cash management helps individuals and businesses manage liquidity and day-to-day cash flow, while short-term investments provide options to park funds safely for a brief period. Mortgages and other loans, along with credit cards, represent financing and payment services that banks supply to facilitate big purchases and everyday transactions. Because these elements revolve around handling money, extending credit, and enabling payments through a financial institution, the pathway is Banking services. Other areas focus on different functions, such as recording financial transactions (accounting), protecting against risk (insurance), or buying and selling securities (securities and investments).

10. Explain the concept of present value with a simple example.

A. PV is today's value of future cash flows discounted at a rate; example: PV of $100 received in 1 year at 5% is $95.24.

B. PV equals future value of cash flows at 2%.

C. PV is the sum of all future cash flows.

D. PV is the time when cash is received.

Present value shows what a future amount is worth today by discounting it at a given rate, reflecting the time value of money—the idea that money now can earn interest over time. For example, if you expect to receive $100 in one year and the discount rate is 5%, the present value is 100 divided by 1.05, which equals about 95.24. So, $100 a year from now is worth roughly $95.24 today. If you had $95.24 today and invested it at 5%, you'd have about $100 in a year. The general formula is PV = FV / (1 + r)^t, where FV is the future amount, r is the rate, and t is the time in years. This captures why the present value is lower than the future amount and how the discount rate affects its size. Treating PV as the future value would be incorrect, since PV is about today's worth. Thinking PV is the sum of all future cash flows ignores the timing of each cash flow, and equating PV with the time when cash is received confuses value with timing.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://exploringcareersfinance.examzify.com

We wish you the very best on your exam journey. You've got this!

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