Quizlet

NAME ____________________

A+
100%

26 Multiple choice questions

1. the particular areas, departments or sections of a business to which costs can be directly attributed
   a. option
   b. **CORRECT:** cost centres
   c. cash flow
   d. direct costs

2. the funds available for the short-term commitments of a business
   a. **CORRECT:** working capital
   b. current assets
   c. working capital management
   d. net working capital

3. an upward movement of a currency against another currency
   a. **CORRECT:** appreciation
   b. receivables
   c. derivatives
   d. option

4. debts that must be repaid within 12 months, usually including overdraft and accounts payable
   a. **CORRECT:** current liabilities
   b. currency swap
   c. receivables
   d. current assets

5. the selling of an owned asset to a lessor and leasing the asset back through fixed payments
   a. **CORRECT:** sale and lease-back
   b. clean payment
   c. payables
   d. working capital

6. the ratio of one currency to another
   a. **CORRECT:** foreign exchange rate
   b. forward exchange contract
   c. spot exchange rate
   d. foreign exchange market (forex)

7. costs that are shared by more than one product
   a. direct costs
   b. credit risk
   c. current assets
   d. **CORRECT:** indirect costs

8. costs that can be allocated to a particular product (also known as variable costs)
   a. credit risk
   b. indirect costs
   c. **CORRECT:** direct costs
   d. current assets

9. sums of money due to a business from customers to whom it has supplied goods or services
   a. derivatives
   b. hedging
   c. payables
   d. **CORRECT:** receivables

10. an agreement to exchange one currency for another at a certain exchange rate on a future date, usually after 30, 60, 90 or 180 days
    a. foreign exchange rate
    b. spot exchange rate
    c. **CORRECT:** forward exchange contract
    d. foreign exchange market (forex)

11. the control of both the costs and revenues of a business
    a. clean payment
    b. working capital management
    c. **CORRECT:** profitability management
    d. spot exchange rate

12. sums of money owed by the business to other businesses from whom it has purchased goods or services
    a. receivables
    b. cash flow
    c. derivatives
    d. **CORRECT:** payables

13. the risk of another party failing to complete a transaction as agreed
    a. **CORRECT:** credit risk
    b. currency swap
    c. direct costs
    d. hedging

14. an agreement to exchange one currency in the spot market with an agreement to reverse the transaction in the future
    a. current assets
    b. **CORRECT:** currency swap
    c. credit risk
    d. appreciation

15. a commitment by the importer's bank, which promises to pay a specified amount when the documents proving shipment of the goods are presented
    a. **CORRECT:** letter of credit
    b. direct costs
    c. cost centres
    d. clean payment

16. the difference between current assets and current liabilities, representing funds needed for the day-to-day operations of a business

    a. letter of credit

    b. spot exchange rate

    c. working capital

    d. **CORRECT:** net working capital

17. the process of determining the best mix of current assets and current liabilities needed to achieve the objectives of the business

    a. profitability management

    b. net working capital

    c. **CORRECT:** working capital management

    d. working capital

18. assets that can be turned into cash within 12 months

    a. direct costs

    b. current liabilities

    c. **CORRECT:** current assets

    d. currency swap

19. the process of minimising the risk of currency fluctuations

    a. credit risk

    b. payables

    c. **CORRECT:** hedging

    d. option

20. a market that determines the price of one currency relative to another

    a. **CORRECT:** foreign exchange market (forex)

    b. foreign exchange rate

    c. forward exchange contract

    d. spot exchange rate

21. a situation in which payment is sent to, but not received by, the exporter before the goods are transported

   a. **CORRECT:** clean payment

   b. receivables

   c. current assets

   d. payables

22. simple financial instruments that may be used to lessen exporting risks associated with currency fluctuations

   a. receivables

   b. appreciation

   c. **CORRECT:** derivatives

   d. payables

23. a method that allows the exporter to receive payment and then arrange for the goods to be sent

   a. clean payment

   b. appreciation

   c. current assets

   d. **CORRECT:** payment in advance

24. a financial instrument that gives the buyer the right, but not the obligation, to buy or sell foreign currency some time in the future

   a. **CORRECT:** option

   b. appreciation

   c. hedging

   d. cash flow

25. the value of one currency in terms of another currency on a particular day

   a. cost centres

   b. **CORRECT:** spot exchange rate

   c. forward exchange contract

   d. foreign exchange rate

26. the movement of cash in and out of a business over a period of time

   a. payables

   b. receivables

   c. option

   d. **CORRECT:** cash flow