



UNIVERSITY
OF
JOHANNESBURG

2022

**FINANCE AND INVESTMENT MANAGEMENT OLYMPIAD
UJ FIMO PAPER ROUND TWO**

DURATION: 1 HOUR
QUESTIONS: 30 MULTIPLE
GRADE 10 11 12

1. _____ is the chance of loss or the variability of returns associated with a given asset.

- A. Return
- B. Value
- C. Risk

2. Financial instruments with maturities of more than one year are traded in the _____ .

- A. Capital Market
- B. Equity Market
- C. Derivative Market

3. The _____ of an asset is the change in value plus any cash distributions expressed as a percentage of the initial price or amount invested.

- A. Return
- B. Value
- C. Risk

4. Last year Tony bought 100 shares in Google Inc common stock for R53 per share. The dividends he received during the year was R1.45 per share. The stock is currently worth R60 per share. What rate of return did Tony earn over the year?

- A. 11.2%
- B. 15.9%
- C. 14.1%

5. The expected return on a common stock is composed of:

- A. both dividend yield and capital appreciation
- B. capital appreciation
- C. dividend yield

6. Which of the following forms part of property investments:

- A. Residential apartment building
- B. Office Space
- C. All of the above

7. Return on Equity is calculated as:

- A. Sales/Shareholder Equity
- B. Operating Profit/Shareholder Equity
- C. Net Income/Shareholder Equity

8. In which case will an investor receive the least interest?

- A. 10%, compounded annually
- B. 10%, compounded monthly
- C. 10%, compounded daily

9. If you invested R668 today over a period of 5 years, how much will it be worth if you could earn a rate of 14.5% compounded annually?

- A. R948
- B. R1355
- C. R1 315

10. You need R1 000 000 in 10 years' time. You are willing to place an amount of R50 000 into an investment at the end of each year. How much interest should you earn in order to reach your objective?

- A. 15%
- B. 50%
- C. 10%

11. GDP refers to _____.

- A. the amount of personal disposable income in the economy
- B. the difference between government spending and government revenues
- C. the total production of goods and services in the economy

12. Capital Gains Tax (CGT) is _____.

- A. the tax paid on any profit made when a share is sold
- B. the tax paid on the annual capital growth of a share
- C. the tax paid on dividends received while holding a share

13. Which of the following are considered by SARS when determining whether profits are revenue or capital in nature?

- i) Intention of the original purchase
- ii) Length of time that the asset was held
- iii) The total value of the transactions
- iv) The frequency of the transactions

- A. i, ii and iii
- B. i and iv
- C. i, ii and iv

14. Which of the following is *not* a category of key financial ratios?

- i) Profitability
- ii) Investment
- iii) Solvency
- iv) Performance

- A. i, ii, iii
- B. i, iii, iv
- C. none of the above

15. In the cryptocurrency which one forms part of the most critical components?

- A Confirmation
- B. Verification
- C. Validation

16. What do the acronym P2P refer to?

- A. Payment 2 Payment
- B. Peer to Peer
- C. Public 2 Party

17. How does Ethereum differ from Bitcoin?

- A. Ethereum validates only
- B. Ethereum validates and processes complex transactions
- C. Ethereum process complex transactions only.

18. Why it's useful to choose different shares in different sectors?

- A. To increase return across different sectors.
- B. To minimize market wide risk
- C. All of the above.

19. Current assets divided by current liabilities is the definition of the _____

- A. Interest cover ratio
- B. Dividend cover ratio
- C. Current ratio

20. The quick ratio is defined as _____

- A. Current assets divided by total debt;
- B. Current assets less inventory, divided by total liabilities;
- C. Current assets less inventory, divided by current liabilities

21. Return on assets is defined as _____

- A. Operating income divided by owners' equity
- B. Operating income divided by sales
- C. Operating income divided by total assets

22. Earnings per share is affected by?

- A. Net income
- B. Dividend yield
- C. None of the above

23. The price to earnings ratio measures?

- A. The rationality of the stock market
- B. The liquidity of the company
- C. The public's perception of the share and/ or the company

24. How is the dividend yield for a share calculated?

- A. Dividend/Price
- B. Price/Dividend
- C. Dividend/ Earnings

25. Net income divided by shareholders' equity is the definition of:

- A. return on assets
- B. return on equity
- C. return on sales

26. Which of the following is a capital market instrument?

- A. 1000 shares in Microsoft Ltd
- B. Non Negotiable Certificates of Deposit
- C. A certificate of deposit

27. Which of the following is not financial instrument types:

- A. Evidences of shares
- B. Evidences of deposits
- C. Evidences of forex

28. If the capital gearing ratio is high for a company, it indicates that it has:

- A. Low debts
- B. High preference capital
- C. High equity

29. The COVID-19 pandemic has caused direct impacts on income due to premature deaths, workplace absenteeism, and reduction in productivity and has created a negative supply shock, with manufacturing productive activity slowing down due to global supply chain disruptions and closures of factories.

- A. True
- B. False
- C. None of the above

30. Who is the governor of the South African Reserve Bank (SARB)?

- A. Lesetja Kganyago
- B. Tito Mboweni
- C. Malusi Gigaba

Thank you for your participation in the UJ FIMO Olympiad 2022!