

CFA® SAMPLE QUESTION - LEVEL I

Corporate Finance

Q: Winner Corp. is a large domestic services firm with good credit rating. The source of short-term financing it would most likely use it:

CORRECT ANSWER:

b) issuing commercial paper

Large firms with good credit rating can have access to the commercial paper market and can get lower financing costs with commercial paper than they can with bank borrowing.

Banker's acceptances are used by companies involved in international trade.

Factoring of receivables is a higher-cost source of funds and is used more by smaller firms that do not have particularly strong credit.



CFA Society Hong Kong
Candidate Services