



CIMAPRA17-BA1-1 Practice Questions

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Question 1

Question Type: MultipleChoice

Which of the following sets of conditions will lead to greater stability (or convergence) of prices in the Cobweb model (or Cobweb theorem)?

Options:

- A- Price elastic demand, price inelastic supply
- B- Price inelastic demand, price elastic supply
- C- Price elastic demand, price elastic supply
- D- Price inelastic demand, price inelastic supply

Answer:

A

Question 2

Question Type: MultipleChoice

Firms may suffer from X-inefficiency because of organizational slack. All of the following would lead to organizational slack except which one?

Options:

- A- Uncertainty about future demand
- B- Managers become more cautious
- C- A complex organizational structure in the firm
- D- The number of rival firms increases

Answer:

D

Question 3

Question Type: MultipleChoice

The linking of net savers with net borrows is known as:

Options:

- A- financial intermediation
- B- the savings function
- C- money transfer
- D- credit creation

Answer:

A

Question 4

Question Type: MultipleChoice

Which ONE of the following statements best describes the impact of a government minimum price established above free market price?

Options:

- A- It will create a shortage of the product and incentives for producers and consumers to evade the policy
- B- It will create a surplus of unsold produce and reduce farm incomes
- C- It will not affect market price or producer incomes at the present time
- D- It will increase farm incomes but may eventually force the government to introduce maximum quotas on production

Answer:

D

Question 5

Question Type: MultipleChoice

Which of the following is a feature of not-for-profit organisations (NFPs)?

Options:

- A- They have restricted flows of income
- B- They sometimes have shareholders
- C- Their objectives can vary greatly
- D- They use resources inefficiently

Answer:

C

Question 6

Question Type: MultipleChoice

Miss Ruby designs and makes large ornaments for grand buildings. She is informed that her range of candle sticks have a price elasticity of -1.2

Which option best plans would be most appropriate?

Options:

- A- Produce more candlesticks
- B- Create more ornate candlesticks which have a higher cost per product
- C- Run an expensive ad campaign in an interior design magazine
- D- Increase the price of candle sticks

Answer:

A

Question 7

Question Type: MultipleChoice

All of the following are examples of how e-business can benefit a business organization except one. Which ONE is the exception?

Options:

- A- Cheaper procurement via on line search and ordering

- B- Reduced transport costs from internet buying
- C- Lower entry barriers by reducing the need for expensive premises
- D- Reduced transactions costs leading to low variable costs

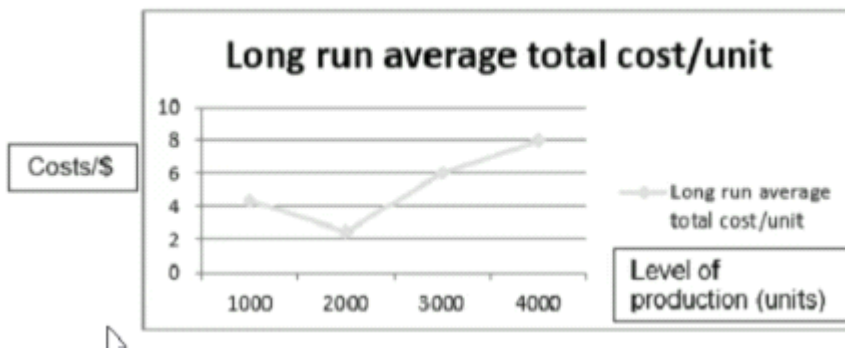
Answer:

B

Question 8

Question Type: MultipleChoice

On the graph below what is the most efficient level of output?



Options:

- A- 3000 units
- B- 1000 units
- C- 2000 units
- D- 4000 units

Answer:

C

Question 9

Question Type: MultipleChoice

What is meant by the term 'mezzanine finance'?

Options:

- A- Short-term loans to help a firm through a cash flow crisis
- B- Finance that is neither pure debt nor pure equity
- C- Loans made by non-financial institutions
- D- Loans made in foreign currency

Answer:

B

Question 10

Question Type: MultipleChoice

Golden Crisp Cereals has calculated that its demand price elasticity is -1.4. It wants to expand in order to produce more cereal and hence increase its sales.

Which of the following are ways in which Golden Crisp Cereals could expand in the short run?

Choose ALL that apply.

Options:

- A- Lease cereal-producing equipment at a fixed price for the next six months
- B- Lease a small factory at a fixed price in order to increase production capacity
- C- Construct a new factory, increasing both staff within the business and the company's production capacity
- D- Invest in research and development so as to perfect the cereal-making process and maintain the company's position as a market leader
- E- Build a long-term marketing strategy involving social media to boost product awareness and hence sales

Answer:

A, B

Question 11

Question Type: MultipleChoice

An institution offers an 8 percent compound interest rate annually for six years, for an investment of \$250,000. What is the total amount of interest that would be received over the six

years'?

Options:

- A- \$370,000.00
- B- \$396718.58
- C- \$146,718.58
- D- \$120.000 00

Answer:

B

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Question 12

Question Type: MultipleChoice

Which ONE of the following statements does NOT describe a position of profit maximization?

Options:

- A- $MC=MR$
- B- Price elasticity of demand is less than 1
- C- Point of greatest excess of total revenue over total costs
- D- Total cost curve has the same slope as the total revenue curve

Answer:

B

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