CIPS A6 Practice Questions

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Question 1

Question Type: MultipleChoice

Which of the following headings would appear in the current account of a country's balance of payments?

Options:

A- Transactions in goods and services
B- Transactions in external assets and liabilities
C- Transactions in large sums of money
D- Transactions in stocks and shares.

Answer:

C

Question 2

Question Type: MultipleChoice

Which of the following best describes the term mixed economy???

Options:

A- One where economic activity is planned centrally by the government
B- One where all economic activity is subject to market conditions and forces
C- One where economic activity involves products and services both by domestic and overseas companies
D- One where some economic activity is subject to market forces and some is controlled by the state.

Answer:

B

Question 3

Question Type: MultipleChoice

Which of the following most closely reflects the 'traditional' view of a commercial organization's sole aim?

Options:

A- To maximize market share
B- To maximize profit
C- To maximize growth
D- To maximize capacity.

Answer:

D

Question 4

Question Type: MultipleChoice

Q10 Which of the following is a category of economic system? (2 marks)

Options:

A- Thriving economy
B- Balanced economy
C- Planned economy
D- Declining economy

Answer:

C

Question 5

Question Type: MultipleChoice

Which of the following provides the best definition of a 'mixed economy'?

Options:

A- An economy in which resource allocation and production levels are made by a centralized body
B- An economy in which firms attempt to make the largest profit and individuals try to get the best deals
C- An economy that earns a mix of revenue from both domestic and international trade
D- An economy in which there is some state intervention in the way of economic policy to manage the economy.

Answer:

A

Question 6

Question Type: MultipleChoice

Which option best best defines the term 'Exchange rate'?(2 marks)

Options:

A- The amount of business transacted between one country and another during a year
B- The speed with which a company receives payment for goods or services sold
C- The extent of barter transactions in a particular country
D- The value of one country Oscurrency measured against that of another.

Answer:

D

Question 7

Question Type: MultipleChoice

Which of the following best describes the pricing policy known as 'penetration pricing'?

Options:

A- A price in line with that being charged by competitors
B- A high price aimed at a quick recovery of costs

C- A low price set to gain a large share of the market
D- A temporary price reduction to increase sales or 'ward off ' competition.

Answer:

B

Question 8

Question Type: MultipleChoice

Which option best best describes the pricing policy known as 'skimming'?

Options:

A- A low price set to gain a large share of the market or to gain acceptance for a new product
B- A high price aimed at a quick recovery of costs where a product is new and is an innovation
C- Charging different prices to different customers based on order size or type of customer
D- A temporary price reduction aimed at increasing sales in the short-term and increasing longterm market-share.

Answer:

C

Question 9

Question Type: MultipleChoice

According to economic theory, which of the following best describes what should happen to the sales of a product if the government increases the tax on them?

Options:

A- The sales increase
B- The sales decrease
C- The sales remain the same
D- The sales double.

Answer:

C


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