

Question 1

Not answered

Marked out of 1

A retail company is considering an investment opportunity. The initial cost would be \$75,000 and the project is expected to have a useful life of 5 years. Calculate the Net present Value using a 10% discount factor.

Year 1 0.909**Year 2** 0.826**Year 3** 0.751**Year 4** 0.683**Year 5** 0.621**Year 6** 0.564

It has forecasted that the project will have the following net cash flows:

Year Expected net cash flows

0 (75,000)

1 35,000

2 60,000

3 65,000

4 60,000

5 45,000

Select one:

- a. 163,5
- b. Not enough data provided
- c. 190
- d. 124.1

Your answer is incorrect.

Which is the correct answer? The correct answer is "124,1" based on the following workings:

Year	Expected net cash flows	Annual NPV	Calculations
0	-75		
1	35	31,815	35*0,909
2	60	49,56	60*0,826
3	65	48,815	65*0,751
4	60	40,98	60*0,683
5	45	27,945	45*0,621
Total discounted cash flow		199,115	
Investment		-75	
Total NPV		124,115	

The correct answer is: 124.1

Question 2

Not answered

Marked out of 1

Which of the following is not an advantage of the Average rate of return (ARR)?

Select one:

- a. It takes into account the time value of money
- b. It is easy to understand
- c. It takes account of the overall profit that is generated by the investment
- d. There is comparability between the ARR and the ROCE ratio used in financial accounting

Your answer is incorrect.

The correct answer is: It takes into account the time value of money

Question 3

Not answered

Marked out of 1

A business operating in a rapidly declining market is most likely to set marketing objectives focused on:

Select one:

- a. Survival
- b. Market growth
- c. Capital expenditure for the same product
- d. Heavy promotion

Your answer is incorrect.

Why is this the correct answer? The correct answer is "Survival" as the market is declining rapidly.

The correct answer is: Survival

Question 4

Not answered

Marked out of 1

Which of the following is not a source of finance for a partnership?

Select one:

- a. Debt factoring
- b. Sell shares to the public
- c. Secured bank loans
- d. Leasing

Your answer is incorrect.

Which is the correct answer? The correct answer is "Initial public offering" as the business needs to be a limited company.

The correct answer is: Sell shares to the public

Question 5

Not answered

Marked out of 1

Which of the following identifies the effect on the margin of safety point if variable costs increase?

Select one:

- a. The margin of safety will be lower
- b. The margin of safety will remain the same
- c. The margin of safety will be higher
- d. All of the above

Your answer is incorrect. The correct answer is "The margin of safety will be lower" as the Break -even quantity will increase.

The correct answer is: The margin of safety will be lower

Question 6

Not answered

Marked out of 1

NiceCar Ltd. has monthly FC: \$1000. Each car is rented for 50\$/day. The VC per car is 10\$. What monthly output is needed in order to reach their target profit of 2000\$?

Select one:

- a. 65
- b. 75
- c. 95
- d. 85

Your answer is incorrect. The correct answer is "75" as the calculation needed is $\text{Output} = (\text{FC} + \text{Target profit}) / \text{Contribution} = 3,000 / 40 = 75$ cars

The correct answer is: 75

Question 7

Not answered

Marked out of 1

McDonalds offers only in Japan the Ebi Filet-O Shrimp Burger, only in China Taro pie and only in India McCurry Pan. This is part of the company's:

Select one:

- a. HR strategy
- b. Pricing strategy
- c. Pan-global marketing strategy
- d. Global localization strategy

Your answer is incorrect.

Why is this the correct answer? The correct answer is "Global localization strategy" as it aims to meet national and regional tastes and cultures.

The correct answer is: Global localization strategy

Question 8

Not answered

Marked out of 1

In the long-term, in order to survive a business must charge a price that covers its:

Select one:

- a. variable costs
- b. total costs
- c. set up costs
- d. running costs

Your answer is incorrect.

The correct answer is: total costs

Question 9

Not answered

Marked out of 1

Which of the following are major uses of keeping cost data? (choose one or more answers)

Select one or more:

- a. Comparing cost data enable better decision making.
- b. Cost data are needed for calculating revenue.
- c. Costs records enable comparisons with previous years.
- d. Costs are needed for pricing policies.
- e. Costs are important only for specific sectors.
- f. Costs are key factors only for businesses facing loss.
- g. Costs are key factors for calculating profit.
- h. Costs are key factors only for profitable businesses.

Your answer is incorrect.

The correct answers are: Costs are key factors for calculating profit., Costs are needed for pricing policies., Costs records enable comparisons with previous years., Comparing cost data enable better decision making.

Question 10

Not answered

Marked out of 1

Match the following characteristics with the appropriate pricing method:

Setting the same or similar prices with competitors

Choose...

Setting prices based on the variable costs of the product

Choose...

Constantly changing prices, especially e-shops

Choose...

Makes a loss on one product in order to attract sales and profits from other products

Choose...

Your answer is incorrect.

The correct answer is: Setting the same or similar prices with competitors → Competitive pricing, Setting prices based on the variable costs of the product → Contribution pricing, Constantly changing prices, especially e-shops → Dynamic pricing, Makes a loss on one product in order to attract sales and profits from other products → Loss-leader

Question 11

Not answered

Marked out of 1

The use of a name, symbol or design to identify a product is known as:

Select one:

- a. USP (Unique Selling Proposition)
- b. Promotion
- c. Advertising
- d. Branding

Your answer is incorrect.

The correct answer is: Branding

Question 12

Not answered

Marked out of 1

Solar power is generated from the moon's energy using photovoltaic cells or solar panels.

Select one:

- True
- False

The correct answer is 'False'.

Question 13

Not answered

Marked out of 1

Which of the following is an advantage of role culture (Apollo)?

Select one:

- a. Quick decision making
- b. Creativity and team work
- c. Everyone knows their role and responsibilities
- d. Suitable for project management

Your answer is incorrect.

Which is the correct answer? The correct answer is "Everyone knows their role and responsibilities" as in role structures job description and processes are clearly defined.

The correct answer is: Everyone knows their role and responsibilities

Question 14

Not answered

Marked out of 1

Raw materials are a direct cost

Select one:

- True
- False

The correct answer is 'True'.

Question 15

Not answered

Marked out of 1

In a break-even chart the sales revenue is presented as a straight line that:

Select one:

- a. starts from 0 (0,0 coordinates)
- b. is parallel to the output axis (x-axis)
- c. starts from the y-axis at the level of fixed costs
- d. none of the other answers

Your answer is incorrect.

Which is the correct answer? The correct answer is ". starts from 0 (0,0 coordinates)" as sales revenue= price per unit X quantity sold, which means if 0 items are sold, then the sales revenue is 0.

The correct answer is: starts from 0 (0,0 coordinates)

Question 16

Not answered

Marked out of 1

Sale and leaseback of fixed assets is a way of improving cash flows.

Select one:

- True
- False

The correct answer is 'True'.

Question 17

Not answered

Marked out of 1

Operations management is a function that exists only in businesses that manufacture goods.

Select one:

- True
- False

The correct answer is 'False'.

Question 18

Not answered

Marked out of 1

Which of the following best describes the term "redundancy"?

Select one:

- a. None of the rest answers
- b. Being fired from a job because the job is no longer required
- c. Being fired from a job due to incompetence or breach of contract term/policy

Your answer is incorrect.

The correct answer is: Being fired from a job because the job is no longer required

Question 19

Not answered

Marked out of 1

What marketing approach is it when a business sells the same standardised products in the same way all over the world?

Select one:

- a. Pan-global marketing
- b. Marketing mix
- c. Above-the-line promotion
- d. Global localisation

Your answer is incorrect.

The correct answer is: Pan-global marketing

Question 20

Not answered

Marked out of 1

Which of the following is not a cash inflow?

Select one:

- a. Owner's own capital injection
- b. Creditors' payments
- c. Bank loan to be received
- d. Debtors' payments

Your answer is incorrect.

Which is the correct answer? The correct answer is "Creditors' payments" as these are outflows, e.g. paying suppliers

The correct answer is: Creditors' payments

Question 21

Not answered

Marked out of 1

It's more expensive for a business to acquire a new customer than to sell to an existing one

Select one:

- True
- False

The correct answer is 'True'.

Question 22

Not answered

Marked out of 1

Which of the following is a category or element of the Statement of financial position?

Select one:

- a. Cost of sales
- b. Expenses
- c. Revenue
- d. Liabilities

Your answer is incorrect.

The correct answer is: Liabilities

Question 23

Not answered

Marked out of 1

Customers do not judge a service provision based on the people representing the company.

Select one:

- True
- False

The correct answer is 'False'.

Question 24

Not answered

Marked out of 1

Which of the following actions could possibly help improve an adverse overheads variance?

Select one:

- a. Increase bonus payments to managers
- b. Delay supplier payments for raw materials
- c. Offer discounts to customers
- d. Reduce administration employees

Your answer is incorrect.

The correct answer is: Reduce administration employees

Question 25

Not answered

Marked out of 1

Rent of a building for a company is a:

Select one:

- a. Fixed cost
- b. Semi-variable cost
- c. Variable cost
- d. None of the other answers

Your answer is incorrect.

Which is the correct answer? The correct answer is "Fixed cost" as rent does not change with output.

The correct answer is: Fixed cost

Question 26

Not answered

Marked out of 1

Market growth is an increase in the demand of a particular product or service over time.

Select one:

- True
- False

The correct answer is 'True'.

Question 27

Not answered

Marked out of 1

A business that has trouble retaining its staff, it is said to have

Select one:

- a. Low absenteeism
- b. High staff retention
- c. High labor turnover
- d. High staff loyalty

Your answer is incorrect.

The correct answer is: High labor turnover

Question 28

Not answered

Marked out of 1

Which of the following are ways to improve the inventory (stock) turnover ratio?

Select one or more:

- A. Reduce inventories of raw materials
- B. Decrease overheads
- C. Reduce inventories of finished goods
- D. Sell fixed assets
- E. Decrease variable costs
- F. Get a loan
- G. Reduce inventories of unfinished goods
- H. Introduce Just-in-time stock management system

Your answer is incorrect.

The correct answers are: Reduce inventories of finished goods, Reduce inventories of raw materials, Reduce inventories of unfinished goods, Introduce Just-in-time stock management system

Question 29

Not answered

Marked out of 1

BON converted from a private limited company to a public limited company to raise finance for expansion.

Select one:

- True
- False

The correct answer is 'True'.

Question 30

Not answered

Marked out of 1

Which of the following is not a method of external recruitment?

Select one:

- a. Employees newsletter
- b. Advertise in newspaper
- c. Hiring a recruitment agency
- d. Online agency

Your answer is incorrect.

Which is the correct answer? The correct answer is "Employees newsletter" as it is addressed only to employees.

The correct answer is: Employees newsletter

Question 31

Not answered

Marked out of 1

If a business produces below break-even point, then it has losses.

Select one:

- True
- False

The correct answer is 'True'.

Question 32

Not answered

Marked out of 1

Personal finance is only for sole traders

Select one:

- True
- False

The correct answer is 'True'.

Question 33

Not answered

Marked out of 1

Which of the following is an advantage of off-the-job training

Select one:

- a. Reduced costs
- b. It may help a business to decrease the number of employees
- c. New ideas
- d. Specialized to the specific job and company

Your answer is incorrect.

Which is the correct answer? The correct answer is "New ideas" as the training takes place outside the business and trainees may have an opportunity to learn from other industries and exchange ideas.

The correct answer is: New ideas

Question 34

Not answered

Marked out of 1

Which of the following is an example of a strategic alliance?

Select one:

- a. A company pays a licensing fee to use another firm's logo and brand
- b. A firm buys shares in another company
- c. A firm agrees with a local company to form a new company in order to enter the new market
- d. Airline companies working together to offer and share connecting flights outside their normal operations

Your answer is incorrect.

The correct answer is: Airline companies working together to offer and share connecting flights outside their normal operations

Question 35

Not answered

Marked out of 1

Which of the following is not a cash inflow?

Select one:

- a. Owner's own capital injection
- b. Government grants
- c. Electricity bill
- d. Bank loan to be received

Your answer is incorrect.

Which is the correct answer? The correct answer is "Creditors' payments" as these are outflows, e.g. paying suppliers

The correct answer is: Electricity bill

Question 36

Not answered

Marked out of 1

If a business produces over break-even point, then it has profit.

Select one:

- True
- False

The correct answer is 'True'.

Question 37

Not answered

Marked out of 1

Fill in the gaps in the following text:

research (also called research) looks for data that already have been gathered. It is a useful source of information on markets such as market (by volume or value), the market of the main competitors in the sector and identifies sales trends. After carrying out this process, a business can gather tailor-made information through research.

Your answer is incorrect.

The correct answer is:

Fill in the gaps in the following text:

[secondary] research (also called [desk] research) looks for data that already have been gathered. It is a useful source of information on markets such as market [size] (by volume or value), the market [share] of the main competitors in the sector and identifies sales trends. After carrying out this process, a business can gather tailor-made information through [primary] research.

Question 38

Not answered

Marked out of 1

Which of the following is a disadvantage of franchising for the franchisor?

Select one:

- a. Less financial risk involved than organic growth
- b. It is a cheaper growth strategy since the franchisee provides financing
- c. Reputation may be adversely affected by franchisees
- d. Franchisor receives royalty payments which is typically a percentage of sales

Your answer is incorrect.

The correct answer is: Reputation may be adversely affected by franchisees

Question 39

Not answered

Marked out of 1

The cause of a particular variance may not affect another variance in a corresponding or opposite way.

Select one:

- True
- False

The correct answer is 'False'.

Question 40

Not answered

Marked out of 1

In general, the higher the inventory ratio, the more efficient are the managers in selling inventory rapidly.

Select one:

- True
- False

The correct answer is 'True'.

Question 41

Not answered

Marked out of 1

Regular and repeated variations in sales that occur within 12 months are:

Select one:

- a. Sales forecasting
- b. Seasonal variations
- c. Cyclical variations
- d. Random variations

Your answer is incorrect.

Why is this the correct answer? The correct answer is "Seasonal variations" as these are defined as regular and repeated variations in sales that occur within 12 months.

The correct answer is: Seasonal variations

Question 42

Not answered

Marked out of 1

In a tall organizational structure, it is most likely that employees in lower layers may feel remoteness from the decision making of the top layers.

Select one:

- True
- False

The correct answer is 'True'.

Question 43

Not answered

Marked out of 1

Which of the following are characteristics of a laissez-faire leader?

Select one or more:

- A. Centralized approach
- B. Guidance and direction provided
- C. Lack of feedback
- D. Leader takes all decision
- E. Workers make decisions
- F. Limited information provided
- G. Increased delegation
- H. Decentralized approach

Your answer is incorrect.

The correct answers are: Decentralized approach, Increased delegation, Lack of feedback, Workers make decisions

Question 44

Not answered

Marked out of 1

BON's directors regard environmental sustainability as a significant challenge

Select one:

- True
- False

The correct answer is 'True'.

Question 45

Not answered

Marked out of 1

The acid test ratio excludes which of the following:

Select one:

- a. Current assets
- b. None of the rest answers
- c. Current Liabilities
- d. Stock

Your answer is incorrect.

Which is the correct answer? The correct answer is "Stock" as the formula is $(\text{Current assets} - \text{stock}) / \text{Current liabilities}$

The correct answer is: Stock

Question 46

Not answered

Marked out of 1

Which of the following is an advantage of a situational leader?

Select one:

- a. Involvement of staff
- b. Managers do not need to intervene
- c. Fast decision making
- d. Flexibility depending on the circumstances

Your answer is incorrect.

Which is the correct answer? The correct answer is "Flexibility depending on the circumstances" as this is one of its main characteristics.

The correct answer is: Flexibility depending on the circumstances

Question 47

Not answered

Marked out of 1

The amounts owed to creditors are reported on the company's statement of financial position as

Select one:

- a. Liabilities
- b. Non-current Assets
- c. Assets
- d. Equity

Your answer is incorrect.

Which is the correct answer? The correct answer is "Liabilities" as it is defined as a company's legal financial debts or obligations that arise during the course of business operations.

The correct answer is: Liabilities

Question 48

Not answered

Marked out of 1

If the firm increases sales then it is certain that the cash flow will improve.

Select one:

- True
- False

The correct answer is 'False'.

Question 49

Not answered

Marked out of 1

Which of the following is not a risk the franchisor takes on when franchising?

Select one:

- a. Brand image may be harmed if the franchisee does not follow quality and procedural standards set by the franchisor
- b. All of them are risks for the franchisor
- c. Franchisee may not offer the quality service the franchisor expects
- d. Franchisee will have a greater understanding of the local market

Your answer is incorrect.

The correct answer is: Franchisee will have a greater understanding of the local market

Question 50

Not answered

Marked out of 1

If a firm increased its share capital and reduced its long-term loans, then the gearing ratio would:

Select one:

- a. Increase
- b. Remain the same
- c. Reduce

Your answer is incorrect.

The correct answer is: Reduce