



Free Questions for CMAPRA17-BA1-1 by dumpshq

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Question 1

Question Type: MultipleChoice

Company A is looking to protect itself from transaction exchange rate risk.

Company A does not require 100% of the value of transaction to be protected, and it would like the method it uses to have the following characteristics

- * An agreed exchange rate for a specified period where both parties have a legal obligation
- * A separation of the contract guaranteeing the price of the currency from the underlying transaction.

Which of the following would best provide the type of protection from exchange rate risk company A wants?

Options:

- A- Future
- B- Option
- C- Forward contract
- D- Floating exchange rate

Answer:

C

Question 2

Question Type: MultipleChoice

Which of the following organisational arrangements is an example of a multinational corporation (MNC)?

Options:

- A-** An insurance company based in Country E opens a sales office in Country F in order to service the local market
- B-** A music production company based in Country C signs a contract with an artist's management company based in Country D.
- C-** A retailer based in Country G uses an online retail platform in order to sell goods to customers in Country H.
- D-** A chain of restaurants based in Country B signs a franchise agreement with a company that intends to open restaurants in Country A.

Answer:

C

Question 3

Question Type: MultipleChoice

A magazine currently has a circulation of 500,000 copies per year at a price of \$5 per copy. Following a market survey it has been suggested that the price of each copy should be reduced to \$4.50. It is expected this will lead to an increase in circulation of 25,000 copies per year.

What is the price elasticity of demand of the magazine?

Options:

A - 0.45

B - 0.35

C - 0.25

D - 0.15

Answer:

A

Question 4

Question Type: MultipleChoice

A company currently sells 10,000 bottles of "bright pink" nail varnish every year at \$5 per bottle. If the price is reduced to \$4.50 per bottle, it is expected that the company will sell an extra 2,000 bottles.

What is the price elasticity of demand of the nail varnish?

Options:

A- -2.0

B- +2.0

C- -0.5

D- +0.5

Answer:

B

Question 5

Question Type: MultipleChoice

The following cash flows are for a capital project where the required rate of return is 8 percent.

Year	0	1	2	3
Cash flow	-50,000	15,000	15,000	20,000

Calculate the NPV for the project. Give your answer to the nearest whole number

Options:

A- 7374

B- 7384

C- 7364

D- 7354

Answer:

A

Question 6

Question Type: MultipleChoice

Market price refers to:

Options:

- A- the price that is determined by demand and supply.
- B- the price that includes tax
- C- the value that is adjusted for inflation.
- D- the price that maximise profits.

Answer:

D

Question 7

Question Type: MultipleChoice

Setting a minimum wage above the equilibrium wage

Options:

- A- has no effect on unemployment, and setting a minimum wage below the equilibrium wage results in increased unemployment
- B- results in increased unemployment, and setting a minimum wage below the equilibrium wage has no effect on unemployment.
- C- results in decreased unemployment, and setting a minimum wage below the equilibrium wage results in increased unemployment.
- D- results in increased unemployment, and setting a minimum wage below the equilibrium wage results in decreased unemployment

Answer:

A

Question 8

Question Type: MultipleChoice

The government of Country Z imposes a tariff on all imports of coal from other countries Which THREE of the following are possible effects of this decision in Country?

Options:

- A- The cost of living will fall.
- B- Employment in the coal industry will increase

- C- The balance of payment will improve.
- D- Government's revenue will improve.
- E- Coal producers will adopt new technologies to improve efficiency
- F- More resources will be allocated to alternative energy sources

Answer:

E

Question 9

Question Type: MultipleChoice

Dividend income from shares held overseas is recorded in which of the following balance of payments components?

Options:

- A- Capital account
- B- Financial account
- C- Profit account

D- Current account

Answer:

B

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