



**Free Questions for *Better-Business-Cases-Practitioner* by  
dumpsheet**

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## Question 1

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**Question Type:** MultipleChoice

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The Financial Appraisal includes a sensitivity analysis of the new campus based on varying forecasts for future demand.

Is this an appropriate application of the Five Case Model for the project?

### Options:

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- A- No, because a sensitivity analysis is only conducted in the Economic Case.
- B- No, because the forecast for demand was identified in the Strategic Case.
- C- Yes, because the preferred option should be subject to a sensitivity analysis in the Financial and Economic Case.
- D- Yes, because all short listed options should be subject to sensitivity analysis.

### Answer:

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C

## Question 2

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**Question Type:** MultipleChoice

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The Financial Appraisal includes an estimated 60% taxation costs that are NOT reclaimable.

Is this an appropriate application of the Five Case Model for the project?

**Options:**

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- A-** No, because taxation costs should be excluded from the Financial Appraisal.
- B-** No, because it is the Economic Case that should include inflation and taxation costs.
- C-** Yes, because the Financial Appraisal should demonstrate value for money.
- D-** Yes, because both resource and non-resource costs and benefits should be factored into the analysis.

**Answer:**

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A

## Question 3

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**Question Type: MultipleChoice**

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The Financial Appraisal for the new campus includes the cost of inflation over the life of the scheme.

Is this an appropriate application of the Five Case Model for the project?

**Options:**

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- A-** No, because the Financial Appraisal should be based on constant prices.
- B-** No, because it is the Economic Appraisal that should include the cost of inflation.
- C-** Yes, because this will be an on going cost to the new campus over the life of the scheme.
- D-** Yes, because all of the new campus assets will decrease in value over the life of a scheme.

**Answer:**

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A

## Question 4

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**Question Type: MultipleChoice**

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Using the Scenario, answer the following questions about the Financial Appraisal of the option to build a new campus on the site of the Old Fire Station Headquarters.

Decide whether the action taken represents an appropriate application of the Five Case Model for this project and select the response

that supports your decision.

The cost of the temporary accommodation on the site of the Old Fire Station Headquarters has been treated as a revenue cost within the Financial Appraisal. This temporary accommodation is required as part of the construction of the new campus.

Is this an appropriate application of the Five Case Model for the project?

**Options:**

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- A-** No, because the Financial Appraisal should NOT contain revenue costs.
- B-** No, because construction and refurbishment costs should be treated as capital costs.
- C-** Yes, because all construction costs must be accounted for.
- D-** Yes, because these represent a cost of developing the scheme.

**Answer:**

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B

## Question 5

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**Question Type: MultipleChoice**

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Which 2 observations correctly evaluate risks that could affect the affordability of this project?

**Options:**

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- A-** Without the sale of Pittville High School, the project is no longer viable.
- B-** The project would still be viable if equipment costs were to double after Year 3.
- C-** If the other income were to be withdrawn for any reason, LEA Funding alone could fund the running costs of the scheme after Year 3.
- D-** The project would no longer be affordable if funding were to increase by 5%.
- E-** Income from the hire of the Sport Facilities must continue to increase every year for the scheme to be viable.

**Answer:**

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A, E

## Question 6

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**Question Type:** MultipleChoice

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Which 2 observations correctly evaluate the affordability of the Pittville project?

**Options:**

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- A-** The Financial Appraisal shows that this scheme is unaffordable.
- B-** At the end of Year 6, E6 million of the initial spending costs will have been recovered.
- C-** The surplus Income forecast in Year 1 is sufficient to cover the deficit forecast in Year 2.
- D-** The revenue budget should show how long it will take for the surplus income to cover the initial cost of building the new campus.
- E-** If expenditure and income continue at the same rate, each subsequent year should return a surplus of 1 million.

**Answer:**

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C, E

## Question 7

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**Question Type: MultipleChoice**

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Which 2 observations correctly evaluate the Income?

**Options:**

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- A- There will be a funding gap in Year 2 when the Expenditure is forecast to exceed the Income.
- B- The affordability of the scheme is NOT dependent upon the income from the sale of Pittville High School.
- C- Income from the hire of the sports facilities should NOT be shown as a separate source of income.
- D- Funding to help pay for the construction of the new campus should be shown as a separate source of income in the Revenue Budget.
- E- Local Education Authority (LEA) Funding should be moved to the Economic Appraisal.

**Answer:**

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A, B

## Question 8

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**Question Type:** MultipleChoice

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Using the Scenario and the extract below from the Revenue Budget for the Pittville project, answer the following questions. (Note. The figures entered are correct).



£ millions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Expenditure:</b>						
Staffing	0.3	1.2	1.4	1.6	1.8	2.0
Equipment	0.8	2.3	1.3	0.5	0.5	0.5
Running costs	0.34	0.35	0.36	0.37	0.38	0.4
Financing costs	0.04	0.11	0.09	0.07	0.08	0.08
<b>Total Expenditure</b>	<b>1.48</b>	<b>3.96</b>	<b>3.15</b>	<b>2.54</b>	<b>2.76</b>	<b>2.98</b>
<b>Income:</b>						
LEA Funding	1.84	3.72	2.85	3.12	3.25	3.34
Sale of Pittville High School				2.7		
Sports Facilities Hire			0.36	0.42	0.51	0.64
<b>Total Income</b>	<b>1.84</b>	<b>3.72</b>	<b>3.21</b>	<b>5.94</b>	<b>3.76</b>	<b>3.98</b>
<b>Trading Surplus/Deficit</b>	<b>0.36</b>	<b>-0.24</b>	<b>0.06</b>	<b>3.7</b>	<b>1.0</b>	<b>1.0</b>

Which 2 observations correctly evaluate the Expenditure?

**Options:**

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- A- The cost of building the new campus should be included in this table.
- B- Staffing costs should be moved to the Economic Appraisal.
- C- To be useful this table should cover the lifetime of the asset.
- D- Equipment costs should be moved to the capital costs.
- E- The cost of finance should be moved to the Economic Appraisal.

**Answer:**

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C, D

## Question 9

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**Question Type:** Hotspot

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Column 1 contains only true statements about the Pittville project. For each entry in Column 1, decide whether or not it should be explained within the Commercial Case or the Financial Case, and then select your answer from Column 2. Each selection from Column 2 can be used once, more than once or not at all.

#	Column 1	A	B	C	
1.	The open procedure is to be used for tender responses for construction of the new campus.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Commercial Case
2.	The potential for opposition from further education units to the new campus by Topland Local Education Authority provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Commercial Case
3.	An operating surplus will be generated from the sports facilities at the new campus.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Commercial Case
4.	Having a choice of locations for learning will increase student satisfaction and attendance rates.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Commercial Case
5.	The Pittville University development option will result in a net overall saving in the cost of contracts for cleaning.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Commercial Case
6.	Payments to the service provider will be structured to incentivise delivery of the new campus within 2 years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Commercial Case

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