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QUESTION & ANSWER



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Exam : CIMAPRO17-BA1-X1-ENG

**Title : BA1 - Fundamentals of
Business Economics
Question Tutorial**

Version : DEMO

1.Which of the following will NOT affect the price elasticity of supply?

- A. The time period considered.
- B. Production costs.
- C. The level of stocks.
- D. Proportion of income spent.

Answer: C

2.Which of the following is a primary objective of a not-for-profit organization?

- A. To satisfy the needs of a particular sector of society.
- B. To maintain the growth of the organization.
- C. To make a profit.
- D. To continue to exist.

Answer: A

Explanation:

Reference:

<https://www.acowtancy.com/textbook/cima-f3-2015/a1a-financial-and-non-financial-objectives/types-of-organisations-copy1/notes>

3.Quantitative easing, the purchase of government or private securities by the central banks from investors, is an example of:

- A. contractionary monetary policy.
- B. contractionary fiscal policy.
- C. expansionary fiscal policy.
- D. expansionary monetary policy.

Answer: D

Explanation:

Reference: <https://www.investopedia.com/ask/answers/040115/what-are-some-examples-expansionary-monetary-policy.asp>

4.A commercial airline uses its database to develop the following regression model to predict the cost of a flight Y (in dollars) by number of passengers:

$$Y = 1,570 + 40.7x$$

Which of the following statements is correct in relation to the airline?

- A. The cost of a flight will increase by \$40.7 when an additional passenger is added to the flight.
- B. The regression model makes accurate predictions for this commercial airline, therefore it will provide good forecasts for other commercial airlines.
- C. The positive intercept in the model indicates a positive relationship between the cost of a flight and the number of passengers.
- D. If each pair of data points is plotted on a graph with Y on the vertical axis and X on the horizontal axis, there will be a downward sloping line.

Answer: D

5.Which of the following is correct in relation to businesses?

In order to maximize shareholder wealth, the primary objective of a business can be reflected in:

- (1) higher investment
- (2) higher sales revenue
- (3) higher share prices
- (4) higher dividend payments.

A. (1) and (3)

B. (3) and (4)

C. (1) and (2)

D. (2) and (4)

Answer: B

Explanation:

Reference:

<http://www.cimaglobal.com/Documents/Student%20docs/2010%20syllabus%20docs/F3/F3%20May%202014%20-%20Answers%20for%20web.pdf>