



# CIMAPRO17-BA1-X1-ENG<sup>Q&As</sup>

BA1 - Fundamentals of Business Economics Question Tutorial

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### QUESTION 1

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

- A. Capital account
- B. Financial account
- C. Profit account
- D. Current account

Correct Answer: D

Reference: <https://www.thebalance.com/current-account-definition-and-4-components-3306265>

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### QUESTION 2

Setting a minimum wage above the equilibrium wage:

- 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.

Correct Answer: C

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### QUESTION 3

Company A owns a factory in a foreign country. Which of the following types of exchange rate risk is company A most likely to experience in relation to the value of the factory?

- A. Economic risk
- B. Energy risk
- C. Transaction risk
- D. Translation risk

Correct Answer: D

Reference: [https://webcache.googleusercontent.com/search?q=cache:rUr\\_SO58tB8J:https://www.acowtancy.com/textbook/cima-ba1/d3-impact-of-changes-in-interest-and-exchange-rates-on-controlling-and-measuring-](https://webcache.googleusercontent.com/search?q=cache:rUr_SO58tB8J:https://www.acowtancy.com/textbook/cima-ba1/d3-impact-of-changes-in-interest-and-exchange-rates-on-controlling-and-measuring-)

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#### QUESTION 4

Which THREE of the following can be used to reduce the principal-agent problem in business organizations? (Choose three.)

- A. Requiring managers to uphold detailed disclosure and reporting practices.
- B. Introducing bonuses related to the profit performance of the business.
- C. Implementing a 'top-down' decision-making process.
- D. Implementing a share distribution scheme.
- E. Requiring managers to take into account the interests of external stakeholders.

Correct Answer: ADE

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#### QUESTION 5

Which TWO of the following are positive impacts for a national economy which hosts a multinational company's (MNC) production facilities within their country? (Choose two.)

- A. Mobile MNCs mean that operations can easily be transferred from one economy to another.
- B. MNCs provide employment opportunities in other countries for skilled workers from the host country.
- C. Local producers can copy superior processes from the MNC which raises productivity within the recipient economy.
- D. Direct financial investment should improve economic welfare as capital is transferred to economies where the marginal rate of return on capital is highest.
- E. MNCs can use transfer pricing to ensure taxes are minimized within a recipient economy.

Correct Answer: CD

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