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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