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Exam : **CIMAPRA17-BA1-1-ENG**

Title : BA1 - Fundamentals of Business Economics (2017 SYLLABUS) (Online)

Version : DEMO

1.It is necessary to include a balancing item in the balance of payments accounts in order to
A. Balance the current and capital accounts
B. Ensure that balance of payments equilibrium is achieved
C. Record accurately changes in the balance of official reserves
D. Compensate for mistakes made when recording current and capital flows
Answer: D

2.All of the following are elements of a supply side policy except which one?
A. Reductions in the marginal rates of taxation.
B. Increased entitlement to social security and unemployment benefits.
C. Increased public expenditure on education and training.
D. Privatization of public sector industries.
Answer: B

3.A country has a trade deficit. The demand for its imports and exports are both price elastic.
All of the following would lead to an a reduction in the country's trade deficit except which one?
A. A fall in consumer incomes in the country.
B. An improvement in the country's terms of trade.
C. A depreciation in the exchange rate for the country's currency.
D. A rise in the rate of inflation in its trading partners' economies.
Answer: B

4.All of the following items would appear as a credit on the current account of a country's balance of payments accounts except which one?
A. Interest payments on financial assets held overseas.
B. Exports of manufactured goods.
C. Outflows of capital.
D. Expenditure by visiting foreign tourists.
Answer: C

5.In a fully employed economy, which one of the following would lead to demand pull inflation?
A. A reduction in the rate of income tax
B. A rise in value added tax
C. An increase in the world price of oil
D. A rise in interest rates
Answer: A