

JOINT UNIVERSITIES PRELIMINARY EXAMINATIONS BOARD
2015 EXAMINATIONS

BUSSINESS STUDIES - MSS – J132

MULTIPLE CHOICE QUESTIONS

1. What do the letters EOQ stand for?
 - A. Estimated Order Quantity
 - B. Economic Order Quantity
 - C. Estimated Order Quality
 - D. Economic Order Quality
2. The EOQ of an item is calculated using the annual demand together with the _____ cost and the _____ cost.
 - A. Direct and Variable costs
 - B. Indirect and Holding costs
 - C. Direct and Ordering costs
 - D. Ordering and Holding costs
3. In a materials processing operation, which of the following process type is associated with the highest volume and lowest variety?
 - A. Job shop
 - B. Batch process
 - C. Mass process
 - D. Continuous process
4. In the product life cycle what is the correct order of the main phases?
 - A. Maturity, Growth, Saturation, Decline
 - B. Growth, Maturity, Saturation, Decline
 - C. Growth, Saturation, Growth, Decline
 - D. Maturity, Saturation, Growth, Decline
5. Which management approach is most likely where the home country dominates procedures and practices?
 - A. Geocentric
 - B. Polycentric
 - C. Multinational
 - D. Ethnocentric
6. Which management approach is most likely where local expertise from the host country is used to create procedures and practices for the running of the organization locally?
 - A. Geocentric
 - B. Polycentric
 - C. Multinational
 - D. Ethnocentric

7. Moving some of an organization's operations from a high-cost economy to a low-cost economy is called _____
- A. Globalizing
 - B. Outsourcing
 - C. Offshoring
 - D. Franchising
8. Licensing out the manufacture of a product can be referred to as _____
- A. Franchising
 - B. Outsourcing
 - C. Licensing
 - D. Rationalization
9. Which of the following describes class 'C' items in the ABC approach to stock categorisation?
- A. High value, high risk
 - B. High value, low risk
 - C. Low value, high risk
 - D. Low value, low risk
10. Operations Management is a _____ process.
- A. Translation
 - B. Transformation
 - C. Transaction
 - D. Transition
11. There are five basic organizational forms: simple, functional, divisional, conglomerate and _____
- A. Hybrid
 - B. Complex
 - C. Corporate
 - D. Hierarchical
12. Inventory is _____ **EXCEPT**
- A. A raw material item used in an operation.
 - B. An item stored for later use in an operation.
 - C. An item in transit for later use in an operation.
 - D. An item consumed in production process
13. A firm that focuses on the minimum utilization of resources for the attainment of its goals is a _____ driven firm
- A. Profit
 - B. Effectiveness
 - C. Efficiency
 - D. Strategy

14. A competitive environment can be characterized by _____
- A. Competitive economic development
 - B. Hyper-competitiveness
 - C. Economic growth
 - D. Economic development
15. The output/input ratio usually denotes the calculation of _____
- A. Effectiveness
 - B. Efficiency
 - C. Regulation
 - D. Competitiveness
16. The ability of a firm to meet and exceed the need of customers' is captured with concept of _____
- A. Capital
 - B. Value
 - C. Competitiveness
 - D. Technology
17. The difference between the cost price of finished products and the costs of the inputs for producing one unit is called _____
- A. Resource maximization
 - B. Value creation
 - C. Value added
 - D. Competitive optimality
18. One of the objectives of a firm is to _____
- A. Maximize profit
 - B. Minimize subsidy
 - C. Increase total employment
 - D. Eliminate environmental waste
19. When the government forgoes investment in education in favour of agriculture, this decision is described with the concept of _____
- A. Pareto optimality
 - B. Economic rent
 - C. Opportunity cost
 - D. Resource mobilization
20. A government provision to make up for the cost of importing specific goods by a group of businessmen is known as _____
- A. Efficiency
 - B. Market stabilization
 - C. Subsidy
 - D. Austerity

21. The question of how scarce resources are to be allocated is a _____ problem
- A. Firm's
 - B. Economic
 - C. Customers'
 - D. Social
22. An Internet Service Provider (ISP) employs 10 staff and services a customer base of 2 million subscribers. It is a _____ business
- A. Small
 - B. Large
 - C. Semi-large
 - D. Moderate
23. Which of the following is NOT an indicator of the size of a business?
- A. Economic recession
 - B. Market size
 - C. Sales turnover
 - D. Business strategy
24. Market capitalization is calculated as:
- A. Current share price X Capital employed
 - B. Current share price X Sales turnover
 - C. Current share price X Net Profit
 - D. Current share price X Total of issued shares
25. Shareholders focus more on the _____ of a firm
- A. Operations
 - B. Profitability
 - C. Employee welfare
 - D. Managerial welfare
26. Nigeria aims to be among the largest economies in the world by _____
- A. 2050
 - B. 2040
 - C. 2030
 - D. 2020
27. The work on managerial role could be attributable to _____
- A. Henri Fayol
 - B. F.W. Taylor
 - C. Adam Smith
 - D. Henry Mintzberg

28. One of these leadership styles will use feedback as an opportunity for coaching employees
- A. Demographic
 - B. Laissez-faire
 - C. Mentorship
 - D. Managérial trait
29. An internal state which makes certain outcomes appear attractive is _____
- A. Motivation
 - B. Drive
 - C. Want
 - D. Need
30. Information retrieved from archive may be referred to as
- A. Data
 - B. Primary data
 - C. Secondary data
 - D. Tertiary data
31. Promotion may be referred to as _____
- A. Communication
 - B. Marketing communication
 - C. Information-process
 - D. Transmission
32. Which of the following is true about promotional mix?
- A. Promotional mix is the sole responsibility of the marketing department
 - B. Promotional mix decision may not rest solely on the marketing department
 - C. Promotional mix decision may not consider sales promotion
 - D. Promotion mix decision may not consider advertising
33. The managerial function responsible for attracting, procuring, placement, retaining and maintaining the right number and calibre of employees in an organization is _____
- A. Human capital development
 - B. Human selection
 - C. Manpower planning
 - D. Personal management
34. The procedure for determining duties and skill requirements of a job and the person to hire is _____
- A. Performance appraisal
 - B. Job description
 - C. Manpower planning
 - D. Job analysis

35. The process for creating a large pool of applicants that are willing to work for the organisation is _____
- A. Aptitude test
 - B. Selection
 - C. Job interview
 - D. Recruitment
36. The function of the personnel manager include the following **EXCEPT**
- A. Writing copy for advertisement
 - B. Keeping personnel record
 - C. Operating wages system
 - D. Organising training courses
37. Performance appraisal purposes include the following **EXCEPT:**
- A. To determine who should be promoted or receive salary increase
 - B. To expedite long range management planning
 - C. To identify employees who need specific training
 - D. To determine jobs to be subcontract
38. When the company's assets do not match with its liabilities it means that the company is _____
- A. Illiquid
 - B. Insolvent
 - C. Unprofitable
 - D. Solvent
39. The details of items recognized as non- current liabilities include all of the following **EXCEPT** _____
- A. Debenture
 - B. Creditors
 - C. Mortgage loans
 - D. Deferred tax liabilities
40. The authorized share capital of a limited liability company is the number of shares _____
- A. Offered for sale
 - B. Approved in the memorandum of association
 - C. Subscribed to
 - D. Called up
41. The margin of safety represents _____
- A. The loss area of the firm
 - B. The number of units by which sales can drop before company makes loss
 - C. Profit making zone of the company
 - D. Profit after tax

42. The information provided in the cash flow statement will help the company in the following ways **EXCEPT** _____
- A. Assess the impact of firms current transactions on its financial position.
 - B. Assess the ability of the firm to fund ongoing projects
 - C. Assess the ability of the firm to meet up its debt obligations, pay dividend as required
 - D. To measure the ability of the firm
43. Cash and cash equivalent section of the cash flow statement contains all these **EXCEPT** _____
- A. Opening and closing balances of cash and near cash items only
 - B. Opening and closing balances of current and non-current assets
 - C. Opening and closing balances of cash and bank balances only
 - D. The total of all companies operating activities during the year
44. These are the differences between profit and cashflow statements **EXCEPT**
- A. Cashflow is more reliable and verifiable than the profit and loss account
 - B. Cash receipts and cash payment are recorded in the cash flow while profit statement records income and expenses over a period
 - C. The basis of preparation of profit statement is accrual basis while cashflow statement is prepared on cash basis
 - D. Profit and loss account is used to disclose investing, financing and operating activities of the firm.
45. Accounting information of a firm is prepared based on these concept **EXCEPT** _____
- A. Entity concept
 - B. Going concern concept
 - C. Accrual basic
 - D. Subjectivity concept
46. A cost that is same per unit of output but increases with the total output is referred to as _____
- A. Fixed cost
 - B. Variable cost
 - C. Marginal Cost
 - D. Maximum Cost
47. Incremental cost consist of all **EXCEPT** _____
- A. All variable costs incurred because of existence of the particular job or project
 - B. Additional fixed cost incurred solely for the sake of a job
 - C. Additional cost that a firm must incur in order to get additional job done
 - D. All overhead costs on the job

You are required to use the information below to answer questions 48-50 that follow

	N	N
Sales		50,000
Expenses:		
Variables costs	30,000	
Fixed costs	15,000	<u>45,000</u>
Net profit		<u><u>N5,000</u></u>

48. What is the Break-even point in value of this transaction?

- A. N1,500
- B. N37,500
- C. N12,500
- D. N20,000

49. What is the margin of safety?

- A. N12,500
- B. N37,500
- C. N15,000
- D. N30,000

50. The require sales to achieve a profit of N8,000 is _____

- A. N57,500
- B. N23,000
- C. N8,000
- D. N5,000

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BUSINESS STUDIES ESSAY QUESTIONS

- 1 a. What personality trait associated with entrepreneurs? **BUS 001**
(5 marks)
- b. Explain five (5) roles of entrepreneurship in the Nigerian economy? **(10 marks)**

2. Write short note on: **BUS 002**
- a. Net profit margin
- b. Break even analysis
- c. Private Limited Company

(5 marks each) = **15 marks**

3. The following are the financial statements of Determination Ltd. for the year ended **BUS 002**
31st December, 2012

Income Statement for the Year ended 31st December, 2012

	N'000	N'000
Sales (Revenue)		99,500
Cost of Sales:		
Opening Inventory	15,000	
Materials	25,500	
Labour	16,000	
Factory Overheads	20,500	
Depreciation	4,500	
Closing Inventory	<u>(15,500)</u>	
		<u>66,000</u>
Gross Profit		33,500
Expenses:		
Selling and Administration	12,400	
Finance Cost (Interest)	<u>3,500</u>	
		<u>15,900</u>
Profit before Taxation		17,600
Taxation		<u>6,500</u>
Profit after Tax		<u>11,100</u>

Statement of Financial Position as at 31st December, 2012

	N'000	N'000	N'000
Non-Current assets:			
Property, Plant and Equipment			76,500
Current Assets:			
Inventory		15,500	

Trade Receivables	17,000	
Bank	<u>5,000</u>	
	<u>37,500</u>	
Total Assets		<u>114,000</u>
Equity:		
Ordinary Share Capital	45,000	
Retained Profit	<u>10,500</u>	
	55,500	
Non-Current Liabilities:		
Loan	22,000	
Current Liabilities:		
Trade Payables	23,500	
Others	<u>13,000</u>	<u>36,500</u>
Total Liabilities		<u>58,500</u>
Total Equity and Liabilities		<u>114,000</u>

You are required to calculate the following: (Each question's carries 1^{1/2} marks= 15 marks)

- i. Gross Profit percentage.
 - ii. Net Profit as percentage of Sales.
 - iii. Current Ratio.
 - iv. Acid Test or Quick Asset Ratio.
 - v. Trade Receivables collection period in weeks.
 - vi. Inventory Turnover.
 - vii. Share holders' Equity Ratio.
 - viii. Return on Equity.
 - ix. Return on Capital Employed.
 - x. Gearing Ratio.
- 4. a. Explain five (5) advantages of setting up a partnership business compared to a one-man business** **BUS 001**
(7^{1/2} marks)
- b. Identify and explain five (5) reasons that may lead to the dissolution of partnership **(7^{1/2} marks)**
- 5. a. List the five components of emotional intelligence** **BUS 003**
(5 marks)
- b. Distinguish between Transactional and Transformational leadership styles **(10 marks)**
- 6. a. Distinguish between supply curve and supply schedule** **BUS 003**
(6 marks)
- b. Write explanatory notes on the following concepts:
(i.) Joint supply(ii) Competitive Supply (iii)Composite Supply **(9 marks)**
- 7. a. What is SWOT Analysis?** **BUS 004**
(5 marks)
- b. Discuss five (5) components (each) of the internal and external environments of SWOT analysis **(10 marks)**

8. In the financial year ending 31/1/2009, Yaros Toy Ltd recorded the following transactions and

Costs

BUS 004

- Items sold: 3,000,000 at an average price of ~~₦~~2.00
- Average material cost per toy: ~~₦~~0.35
- Average labour cost per toy: ~~₦~~0.50
- Overhead costs: ~~₦~~750,000
- Corporation tax rate: 20%
- Dividends paid: ~~₦~~500,000

Draw up an income statement for the year ending 31/1/2009, from the information provided