

**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**  
 31<sup>st</sup> December, 2012

**Income Statement for the Year ended 31<sup>st</sup> December, 2012**

	N'000	N'000
Sales (Revenue)		99,500
<b>Cost of Sales:</b>		
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
<b>Expenses:</b>		
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 31<sup>st</sup> December, 2012**

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

Trade Receivables	17,000	
Bank	<u>5,000</u>	
	<u>37,500</u>	
Total Assets		<u>114,000</u>
<b>Equity:</b>		
Ordinary Share Capital	45,000	
Retained Profit	<u>10,500</u>	
	55,500	
<b>Non-Current Liabilities:</b>		
Loan	22,000	
<b>Current Liabilities:</b>		
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<sup>1/2</sup> 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<sup>1/2</sup> marks)**

**b. Identify and explain five (5) reasons that may lead to the dissolution of partnership**

**(7<sup>1/2</sup> 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