1. What is depreciation?
   
   A. A cash flow caused by buying fixed assets
   B. An increase in the value of a currency
   C. An estimate of the fall in value of a fixed asset over time
   D. A cost arising when customers fail to pay their bills

2. The following are all methods of flexible working except which one?

   A. Office working
   B. Part-time working
   C. Shift swapping
   D. Job sharing

3. Critical path analysis is a:

   A. Project management tool
   B. Quality assurance tool
   C. Cash flow forecasting tool
   D. Investment appraisal tool

4. UK law requires a business to consult with employees on:

   A. Product pricing
   B. Redundancy programmes
   C. Productivity targets
   D. Methods of pay

5. Which of these businesses would you expect to have the lowest stock turnover?

   A. Manufacturer of ready meals
   B. Builders merchant
   C. Car maker using lean production
   D. Fruit & vegetable shop

6. A possible disadvantage of a cost minimisation strategy is that...

   A. Excess overheads may be cut
   B. Business can be left with insufficient capacity
   C. Flexible working may need to be introduced
   D. Production quality may increase
7. An example of an external influence on HRM objectives and strategy is:

A A firm's organisational structure  C A firm's approach to flexible working
B Actions of competitors  D The strength of communication in the firm

8. Which of these might mean that the profit for a period is assessed as "low quality"?

A Customers accept a range of selling price increases  C Profit from the disposal of a significant business unit
B Economies of scale lead to lower unit production costs  D An improvement in production quality

9. For a manufacturer, successful R&D is likely to enable a:

A Rise in working capital  C Shortened lead time
B Decrease in fixed costs  D Product life cycle extension

10. Which of these methods of investment appraisal takes no account of project cash flows?

A Discounted cash flow  C Gross profit margin
B Accounting rate of return  D Payback period

11. The lean production approach Kaizen is associated with the term:

A Continuous improvement  C Economies of scale
B Stock management  D Just-in-time

12. The Delphi method of forecasting is what kind of method?

A Quantitative  C Qualitative
B Long-term  D Scientific

13. Attempting to grow sales of existing products in existing markets is known as:

A Diversification  C Market penetration
B Market development  D Product development
14. The number or incidence of customer complaints is an example of a:
   A) Cost target  C) Efficiency target
   B) Revenue target  D) Quality target

15. A possible reason why a firm's ROCE might be UNDERSTATED is that
   A) A one-off profit had been earned  C) The firm pays a low rate of tax
   B) Fixed assets such as property are under-valued  D) Year-end stocks are lower than normal

16. The main objective of quality control is to:
   A) Check finished products meet the required standard  C) Empower employees to get things right first time
   B) Replace products returned by unhappy customers  D) Reduce unit costs and increase profitability

17. A key limitation of the dividend per share ratio is that it does not:
   A) Look at historical figures  C) Reveal how much the share cost to buy
   B) Affect the share price  D) Take into account shareholder risk

18. Which group of ratios measure how effectively the firm is using its assets?
   A) Profitability ratios  C) Liquidity ratios
   B) Financial efficiency ratios  D) Shareholder ratios

19. Which of these factors would be most likely to reduce a firm's demand for labour?
   A) A significant recession  C) A rise in raw material prices
   B) A competitor goes out of business  D) A takeover of a competitor

20. Which of these would lower the working capital of a retail chain?
   A) Extending the product range in each store  C) Store landlords demand rent is paid in advance
   B) Closing several loss-making stores  D) Higher purchase prices due to a weaker Pound (£)