

BCS Professional Certificate in Business Finance

Specimen Paper A

Record your surname/last/family name and initials on the Answer Sheet.

Specimen paper only. 2 multiple-choice questions – 2 marks awarded to each question. Mark only one answer to each question.

There are no trick questions.

Pass mark is 26/40 for exam paper.

A number of possible answers are given for each question, indicated by either **A. B. C. or D.**

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- 1** A company currently has \$6m of equity and \$2m of debt. The 'cost of equity' is 12%. The company uses a discount rate of 10% for its investment appraisals, which represents its weighted average cost of capital. The discount rate of 10% represents the weighted average cost of capital.

What is the company's percentage cost of debt?

- A** 8%.
- B** 6%.
- C** 4%.
- D** 2%.

- 2** The laptop repairing division of LPT Ltd. has overheads of £3,500 per week which are charged to each job on a direct labour basis. A recent repair for a customer used £20 worth of components and took two hours. LPT employs two full-time technicians who are each paid £700 for 35 hours work per week. What is the full cost of the repair?

- A** £60.
- B** £140.
- C** £160.
- D** £180.

-End of Paper-