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| Test 5 | | | **Sample test** | |
| **1.** | Variable cost   1. is defined as variable cost (VC) divided by the number of units of output 2. is cost that do not change with output 3. Is the extra cost of producing another unit 4. is cost that do not change with output | |
| **2.** | Write parts of the business plan (at least three):  ………………………..  ………………………..  ………………………. | |
| **3.** | The Trade Licensing Act:   1. sets out the general conditions for pursuing a trade that are common to all types of trade 2. sets out the general conditions for pursuing a trade only for Businessman alone (a natural person – self-employed, a tradesman | |
| **4.** | Write the formula The Break-Even Point at constant price and linear development of costs | |
| **5.** | The project´s investment cost (K) is 500 thousand CZK.  Expected cash flow from investment: first year 150 thousand CZK, second year 200 thousand CZK, third year 200 thousand CZK, fourth year 150 thousand CZK (from that profit after taxes: first year 50 thousand CZK, second year 50 thousand CZK, third year 60 thousand CZK, fourth year 30 thousand CZK). The expected life of the investment is 4 years. The company's discount rate is 12 %.  Calculate Expected investment cash flow in the second year  Calculate the Return on Investment | |
| **6.** | Write basic criteria for choosing appropriate legal form of business (at least three):  ………………………….  …………………………..  …………………………. | |
| **7.** | Fixed costs are costs that…………………………………….with changes in output. | |
| **8.** | The Weighted Average Cost of Capital (WACC) is: ……………………………………………………………………… | |
| **9.** | Draw The profit-maximizing output Chart: | |
| **10.** | A production line of a company’s operating unit produces two types of products:  - product A and product B;  - annual production target for product A is 100 pc and for product B 200 pc;  - according to technical and economic standards, the direct cost per 1 pc (cost unit) is:  - product A direct material 160 CZK and direct labour 40 CZK,  - product B direct material 320 CZK and direct labour 80 CZK.  Total annual production overhead is 480 000 CZK; the Allocation Basis is direct costs  Calculate the overhead rate (Production overhead) | |