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.

**Copying of this paper is expressly forbidden without the direct approval of BCS, The Chartered Institute for IT.**
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-
### Answer Key

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>C</td>
</tr>
<tr>
<td>2</td>
<td>C</td>
</tr>
</tbody>
</table>