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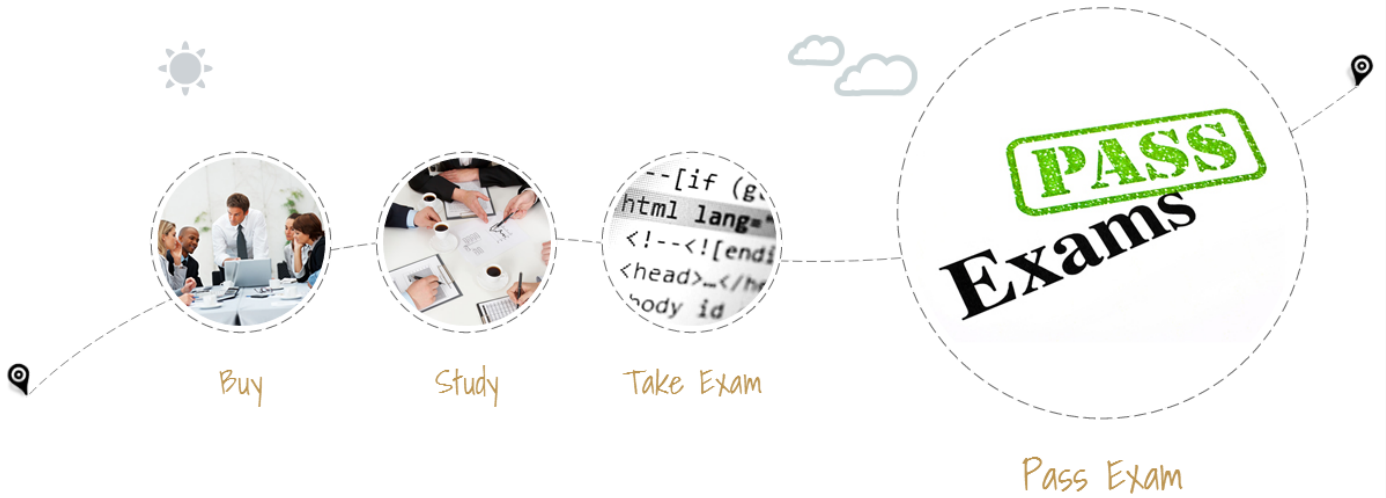
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### What Client's Say

“ There are some less than 8 new questions, so this 70-695 dump is still mostly valid. Wrote the exams today and passed. ”

 **Timothy**  
★★★★★

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**Exam** : **Business-Education-Content-Knowledge-5101**

**Title** : Praxis Business Education:  
Content Knowledge  
(5101)Exam

**Vendor** : Praxis

**Version** : DEMO

**NO.1** The term "laissez-faire" is primarily associated with a

- A.** free enterprise economic system
- B.** command economic system
- C.** mixed economic system
- D.** planned economic system

**Answer:** A

Explanation:

Laissez-faire, meaning "let it be," is associated with a free enterprise economic system, where government intervention is minimal, and markets operate based on supply and demand. Option B (command) involves central planning, the opposite of laissez-faire. Option C (mixed) combines elements of various systems, not purely laissez-faire. Option D (planned) is similar to command, with significant government control. This question aligns with the Economics category, focusing on economic systems.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Economics; Principles of Economics, Chapter 2.

**NO.2** Which of the following actions provides the best advantage for an international high-tech business over its global competitors?

- A.** Paying ad valorem tariffs
- B.** Enacting currency controls
- C.** Applying concepts of planned economies
- D.** Using developments created from research

**Answer:** D

Explanation:

An international high-tech business gains a competitive advantage by leveraging research and development (R&D) to create innovative products or processes, differentiating itself in the market. Option A (paying tariffs) increases costs, not advantages. Option B (currency controls) is a government policy, not a business action. Option C (planned economies) restricts market-driven innovation. This question aligns with the Economics category, emphasizing competitive strategies.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Economics; Strategic Management, Chapter 8.

**NO.3** Which of the following limitations of email is a barrier to clear communication?

- A.** The message will not be accurately transmitted.
- B.** The sender will not be able to make the message seem as courteous as in person.
- C.** The recipient will not be able to judge non-verbal cues.
- D.** The message cannot be shared with others.

**Answer:** C

Explanation:

Email lacks non-verbal cues, such as tone of voice or body language, which can lead to misinterpretation and hinder clear communication. Option A is incorrect, as email transmission is generally reliable. Option B is partially true but less significant than the absence of non-verbal cues. Option D is incorrect, as emails can be shared easily. This question falls under the Communication and Career Development category, emphasizing effective communication.

Reference:ETS Praxis Business Education: Content Knowledge (5101) StudyCompanion, Section on Communication and Career Development; Business Communication, Chapter 5.

**NO.4** A company's financial statements show the following for the fiscal year: total assets of \$1,200,000, total liabilities of \$750,000, net income of \$150,000, and dividends paid of \$50,000. The company has no preferred stock, and the beginning retained earnings were \$200,000. What is the company's ending retained earnings?

- A. \$250,000
- B. \$300,000
- C. \$350,000
- D. \$400,000

**Answer:** B

Explanation:

Retained earnings represent the cumulative net income retained by a company after dividends. The formula for ending retained earnings is: Ending Retained Earnings = Beginning Retained Earnings + Net Income # Dividends. Given the beginning retained earnings of \$200,000, net income of \$150,000, and dividends of

\$50,000, the calculation is:  $\$200,000 + \$150,000 - \$50,000 = \$300,000$ . Option A (\$250,000)

incorrectly omits net income or miscalculates dividends. Option C (\$350,000) ignores dividends.

Option D (\$400,000) adds dividends instead of subtracting. This question tests advanced financial statement analysis, a critical component of the Accounting and Finance category, requiring precise application of the retained earnings formula under time pressure, typical of the Praxis 5101 exam's complexity.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Accounting and Finance; Financial Accounting, Chapter 11.

**NO.5** To exchange one currency for another in international transactions, companies rely on a mechanism called the

- A. international bond market
- B. foreign exchange market
- C. Eurocurrency market
- D. international equity market

**Answer:** B

Explanation:

The foreign exchange market facilitates the exchange of one currency for another, enabling international transactions by determining exchange rates. Option A (Eurocurrency market) deals with currencies held outside their home country. Option C (international equity market) involves stock trading. Option D (international bond market) pertains to debt securities. This question aligns with the Economics category, focusing on international finance.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Economics; International Economics, Chapter 13.

**NO.6** Which of the following types of charts is used with spreadsheets to show the relation between the fractional parts that make up a whole amount?

- A. Flowcharts

- B. Line charts
- C. Scatter charts
- D. Pie charts

**Answer:** D

Explanation:

Pie charts are used in spreadsheets to display the proportional relationship of fractional parts to a whole, such as percentages of a total amount. Option A (flowcharts) illustrates processes, not proportions. Option B (line charts) shows trends over time. Option C (scatter charts) displays relationships between variables. This question falls under the Information Technology category, focusing on data visualization.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Information Technology; Microsoft Excel Documentation, Chart Types.

**NO.7** According to the marketing concept, the focus of the marketing mix is the

- A. plan
- B. customer
- C. competition
- D. employee

**Answer:** B

Explanation:

The marketing concept emphasizes customer satisfaction as the core of business activities, with the marketing mix (product, price, place, promotion) designed to meet customer needs. Option A (plan) is a tool, not the focus. Option C (competition) is a consideration, not the primary focus. Option D (employee) is secondary to the customer. This question falls under the Management and Marketing category, emphasizing marketing principles.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Management and Marketing; Principles of Marketing, Chapter 1.

**NO.8** Which of the following statements best describes a recession?

- A. Demand for goods and services falls and unemployment rises.
- B. Businesses expand production and unemployment rises.
- C. Demand for goods and services rises and productivity falls.
- D. The amount of goods a given amount of money buys declines.

**Answer:** A

Explanation:

A recession is characterized by a decline in economic activity, leading to reduced demand for goods and services and increased unemployment as businesses cut back. Option B is incorrect, as business expansion typically reduces unemployment. Option C is incorrect, as rising demand does not align with a recession.

Option D describes inflation, not a recession. This question falls under the Economics category, focusing on macroeconomic concepts.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Economics; Principles of Economics, Chapter 22.

**NO.9** Which of the following business education practices would effectively produce graduates with

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marketable employment skills?

- A. Keeping abreast of changes in computer software
- B. Maintaining enrollments at consistently high levels
- C. Creating an itemized list of students currently enrolled in the program
- D. Keeping a checklist of equipment and materials to be ordered on an annual basis

**Answer:** A

Explanation:

Keeping abreast of changes in computer software ensures students learn current, relevant technology skills, enhancing their employability in modern workplaces. Option B (high enrollments) focuses on quantity, not skill quality. Option C (student list) is administrative, not skill-focused. Option D (equipment checklist) supports infrastructure, not direct skill development. This question aligns with the Professional Business Education category, emphasizing curriculum relevance. Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Professional Business Education; Career and Technical Education, Chapter 3.

**NO.10** To calculate the net worth of a business, an entrepreneur should subtract

- A. the liabilities from the total assets
- B. the liabilities from the current assets
- C. the total expenditures from the total revenue
- D. the current liabilities from the owner's equity

**Answer:** A

Explanation:

Net worth (or owner's equity) of a business is calculated as Total Assets minus Total Liabilities, reflecting the residual value attributable to owners. Option B (current assets minus liabilities) is incorrect, as it excludes non-current assets. Option C (expenditures from revenue) relates to profit, not net worth. Option D (current liabilities from equity) is incorrect, as it misapplies the accounting equation. This question aligns with the Accounting and Finance category, emphasizing financial position.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Accounting and Finance; Financial Accounting, Chapter 1.

**NO.11** A college graduate wants to start a business and looks into franchise opportunities. The graduate has \$30,000 and has narrowed the selection to three different franchise choices. Which of the following franchise credentials is the most important to review?

- A. Owner's handbook
- B. Fee schedule agreement
- C. Broker policy agreement
- D. Franchise disclosure document

**Answer:** D

Explanation:

The Franchise Disclosure Document (FDD) is a legal document required by the Federal Trade Commission, providing detailed information about the franchisor, including fees, obligations, financial performance, and risks. It is critical for evaluating franchise opportunities. Option A (owner's handbook) is operational, not a credential. Option B (fee schedule agreement) is part of the FDD but

not comprehensive. Option C (broker policy agreement) is not a standard franchise document. This question falls under the Entrepreneurship category, focusing on franchise evaluation.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Entrepreneurship; Entrepreneurship: Starting and Operating a Small Business, Chapter 5.

**NO.12** The depth and detail presented in a business plan will depend primarily on the

- A.** target market of the new venture
- B.** experience of the entrepreneur
- C.** size and scope of the new venture
- D.** amount of capital obtained

**Answer:** C

Explanation:

The depth and detail of a business plan are primarily determined by the size and scope of the new venture, as larger or more complex ventures require more comprehensive planning to address operational, financial, and market complexities. Option A (target market) influences the marketing section but not the overall plan's detail. Option B (entrepreneur's experience) may affect quality but not depth. Option D (capital obtained) is a result of the plan, not its determinant. This question aligns with the Entrepreneurship category, focusing on business planning.

Reference:ETS Praxis Business Education: Content Knowledge (5101) Study Companion, Section on Entrepreneurship; Entrepreneurship: Starting and Operating a Small Business, Chapter 7.