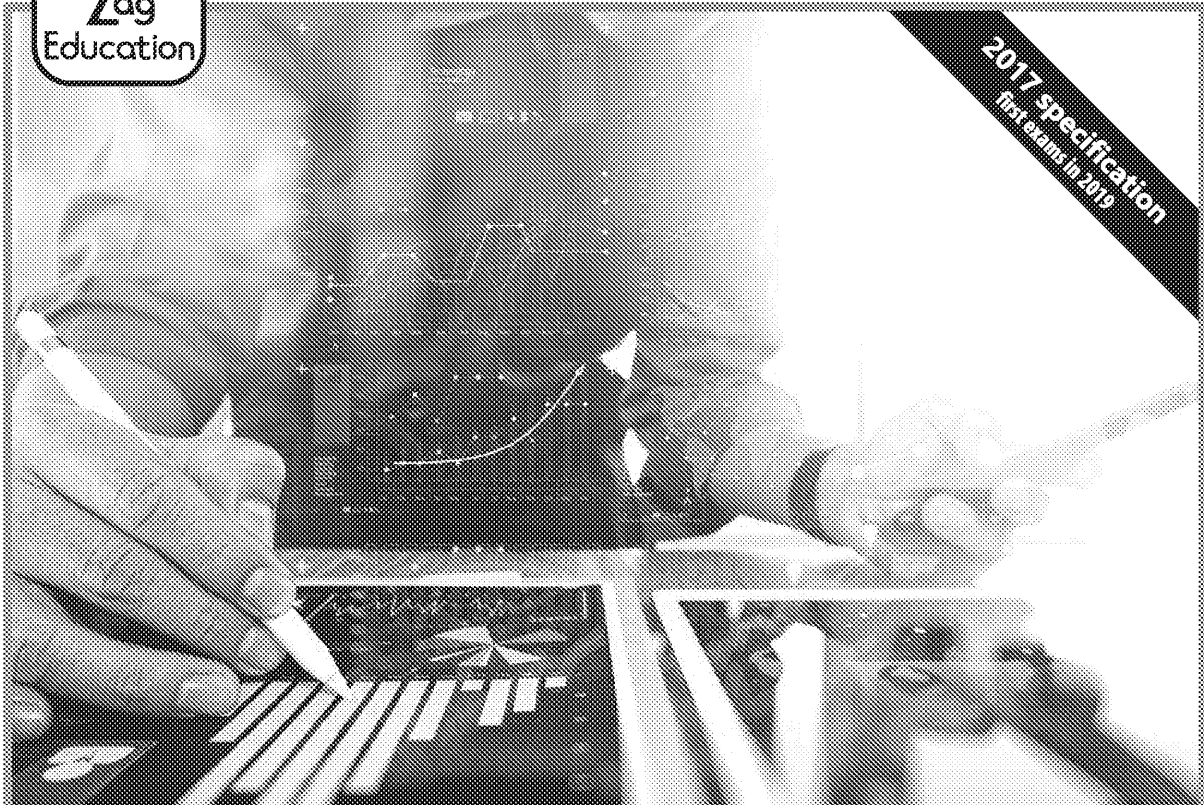




Business

GCSE (9–1) | OCR | J204



Multiple-Choice Question Bank

for GCSE (9–1) OCR Business

S Hastings

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Teacher's Introduction

First and foremost, this resource is intended to test students' knowledge rather than to provide exact exam-style questions. Consequently, not all questions will mirror the exact words and phrases used in actual question papers for the OCR GCSE (9–1) Business (J204) specification.

This two-set resource of multiple-choice test questions with answers has been written specifically for the OCR GCSE (9–1) Business specification; however, it can also be used as a companion to *Factsheets and Activities for GCSE (9–1) OCR Business*, which is also published by ZigZag Education.

Each set in this resource covers the seven functional areas of business in the OCR GCSE (9–1) Business specification. Those areas are: Business activity, Marketing, People, Operations, Finance, and Influences on Business and The interdependent nature of business.

The resource has two sets of multiple-choice questions with answers: Set A and Set B. Each set contains 235 questions testing topics covered in both the specification and the aforementioned 'Factsheets and Activities'. The resource is written in such a way as to take into account the fact that different students have different levels of ability.

Suggested use of Set A and Set B tests

Questions in Set A either correspond to or mirror those in Set B. The format for both sets is the same. The specific topic tested in Set A is retested in Set B using different wording, different emphasis or a reverse scenario. This makes the pack a very flexible resource capable of multiple uses in the teaching and learning environment. For example:

- After covering a topic in class, say in specification number 1.1, the teacher could first go through Set A 1.1 questions and answers with the students in the classroom environment using a question and answer session. At a later time, Set B 1.1 questions could be used as a formal class test to check how much the students have learned and to identify areas of concern and areas that were well understood. (Set B could be used first, then Set A.)
- Alternatively, Set A 1.1 questions could first be given as a formal class test. Then, shortly afterwards, the teacher could go through Set B 1.1 questions and answers with the students in the classroom environment using a question and answer session. This would highlight areas of concern and areas that were well understood resulting from the test outcome. (Set B could be used first, then Set A.)
- Students could be given Set A 1.1 questions for homework, then, shortly afterwards, be given Set B 1.1 as a formal class test. The result could then be compared with the homework one, identifying areas of knowledge strength and knowledge weakness. (Set B could be used first, then Set A.)
- Set A 1.1 questions and Set B 1.1 questions could both be used as homework, for formal class tests and for question and answer discussions at different times.

S Hastings, May 2022

1 – Business activity

1.1 – The role of business enterprise and entrepreneurship

- How does business activity satisfy the needs and wants of customers?
 - By creating local employment
 - By being profitable
 - By making a product or providing a service, adding value to it and then selling it for a profit
 - By creating a need or want
- What name is given to any type of for-profit organisation providing goods or services for sale to the general public or other businesses?
 - Business enterprise
 - Entrepreneurship
 - Exclusively not-for-profit organisation
 - Multinational corporation
- Which one of these is a characteristic of an entrepreneur?
 - Risk-taker
 - Risk-averse
 - Laziness
 - Self-doubt
- Which one of the following best describes a business risk?
 - An unmeasurable event
 - A never-ending task
 - The unmeasurable likelihood of a business having an operational profit
 - The measurable statistical probability of a business having an operational failure
- Which one of the following involves business 'unknowns' with no quantitative measurable probability of outcome?
 - Business risks
 - Business uncertainty
 - Business competitors
 - Business certainties
- Which one of the following statements is not true?
 - Business risk and business uncertainty are the same
 - Business risk and business uncertainty are different
 - Business risks cannot be at all statistically calculated
 - Business uncertainties can be very easily predicted and statistically calculated
- Which one of the following is not a business uncertainty?
 - Business uncertainty calculated accurately
 - Business uncertainty calculated
 - Business uncertainty calculated
 - None of the above
- Which one of the following is not a business uncertainty?
 - Calculable loss resulting from capital investment
 - The known risk of a business
 - The UK's export market
 - Likelihood of a business investment
- Which of these is not an aspect of owning a business?
 - Possibility of profit
 - Sense of security
 - Achieving personal goals
 - Profit satisfaction
- Personal financial risk is not regarded by business owners as:
 - The negative aspect of a business
 - Positives aspect of a business
 - Never achieved
 - Not important

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1.2 – Business planning

1. Ideally, when should a business plan be drawn up by a business owner?
 - A After it has been established
 - B Prior to starting the business
 - C After the first year of trading
 - D Prior to the end of the tax year
2. In what way might a well-constructed business plan realistically help a business?
 - A By eliminating all its unnecessary costs
 - B By making it a profitable enterprise
 - C By helping to reduce its risk of failure
 - D By totally eliminating its risk of failure
3. Which one of these statements about a business plan is most true?
 - A It is a 'hard copy' document
 - B It can never be altered in any way
 - C It should never be made available to employees
 - D It must be made available to competitors
4. Which of the following areas must a business plan address?
 - A Finance
 - B Personnel
 - C Marketing
 - D All of the above
5. Which one of the following might a well-structured and positively written business plan do for a business?
 - A Discourage future investors
 - B Encourage new potential investors
 - C Cause an increase in staff turnover
 - D Cause HMRC to show an unhealthy interest in its future development
6. Which of the following does a business plan **not** contain?
 - A Profit forecast
 - B Project cash flow statement
 - C An assurance of business success
 - D Capital sourcing plan
7. Which of the following is the most common reason for a business plan?
 - A It can be used to secure loans from banks
 - B It is a help for the business owner
 - C It can be used to attract investors
 - D All of the above
8. Which one of the following is **not** a reason for a business plan?
 - A It is always expensive to produce
 - B When a business plan is used, it is an unexpected expense
 - C It is by far the most important document for a business to have
 - D All of the above are valid reasons
9. Why should a business plan be 'in stone'?
 - A It is too expensive to produce
 - B It is too time-consuming to produce
 - C In case the business plan is unexpected
 - D None of the above
10. Which one of the following is **not** a reason for a business plan?
 - A It facilitates sudden and unexpected changes
 - B It facilitates the business to grow
 - C It facilitates the business to attract investment
 - D It can be used to secure loans from banks

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1.3 – Business ownership

- Which of the following basically determines the overall ownership and control of a business?
 A Its employees
 B Its stakeholders
 C Its legal structure
 D Its capital structure
- What is the business model that shows that the owner has sole control over and total responsibility for all operations of what is usually a small profit-orientated business?
 A Public company
 B Private company
 C Partnership
 D Sole trader
- What type of business structure exists when two or more people join together in business with a view to making a profit?
 A Partnership
 B Charity
 C Social enterprise
 D Sole proprietor
- Which one of these business models can only sell its shares privately and **cannot** offer them for sale to the general public?
 A Public limited company
 B Private limited company
 C General partnership
 D Sole trader
- Which one of the following business structures can legally have the letters 'PLC' after its name to denote its legal business status?
 A Partnership
 B Private limited company
 C Public limited company
 D Sole trader
- What is the significance of the term 'limited liability' to business owners?
 A It means that they are limited in the amount of profit they can take from it
 B It means that they only have to work in it for a limited period each year
 C It means that they are liable for all the debts of the business they own
 D It means they are only liable for the amount of money they have invested in their business
- Which of the following is **not** an advantage to being a sole trader enterprise?
 A Limited liability
 B Unlimited liability
 C Sharing responsibility for decision-making
 D Sharing of profits
- Which of the following partner in a business?
 A Losses must be shared
 B Profits must be shared
 C Decision-making is shared
 D None of the above
- Which of these organisations is **not** that it cannot offer its shares to the general public?
 A Ordinary public limited company
 B Private limited company
 C Public limited company
 D Social enterprise
- Who are the owners of a public limited company?
 A Supervisors
 B Suppliers
 C Stakeholders
 D Shareholders
- At present, which of the following is true about a UK private limited company?
 A It is the most common form of incorporation
 B It is the most expensive form of incorporation
 C Its owners can only raise capital by issuing shares
 D Its shares can only be sold to other private limited companies
- What type of UK business structure can have the letters 'PLC' after its name?
 A Private limited company
 B Public limited company
 C Not-for-profit organisation
 D Social enterprise
- Which one of the following does not have 'continuity of existence' as an advantage?
 A Private limited company
 B Public limited company
 C General partnership
 D Limited partnership
- In which one of the following public company models is the ability to raise capital by issuing shares an advantage?
 A The ability to raise capital by issuing shares
 B The ability to raise capital by issuing shares
 C The ability to raise capital by issuing shares
 D The ability to raise capital by issuing shares
- Which one of the following business start-up models is the most expensive?
 A Sole trader
 B Partnership
 C Private limited company
 D Public limited company

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1.4 – Business aims and objectives

- Which of the following are set by a business's senior management as the long-term strategic aspirational goals the business wishes to achieve?
 A Operational objectives
 B Tactical objectives
 C Strategic aims
 D Very narrow specific targets
- Which one of the following stakeholder groupings usually sets a business's tactical objectives?
 A Department managers
 B Shareholders
 C Suppliers
 D Senior executives
- An established business might want to control at least 80% of its market share within 10 years. Which one of the following would you consider it to be?
 A Tactical objective
 B Strategic aim
 C Medium-to-short-term aim
 D None of the above
- Which of the following is a tactical objective technique that a business could use to get a competitive advantage over a business rival?
 A Special offer
 B Special promotion
 C Short-term price cut
 D All of the above
- Which one of the following is the most likely immediate objective of a small and newly established sole owner business in a well-established crowded market?
 A Survival
 B Market domination
 C Profit maximisation
 D Brand recognition
- What is the most likely aim of a social enterprise?
 A To break even
 B To make a profit
 C To provide a service
 D None of the above
- Different businesses have different business objectives. Why?
 A Because of their size
 B Because of their industry
 C Because of the challenges they face
 D Because of their location
- Which one of the following is the least expensive form of business organisation?
 A Private limited company
 B Sole trader
 C Public limited company
 D Partnership
- It is said that an objective should be SMART. The 'R' stands for 'Realistic', but what does it mean?
 A Rigorous
 B Relevant
 C Readable
 D Remarkable
- Why might it not be a good idea for a business to attempt to resolve a conflict with a competitor?
 A Attempting to resolve a conflict will be costly
 B They cost too much
 C They might not work
 D Attempting to resolve a conflict will be time-consuming

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1.5 – Stakeholders in business

1. 'Any person, group or organisation that has financial, social or environmental interests in the activities of a particular business organisation.' To what is this quotation referring?
- A Supplemental
 - B Supplier
 - C Shareholder
 - D Stakeholder
2. Which one of these clearly identifies internal stakeholder groupings of a business?
- A Groupings that have no real or direct interest in the business entity
 - B Groupings that have a real or direct interest in the business entity
 - C Groupings that can't be part of the business enterprise
 - D Groupings that have been associated with the business for five years or more
3. Which one of the following is **not** classed as an internal stakeholder of a business?
- A Customer
 - B Employee
 - C Owner
 - D Department manager
4. How are stakeholder groupings with only an indirect interest in a business collectively referred to?
- A Environmentalists
 - B Internal stakeholders
 - C External stakeholders
 - D Local communities
5. Which one of the following is classified as an external stakeholder group in any business?
- A The board of directors
 - B The government
 - C Department managers
 - D In-house first-aid personnel
6. Which one of the following statements is true?
- A All stakeholders have the same objectives
 - B Conflict never arises between stakeholders
 - C All stakeholders are shareholders
 - D All shareholders are stakeholders
7. What might **not** be an objective of the 'owner' stakeholder group of a national supermarket chain?
- A Sales maximisation
 - B Profit maximisation
 - C Providing employment
 - D Good income for shareholders
8. Which one of the following is **not** an objective of the 'supplier' stakeholder group of a large manufacturing organisation?
- A To work on the business in a profitable environment
 - B To get regular orders
 - C To have a long-term relationship
 - D To have a steady flow of material
9. It is a fact that a business's activities can have an effect on the environment. How can an activity be classified as an external stakeholder? Which one of the following is **not** an external stakeholder?
- A The business's responsibility to the community
 - B The business's responsibility to all its stakeholders
 - C The business's responsibility to its owners
 - D None of the above
10. The activities of a business can have both negatively and positively impacts on the environment. Which of the following are both negatively and positively impacted by business activities? Protest groups and pressure groups are examples of this. Which of the following are **not** examples of this?
- A Friends of the Earth
 - B Greenpeace
 - C Extinction Rebellion
 - D All of the above

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1.6 – Business growth

- Which one of the following statements is true about a business that takes action to grow and expand itself by any means?
 A It is taking a risk
 B It is not taking a risk
 C It can only do so organically
 D It can only achieve real growth by external expansion
- Which one of the following is growth resulting from activities generated from within the business itself?
 A Unsustainable growth
 B Exceptional growth
 C Organic growth
 D Inorganic growth
- Which one of the following is **not** organic growth?
 A Growth by increasing market share
 B Growth by new product development
 C Growth by merger with another business
 D Growth by output increase
- Which one of these is a method of external business growth?
 A Merger
 B Increasing customer numbers
 C Developing new products
 D Increasing market share
- Which of the following is by far the fastest way to grow a business?
 A Increasing market share
 B Gaining new customers
 C Developing new products
 D Taking over another business
- What process is said to happen when two businesses voluntarily combine to form one new, larger business?
 A Business takeover
 B Business merger
 C Business acquisition
 D None of the above
- What happens when a business voluntarily combines with another business?
 A A business takeover
 B A business merger
 C Business acquisition
 D An illegal takeover has happened
- When a non-voluntary business takeover happens, what is it called?
 A Business takeover
 B Business merger
 C Diversification
 D Hostile takeover
- Which one of the following is a process of horizontal integration?
 A When independent businesses of the same level of the same industry combine to form a larger business
 B When independent businesses of different levels of the same industry combine to form a larger business
 C When businesses of the same industry combine to form a larger business
 D When businesses of the same industry combine to form a larger business
- What type of integration is a business taking over another business in the same industry?
 A Circular integration
 B Diagonal integration
 C Horizontal integration
 D Vertical integration

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2 – Marketing

2.1 – The role of marketing and 2.2 – Market research

- Why might a business undertake marketing?
 A To identify customer needs and wants
 B To inform and persuade customers
 C To increase its sales
 D For all of the above reasons
- Why is an effective marketing campaign important to a business?
 A In order to positively identify its customers and promote its image and wares to all
 B Only to impress competitors
 C To motivate all its employees to be more productive
 D It isn't important to a business
- What is the primary purpose of market research?
 A To identify and understand customer needs and wants
 B To make sure that a business always achieves maximum profits
 C To ensure that a business's costs are minimised
 D To guarantee that a business will achieve market domination
- Which one of these statements about primary market research is true?
 A Its results cannot be computerised
 B It gathers only second-hand historical data
 C It is original field research
 D It is also known as desk research
- Which of the following is **not** a method of primary research?
 A Using questionnaires
 B Using newspapers and magazines
 C Using focus groups
 D Using face-to-face interviews
- How might secondary market research data be sourced?
 A From data and information that already exists within a business
 B From websites
 C From magazines
 D From a government census
- Which of these could be a source of secondary research data?
 A Specialist trade magazines
 B Filed, historical accounting records
 C Referencing websites on the Internet
 D They all could be
- Which of the following is an advantage to a business using a primary market research method of data collection?
 A There is no need to make sure that the sample size is statistically appropriate to be relevant
 B Primary research methods are very quick and reliable ways of collecting data
 C The business gets new, updated and relevant information about its target market segment
 D It is relatively inexpensive
- Which of the following is a disadvantage of secondary research?
 A It is usually easy to access
 B It is historical information about the business
 C The secondary research methods have been used before
 D None of the above
- If a pharmaceutical company is testing the effects of a new drug, which one of the following is the most efficient way for the company to use?
 A General practice
 B Retail traders
 C Good Hospitals
 D Hospital outpatients
- Which of the following is the most efficient way for a company to test a new product in the market before the product is launched?
 A Internet surveys
 B Questionnaires
 C Telephone interviews
 D Trialling
- Which of the following is a disadvantage of secondary research?
 A It is usually easy to access
 B It is historical information about the business
 C The secondary research methods have been used before
 D None of the above
- What type of data is most likely to be gathered as interviews, observations or focus groups as opposed to being sourced from secondary research?
 A Quantitative
 B Qualitative
 C In-house market research
 D Field market research
- Which of the following is a disadvantage of secondary research?
 A It is usually easy to access
 B It is historical information about the business
 C The secondary research methods have been used before
 D None of the above

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2.3 – Market segmentation and 2.4 – The marketing mix

- When a business breaks down its total market into specific component areas such as age, gender, income, location and lifestyle, what action is it undertaking?
 A Market oversight
 B Market orientation
 C Market stagnation
 D Market segmentation
- How might a business manufacturing and selling sporting display parachutes be most likely to segment and target its potential market?
 A Lifestyle
 B Gender
 C Age
 D Location
- Which of the following is **not** one of the 'four Ps' of the marketing mix?
 A Procurement
 B Price
 C Promotion
 D Place
- When a business thoughtfully 'tweaks' elements of its marketing mix, what is it hoping for?
 A Competitor understanding
 B Marketing guidance
 C Cost reductions
 D Competitive selling advantage over its rivals
- What is the perceived difference between 'product invention' and 'product innovation'?
 A Invention implies an existing product whereas innovation implies changes to a new product
 B Invention implies a new product whereas innovation implies changes to an existing product
 C Product invention requires less thought than product innovation
 D There is no difference
- Which one of the following is the correct logical development stages of the basic four-stage product life cycle?
 A Growth, introduction, maturity and decline
 B Growth, maturity, introduction and decline
 C Introduction, growth, maturity and decline
 D Introduction, maturity, growth and decline
- At which stage of its life cycle do a product's sales begin to flatten out and its market growth rate decline?
 A Decline stage
 B Growth stage
 C Maturity stage
 D Introduction stage
- How might a business improve the sales of one of its products?
 A Apply a market segmentation strategy
 B Apply a market orientation strategy
 C Invent a new product
 D It cannot be improved
- Which product pricing strategy is most likely to backfire if competitors' prices fall lower than expected, to the benefit of customers?
 A Price penetration
 B Price skimming
 C Cost-plus pricing
 D Promotional pricing
- Which one of the following pricing strategies is usually applied to a new product and has a high price introductory stage?
 A Promotional pricing
 B Competitive pricing
 C Skimming pricing
 D Penetration pricing
- A business with a 20% mark-up policy and a unit cost of production of £40. What price would one unit of the product be sold for?
 A £10
 B £40
 C £50
 D £60
- Which one of the following is not a sales' promotion?
 A Celebrity endorsement
 B Free samples
 C Price reductions
 D Competitive pricing
- What form of advertising would be most suitable for 'an influencer' targeting a young 'target audience' of 'an influencer'?
 A Radio
 B Social media
 C Print media
 D None of the above
- Which one of the following is most suitable for digital advertising?
 A Foodstuffs
 B Clothing
 C E-books
 D Footwear

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15. All four Ps of the marketing mix should work together to create the optimum marketing strategy. This suggests that all elements of the mix are closely what?

- A Innovative
- B Inventive
- C Internal
- D Integrated

16. What does the marketing mix help a business develop?

- A Marketing strategy
- B Manufacturing strategy
- C Management strategy
- D Motivation strategy

17. In order to accurately predict sales, which of the following is the most influential factor?

- A The possible level of competition
- B The way in which the product is marketed
- C The effectiveness of the marketing software
- D The present state of the economy

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3 – People

3.1 – The role of human resources and 3.2 Organisational structures and ways of working

- What is the prime role of the human resources department in a business?
 - A Dealing with employee-related matters
 - B Dealing with material-related matters
 - C Dealing with money-related matters
 - D Dealing with machinery-related matters
- Which of these organisational structures is also referred to as a 'hierarchical structure'?
 - A Flat structure
 - B Tall structure
 - C Matrix structure
 - D None of the above
- What is the name given to the process of transferring authority and power from a high management layer to an employee in a lower management layer?
 - A Chain of command
 - B Authorisation
 - C Delegation
 - D Subordination
- Which one of the following bestows the right and power to give orders and directives to subordinates?
 - A Authority
 - B Delegation
 - C Subsistence
 - D None of the above
- Why is it that different businesses have different organisational structures?
 - A It is a legal requirement
 - B Because of competitor pressure
 - C To ensure maximum profits are always achieved
 - D In order to attempt to fully achieve their uniquely associated aims and objectives
- 'In order to achieve the most effective use of formal and informal communication systems, which of the following are appropriate techniques? Select all that apply, specifically refer to the following options.
 - A Employee involvement
 - B Effective communication
 - C Positive cash flow
 - D Low staff turnover
- In a tall-structured organisation, which of the following is not a layer of authority but also a layer of responsibility?
 - A Operations
 - B Supervisors
 - C Directors
 - D Auxiliary staff
- In today's economy, which of the following types of employees by far has the highest percentage?
 - A Permanent
 - B Temporary
 - C Freelance
 - D None of the above
- Which one of the following is not a type of flexible working?
 - A Flexible working hours
 - B Zero-hours contracts
 - C Full-time
 - D Part-time
- During the COVID-19 pandemic, which of the following types of employees could be eligible for 'furlough' leave?
 - A Unemployed
 - B Full-time workers
 - C Self-employed
 - D Paid temporary

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3.3 – Communication in business

1. For which of these reasons is effective communication important in any business?
- A It improves employee motivation
 - B It has all employees working towards the same known aims and objectives
 - C It fosters an effective decision-making process
 - D For all of the above reasons
2. Which one of these is a negative consequence, specifically for employees, for a business having poor communication?
- A Increased employee absenteeism
 - B Increased rate of labour turnover
 - C Unclear progression aims for employees
 - D Reduced efficiency of the workforce
3. Which of the following is **not** regarded as a formal 'management approved' method of communications within a business?
- A Staff noticeboard
 - B Grapevine chit-chat
 - C Email notification
 - D Written memorandum
4. Misinterpretation of the consequences of communication can lead to which of the following?
- A Informal communication
 - B Formal communication
 - C Effective communication
 - D Efficient communication
5. Which one of the following is a business's digital communication strategy?
- A Reliability of communication
 - B Cost of hiring staff
 - C Digital ability of staff
 - D Attitude of staff

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3.4 – Recruitment and selection

- Which one of the following should **not** be the prime reason for a business employing people?
 A To replace employees who leave
 B To create a favourable image with customers
 C To bring 'new blood' into the business
 D To help grow the business
- What do most 'enlightened' businesses consider their employees to be?
 A Human assets
 B Human liabilities
 C Economic drain on resources
 D Easily replaceable
- Recruitment by which one of these methods is most likely to narrow the pool of applicants from which the business might get fresh ideas from people not already represented in its philosophy and culture?
 A Headhunting
 B Local private employment agencies
 C Internal means
 D Jobcentre search
- Which of the following is an advantage to a business of using external recruitment methods rather than internal ones?
 A It save the business money as it is a cheap way of recruitment
 B It has access to a larger pool of potential job applicants
 C It prevents 'new blood' and fresh ideas from coming into the business
 D It facilitates a very quick selection process
- Which one of the following documents used in the recruitment and selection process specifically highlights the attributes of the type of person the business wants to employ?
 A Job analysis
 B Job description
 C Person description
 D Person specification
- Which one of the following is **not** included in a job description?
 A Proposed hours of work
 B Proper job title
 C Personal qualities and job applicant needs
 D Proposed place of work
- There are many steps in the selection process. Which one of the following is **not** a step in the completion of a job application?
 A Job application form
 B Jobcentre
 C Referee
 D Employer
- Why should a business be careful of the outcome of a candidate's selection on their suitability?
 A The interview process is often a verbal sign of things to come
 B The candidate's performance in the interview demonstrates their suitability
 C It is a long and often exhausting process for the interviewer
 D None of the above
- Prior to a face-to-face interview for a computer repair company, what should the employer do to ensure the employee should be able to undertake the job?
 A A holiday
 B Residential address
 C Written knowledge of the company
 D Written knowledge of the company's systems and procedures
- Which one of the following documents does not directly apply to the recruitment and selection process?
 A Employment contract
 B Health and safety
 C Weights and measures
 D Equality Act

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3.5 – Motivation and retention

- Which one of the following is **not** a financial method of motivation?
 A Bonus
 B Pay
 C Praise
 D Profit sharing
- Which of these is a financial method of motivation?
 A Pay
 B Profit sharing
 C Fringe benefits
 D They all are
- A business experiences a prolonged period of improved employee productivity, reduced levels of staff turnover and a consequent reduction of business costs. Which of the following is the most likely reason for this good fortune?
 A The business threatening the workers with job losses
 B The business putting an emphasis on the importance of employee motivation
 C The business's reduced level of competition
 D The business leaving the EU with unfavourable trade terms
- In the business environment, which is given to the hostile deliberately and suitable employee work for it?
 A Headhunting
 B Recruiting
 C Stealing
 D Gamesmanship
- Why is it important to retain existing staff for a business?
 A They are familiar with the business
 B It avoids the employment process
 C It gives them a sense of 'good business'
 D For all of the above

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3.6 – Training and development

1. This is the process of increasing employees' skills and level of knowledge by giving them the theoretical information and practical experience they need to perform a task or carry out an operation. Which one of the following processes is this?
 A Training
 B Motivating
 C Employing
 D Encouraging
2. Why do businesses, especially large ones, carry out induction training for all new employees?
 A Because it is a legal obligation
 B To familiarise them with the business, its ethos, working practices and fellow workers
 C For the benefit of the new employees
 D Because all new employees request it as a right
3. What does the process of on-the-job or in-house training primarily involve?
 A The employee training at an institution other than their place of work
 B The employee training at their place of work
 C The employee going to a place of further or higher education
 D The employee avoiding a very 'hands-on' process
4. What is off-the-job training also known as?
 A Unsupervised training
 B Pre-induction training
 C Formal training
 D Informal training
5. Which one of these could be regarded by employees as a legitimate drawback to an approved in-house work-time training programme offered to them by their employer?
 A Fear of indoctrination
 B The intrusion into their free time
 C The cost of travel to the outside institution
 D Employees might feel pressured into undertaking the programme
6. Why do employees need training?
 A To develop their skills
 B To motivate them
 C To retain them
 D For all of the above
7. What is meant by staff development?
 A Improving the performance of the staff
 B Developing the staff
 C Improving the staff's knowledge as well as their skills
 D Helping employees to gain a qualification
8. How might a business encourage staff development?
 A By facilitating employees to gain a qualification
 B By facilitating employees to gain a qualification
 C By offering employees a qualification
 D In all of the above
9. Who benefits from a training programme?
 A Only the employees
 B Only the employer
 C Both employees and the employer
 D Business customers

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3.7 – Employment law

1. Businesses employ people. Given this fact, what must be one of the biggest obstacles they face?
- A Ensuring that they fully comply with current UK legislation on recruitment and employment
 - B Setting up a recruitment and selection process
 - C Gathering an interview panel
 - D Compiling interview questions
2. Which one of the following UK Acts of Parliament is intended to protect employees against all forms of discrimination in the workplace?
- A Equality Act 2010
 - B Sale of Goods Act 1979
 - C Health and Safety at Work Act 2015
 - D None of the above
3. What UK law regulates the maximum number of weekly hours that an employee can work in a specific period of time?
- A European Council Directive 2003/88/EC
 - B Working Time Regulations 1998
 - C Equality Act 2010
 - D Health and Safety at Work Act 1974

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4 – Operations

4.1 – Production processes

- Which of the following shows the logical sequencing for the physical production process?
 - A Raw material input, transformation processes, quality checking, finished goods output
 - B Raw material input, quality checking, transformation processes, finished goods output
 - C Quality checking, raw material input, transformation processes, finished goods output
 - D Quality checking, finished goods output, raw material input, transformation processes
- Which type of production involves the manufacture of specific individual and unique one-off products to the exact requirements of the customer?
 - A Job production
 - B Batch production
 - C Flow production
 - D None of the above
- Which one of these is the best description of 'batch production'?
 - A Partly automated production
 - B The making of a unique product to a specific specification
 - C When relatively small unit groups of similar items are produced at the same time
 - D Design-driven production of a few items
- What are the key features of 'flow production'?
 - A Single-item automated production
 - B Unitary production of hand-made items
 - C Mass, or assembly line, production of individualised non-standardised items
 - D Mass, or assembly line, production of identical standardised items
- In order to increase its productive capacity to the maximum, which one of the following paths might a business take?
 - A Become a labour-intensive production unit
 - B Use only a mass, or assembly line production technique
 - C A combination of job, batch and flow production techniques
 - D Use only one production method and specialise in it
- Apart from using production techniques, how might a business improve its productivity?
 - A By offering incentives
 - B By providing training
 - C By employing effective leadership
 - D By any or all of the above
- Which one of the following is not a feature of mass production?
 - A Alpine Formula 1 racing car
 - B Renault Mass Premium car
 - C Luxury yacht
 - D Special bicycle for a specific rider
- Which of the following is not a feature of job production?
 - A It is limiting production standards
 - B The high cost of production
 - C It can only produce a small number of unique products
 - D All of the above
- Which of the following production processes normally require the least investment by a business?
 - A Job production
 - B Batch production
 - C Flow production
 - D All the above
- How might a business improve its productivity?
 - A Ignore all quality control
 - B Remove the need for quality control
 - C Consult with customers to improve their confidence
 - D Strike a balance between quality and labour-intensive production

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4.2 – Quality of goods and services

- How is the quality of a product or service defined?
 - A By its longevity
 - B By its price
 - C By the extent to which it meets customer expectations
 - D By how it is made
- Quality control is a method of ensuring the high-quality standard of a product or service. How might this be applied to a final consumer product?
 - A By carrying out continuous quality checks at predetermined stages of its production process
 - B An end-of-production-run batch inspection to ensure a high standard of quality has been achieved
 - C Carrying out a substantial investment in robotic technology and advanced computer systems
 - D It cannot be
- What is meant by the 'quality assurance' process in relation to the production of a final consumer's end product?
 - A The carrying out of continuous quality checks at predetermined stages of its production process
 - B End-of-production-run batch inspections to ensure a high standard of quality has been achieved
 - C Making sure that defective products are covered by insurance
 - D None of the above defines quality assurance
- Which one of the following is not a quality control method?
 - A Quality assurance
 - B Quality control
 - C Quality assurance
 - D Quality control
- To a business the quality of its goods and the price of its goods are extremely important. Which of the following is not a quality control method?
 - A To give it a high quality
 - B To keep existing products and replace new ones
 - C To reduce the cost of production and increase quality
 - D For all of the above

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4.3 – The sales process and customer service and 4.4 – Con

1. E-commerce, face-to-face retailing and telesales are but three different methods of selling. What does telesales involve?
 A Selling goods or services through television
 B Selling goods or services over the telephone
 C Selling goods or services over the Internet
 D Selling goods or services digitally
2. E-commerce facilitates the buying and selling of goods and services over the Internet. What influence has this had on business activity?
 A Massive growth in the number of out-of-town e-tailing establishments
 B Massive growth in the number of small high-street retailers
 C Higher employment in physical 'cash' transaction facilities
 D Dramatic reduction in the 'pollution footprint' of sellers
3. Why is it so important for a business to provide excellent customer services including customer care aftersales?
 A To retain existing customers
 B To attract new customers
 C To gain a competitive edge over rivals
 D For all of the above reasons
4. Which of the following stages in the sales process are essential contributions to the provision of good customer services?
 A Product knowledge
 B Customer engagement
 C Aftersales service
 D All of the above
5. How might a business be engaged with customers?
 A By paying attention to customer requirements
 B By always offering the lowest price
 C By having a friendly and helpful attitude
 D By having a focus on aftersales service
6. What is the primary purpose of a business?
 A To catch up with competitors
 B To protect the business from legal action and service
 C To protect the business from false allegations
 D To send products to customers
7. How might UK companies be successful?
 A On its image
 B On the quality of its products and services
 C On the speed of its products and services
 D On all of the above

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4.5 – Business location and 4.6 Working with suppliers

- Which one of these is by far the biggest factor for a business to consider when choosing its geographical location?
 A Its type of operation
 B Its physical size
 C Its organisational structure
 D Its capital structure
- Which one of the following factors would be foremost in deciding the location of an organic farm specialising in 'farm fresh' produce?
 A Proximity to auxiliary businesses
 B Proximity to a 'graduate level' workforce
 C Proximity to its market
 D Proximity to its raw material inputs
- Which of the following factors is most likely to help determine the UK location of a computer repair call centre?
 A Whether the location has a high level of university graduate level education
 B Whether the location has a high level of general education
 C Whether their target market is near to the location
 D Whether there are good transport links in the area
- Which of the following locations would most favour a travel agent business?
 A At the end of a housing terrace
 B In an out-of-town site
 C In a housing estate
 D In a city centre high street
- Where would an international financial call centre be most likely to locate?
 A In an area of financial and linguistics graduates
 B In an area of languages-only graduates
 C In an area of mathematics graduates
 D In an area of cheap labour
- What name is given to identifying and selecting suppliers and services, ordering and receiving their deliveries?
 A Procurement
 B Purchasing
 C Procurement Procedure
 D Purchasing Procedure
- What does 'logistics' refer to?
 A Transporting goods from the manufacturer to the final distributor
 B Storage of goods
 C Only distribution
 D Transporting goods
- On a scale of 1 to 4, how likely is it for a manufacturer to have a supply chain for a product, providing the final product? Select a number from 1 to 4.
 A 1
 B 2
 C 3
 D 4
- How might a poor procurement system affect a business?
 A Negative impact on reliability, likely causing damage to the business
 B Cause very little impact on reliability
 C Damage the business
 D In all the above

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5 – Finance

5.1 – The role of the finance function and 5.2 Sources of finance

- What is the main purpose of the finance function?
 - A To provide financial information to all other functional areas of the business
 - B To support tactical and strategic business planning
 - C To support the business's management decision-making process
 - D To serve the business in all of the above ways
- In what way can the finance function help to influence a management team's decision on a business activity?
 - A By providing it with advice on a specific activity and its likely impact on the resulting outcome of an activity
 - B By providing it with only unproven numerical statistical data
 - C By providing it with information collected on the grapevine
 - D By providing it with qualitative data collected from a sample set
- Why do businesses need finance?
 - A To start up or expand
 - B To cover day-to-day running costs and substantial capital expenditure
 - C To recruit personnel and market their product or service
 - D For all of the above reasons
- Which one of the following involves a large number of people contributing to the raising of finance for a specific business or business project?
 - A Overdraft
 - B Trade credit
 - C Crowdfunding
 - D One-year bank loan
- Which of the following are long-term business loans?
 - A Ten-year bank loan
 - B Mortgage loan
 - C Five-year bank loan
 - D All of the above
- Which one of the following is not a source of finance the expansion of a business?
 - A Owner's own funds
 - B Short-term bank loan
 - C Mortgage loan
 - D Share issue
- Which one of the following is most likely to be the most suitable source of finance for a newly established and growing business?
 - A Short-term bank loan
 - B Long-term bank loan
 - C Personal savings
 - D Trade credit
- Which of these sources of finance is most suitable for a long-established business that wants to expand?
 - A Private shares
 - B Public shares
 - C Long-term bank loan
 - D All of the above
- Crowdfunding is a source of finance, but which of the following is **not** responsible for its success?
 - A The widespread use of social media
 - B The growth of the internet
 - C The eagerness of investors to make payment on a regular basis
 - D The growth of the mobile phone market
- Bringing a new partner into a business is a way of getting additional finance. Which of the following statements is **not** true?
 - A This is a share issue
 - B The old partner must give up their share for the partnership to be formed
 - C The old partner must give up their share for the partnership to be formed
 - D The old partner must give up their share for the partnership to be formed

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5.3 – Revenue, costs, profit and loss

- Which one of the following is a source of business revenue?
 A Profit from trading
 B Income from trading sales and investments
 C Expenses for day-to-day operations
 D None of the above
- Which one of the following is a cause of business outflow?
 A A debtor
 B A sale
 C A cost
 D All of the above
- Which one of the following are a direct, or indirect, costs which do not change the level of production output but may change over time due to other factors?
 A Fixed costs
 B Unit variable costs
 C Total variable costs
 D Total costs
- Which one of these is the normally constant cost directly attributable to the production process?
 A Period cost
 B Fixed cost
 C Marginal cost
 D Unit variable cost

Consider Table 1, overleaf, and then answer questions 5 to 8.

- What is the business's unit variable cost?
 A £10
 B £5
 C £3
 D £2
- What is the business's total variable cost?
 A £250,000
 B £150,000
 C £500,000
 D £600,000
- What is the business's total fixed cost?
 A £10,010
 B £100,000
 C £100,010
 D £100,020
- What is the business's total cost?
 A £300,000
 B £400,000
 C £500,000
 D £600,000

Consider Table 2, overleaf, and then answer questions 9 and 10.

- What is the net profit?
 A £100,000
 B £150,000
 C £250,000
 D £400,000
- What is the gross profit margin for year 1?
 A 33.33%
 B £33.00
 C £20.00
 D 20%
- If a business made a profit over a year's trading, what can be said, with reference to the profit margin?
 A The business has a profit margin.
 B The business has a gross profit margin.
 C For every £1 of sales, there is a gross profit of 20%.
 D For every £1 of sales, there is a gross profit of 33.33%.
- The gross profit margin and the return on investment are both profit ratios. How are they classified?
 A Labour turnover ratios
 B Liquidity ratios
 C Investment ratios
 D None of the above

Consider Table 3, overleaf, and then answer questions 13 and 14.

- What is the average rate of return for the best investment choice?
 A 15%
 B 20%
 C 34%
 D 37.5%
- What is the least favourable choice for the ARR appraisal?
 A Choice A
 B Choice B
 C Choice C
 D Choice D
- Apart from money, what else should be considered in an investment appraisal?
 A The speed of the investment
 B The quality of the investment
 C The level of risk
 D Any or all of the above

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Table 1

Business rent	£10,000
Business rates	£30,000
Business insurance	£60,000
Direct wages per unit	£5
Direct materials per unit	£3
Direct expenses per unit	£2
Units produced and sold	50,000

Table 2

	End of year 1
Sales	£750,000
Cost of sales	550,000
Expenses	£100,000

Table 3

	Possible investments		
	Choice A	Choice B	Choice C
initial cost outlay	£200,000		
Years 0 to 4 (5 years) total profits	£150,000		
Average rate of return	-----	12%	

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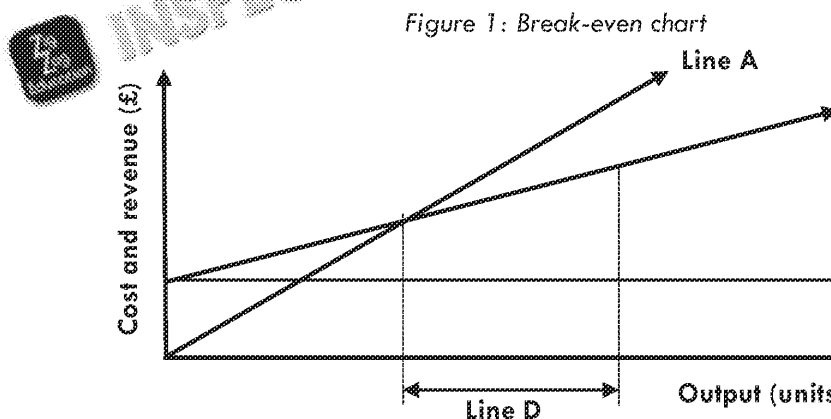


5.4 – Break-even

- At what point does total costs equate total revenue?
 - A Maximum loss
 - B Profit maximisation
 - C Break-even
 - D None of the above
- Which one of these is a benefit to a business of carrying out break-even calculation and analysis to assist its decision-making process?
 - A The business can clearly see how many units need to be produced to break even
 - B Because it assumes a linear relationship between costs and revenues
 - C It can be used to predict long-term cash flow problems for a business products
 - D Because it is based on the assumption that goods produced are in fact sold
- Which one of these is a real drawback to break-even analysis?
 - A It does not take costs into consideration
 - B It does not take revenues into consideration
 - C It reflects the short-time life of only one specific product
 - D It does not take the number of units produced into account
- In break-even analysis, 'unit contribution' is calculated by the formula (selling price per unit *minus* variable cost per unit), but what does 'total contribution' directly contribute towards?
 - A The number of units produced
 - B Fixed cost of production
 - C Total revenue incomes
 - D None of the above
- A business has fixed costs of £10,000 and a contribution per unit of production of £5. If it sells each unit for £20, how many units must it make in order to break even?
 - A 400
 - B 500
 - C 1,000
 - D 2,000
- In break-even analysis, the area between the break-even point and the profit point is referred to as what?
 - A Margin of safety
 - B Margin of contribution
 - C Profit point
 - D Area of loss

Study Figure 1, below questions 7 to 10.

- Which of these is not a component of total cost?
 - A Variable
 - B Total cost
 - C Revenue
 - D Margin of contribution
- Which of these is not a component of total revenue?
 - A Fixed cost
 - B Total revenue
 - C Total variable cost
 - D Total cost
- Which of these is not a component of total contribution?
 - A Margin of contribution
 - B Fixed cost
 - C Total cost
 - D Revenue
- Which of these is not a component of total profit?
 - A Margin of contribution
 - B Fixed cost
 - C Total variable cost
 - D Revenue



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5.5 – Cash and cash flow

- Cash refers to cash on hand in the form of coins and notes as well as positive cash balances available in the bank accounts of businesses. Why is this current asset so important to a business?
 - A Because it is used to pay the business's creditors
 - B Because it is used to pay staff wages and salaries
 - C Because it is used to pay day-to-day running expenses
 - D Because of all the above reasons and more
- What is meant by business cash flow?
 - A Transactions with debtors and creditors of a business
 - B The actual movement of cash money into and out of a business and its bank account
 - C The profit a business makes
 - D The purchase and sale of a business's fixed assets
- A business should always aim to have a positive cash flow over its trading period. What does this mean?
 - A It makes profit over its trading period
 - B It has more outgoings than it has incomings
 - C It has more cash coming in than it has going out
 - D It gets money in from the sale of some assets over the trading period
- Which one of the following would **not** necessarily cause a business to have a period of negative cash flow and consequently become insolvent?
 - A General and prolonged collapse in the UK economy
 - B Short-term delay in one debtor's repayment plan
 - C Prolonged period of non-payment by debtors
 - D The unplanned replacement of an outdated fixed asset by a newer one
- For which of the following purposes might cash be used by a business?
 - A To pay trade creditors
 - B To buy stock for resale
 - C To make a bank payment
 - D For all of the above purposes
- If business cash is money that flows in a specific period of time, which of the following statements is true?
 - A Excess income over expenditure
 - B Excess expenditure over income
 - C Excess assets over liabilities
 - D Excess liabilities over assets
- In the very short-term, which of the following is most important to a business?
 - A Profit maximisation
 - B Negative cash flow
 - C Positive cash flow
 - D Becoming insolvent
- In what specific way is cash flow most useful to a business?
 - A It does not affect a business's cash flow
 - B It helps a business to avoid cash shortages
 - C As a budgeting tool, it helps a business to set targets for cash flow
 - D It helps a business to avoid cash problems

Consider Table 1, below, for questions 9 and 10.

- What is the net cash flow for the business?
 - A £3,000
 - B (£3,000)
 - C £8,000
 - D (£13,000)
- What is the closing cash balance for the business?
 - A £17,000
 - B £4,000
 - C £8,000
 - D (8,000)

Table 1

Cash flow forecast for the year ending 31/12/2016	
Cash inflows	
Sales revenues	
Rental income	
Total inflows	
Cash outflows	
Purchases	
Overheads	
Total outflows	
Opening balance	
Net cash flow	
Closing balance	

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6 – Influences on business

6.1 – Ethical and environmental considerations

- What does business ethics imply?
 - A That a business is image conscious
 - B That a business trades in a right and proper way and not in the wrong way
 - C That a business sources its supplies from third-world countries only
 - D That a business does not concern itself with profit
- How might a business be seen as behaving ethically?
 - A By how, and from where, it sources its supplies
 - B By how, and how, it markets and promotes its product
 - C By implementing a fair trade policy
 - D By any or all of the above actions
- World, national and local issues such as sustainability of natural resources, disposal of all sorts of waste materials, potential dangers of environmental pollution and the catastrophic implications of global climate change all feed directly and specifically into which of the following?
 - A Motivation of business employees
 - B The system of stock control employed by the business
 - C Environmental consideration for the modern business environment
 - D Recruitment techniques of modern businesses
- How might the fear of a global 'disinterested' business climate affect a business?
 - A Negatively from some countries
 - B Negatively against the business
 - C Positively by government action
 - D It would have no effect
- Which one of the following is a certification label for producers in developed countries?
 - A Kitemark
 - B Fairtrade mark
 - C Red Tractor logo
 - D British Lion logo

6.2 – The economic climate

- The business environment contributes greatly to the UK economy. In which of the following divisions is the UK economy usually placed in world rankings by way of gross domestic product (GDP)?
 - A 1st to 3rd
 - B 4th to 6th
 - C 7th to 9th
 - D 10th or lower
- The COVID-19 pandemic has, overall, had a negative impact on the general level of the UK economy. How has this impact filtered down by way of individuals' income to UK businesses?
 - A Reduced disposable income of consumers
 - B Caused an increase in the general level of demand for luxury goods
 - C Increased the general level of UK employment
 - D The impact did not percolate down to the general UK business environment
- Apart from the COVID-19 pandemic, what is an unforeseen impact of Brexit?
 - A The launch of the single market
 - B The advent of the euro
 - C Brexit
 - D The launch of the single market
- How might a sustained period of high unemployment impact a business?
 - A Cause them to expand
 - B Provide them with a ready-made workforce
 - C Encourage them to invest in new technology
 - D In all the above ways
- What is the title given to the total value of services produced in a country over a period of time?
 - A Gross domestic product
 - B Gross national product
 - C The trade balance
 - D The national accounts

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6.3 – Globalisation

1. What word is used to communicate the fact that our world is becoming more and more interconnected and integrated both commercially and culturally?
- A Globalisation
 - B International
 - C Interconnected
 - D Integrated
2. Which one of the following has been most responsible for the facilitation of the accelerated trend in globalisation?
- A Improvements in international transport
 - B International finance
 - C Developments in Internet technology
 - D Cooperation between international insurers
3. Which of the following is most closely linked to, and responsible for, the growth in globalisation?
- A The decline in sole ownership of businesses
 - B The growth in multinational companies
 - C Unlimited liability of company shareholders
 - D The growth in private limited companies
4. How best might a business expand internationally?
- A Employ more staff
 - B Become more dependent on foreign products
 - C Become a multinational company
 - D Develop a competitive advantage
5. What is meant by 'non-foreign trade'?
- A Non-foreign trade
 - B Trading by the UK
 - C The trading of services by the UK
 - D The buying of services by the UK

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7 – The interdependent nature of

- In business, the functional areas of operations, finance, marketing and human resources are interdependent. What does this actually mean?
 - A There is no reliance between the functional areas of a business
 - B Functional areas are independent profit-making entities
 - C They all rely on their own, as well as each other's, successful working to achieve total business success
 - D Function area success or failure, taken by itself, is really unimportant and irrelevant
- How might the individual success of the human resources functional area be measured?
 - A By staff or staff turnover
 - B By the effectiveness of the selection and retention of staff process
 - C By the perceived reputation of how the business treats its employees
 - D By all the above methods
- The collective success of the functional areas of a business is of paramount importance to it. In what way might the degree of this overall success be quantifiably measured?
 - A By measuring the success of one area and comparing it with the others
 - B By analysis of its profit and loss account only
 - C By the interpretation and statistical analysis of financial data and information
 - D By its current state of liquidity
- There are risks associated with the success of all functional areas. What is the trading reward of these risks?
 - A Turnover
 - B Profit
 - C Loss
 - D Sales
- If senior decision-makers consider all the interdependent areas of a business, what can be said?
 - A Business failure is inevitable
 - B Business success is inevitable
 - C Business success is avoidable
 - D All of the above
- What must financial statements do in order to effectively communicate and enhance its data?
 - A Accurate, reliable and relevant
 - B Prepared by qualified accountants
 - C Presented in a clear and concise manner
 - D None of the above

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1 – Business activity

1.1 – The role of business enterprise and entrepreneurship

- When any business activity makes a product or provides a service, adds value to it and then sells or provides it for a profit, which one of the following can be said about what the business is really fully doing?
 A Satisfying the needs and wants of customers and itself
 B Satisfying only the basic needs of customers
 C Providing a not-for-profit service for consumers
 D Providing employment for the sake of doing so
- Which of the following best describes a business enterprise?
 A Any small business that sells goods
 B Any size of business that only employs people
 C Any type or size of organisation that sells goods or provides services
 D Any type of large business organisation that sells goods or provides services
- If a person is risk-averse then it is highly unlikely that they will be which one of the following?
 A A business manager
 B A successful entrepreneur
 C A dynamic leader
 D None of the above
- Which of these is the measurable statistical probability of a business having an operational failure?
 A Business acumen
 B Business reward
 C Business risk
 D Business uncertainty
- Which one of the following best describes a business uncertainty?
 A A business 'known' with a quantitative measurable probability of outcome
 B A business 'unknown' with a qualitative measurable probability of outcome
 C A business 'known' with no quantitative measurable probability of outcome
 D A business 'unknown' with no quantitative measurable probability of outcome
- Which one of the following best describes business risk?
 A Business risk is the same as business uncertainty
 B Business risk and business uncertainty are different
 C Business risk is a subset of business uncertainty
 D Business risk is a superset of business uncertainty
- Which one of the following best describes business uncertainty?
 A Business uncertainty is calculated
 B Business uncertainty is not calculated
 C Business uncertainty is the same as business risk
 D Business uncertainty is caused by business risk
- Which one of the following best describes business risk in the European Union?
 A Business risk is the same as business uncertainty
 B Business risk is a subset of business uncertainty
 C Business risk is a superset of business uncertainty
 D None of the above
- How might the potential for business uncertainty be calculated?
 A Challenges faced by entrepreneurs
 B Totally avoidable
 C Negative aspects of business
 D Positive aspects of business
- Which of the following is a positive aspect of business uncertainty?
 A Fear of business failure
 B The ability to take calculated risks
 C The ability to avoid financial loss
 D Personal financial loss

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1.2 – Business planning

1. Prior to starting a business, which one of the following overall plans should be drawn up by the owner as a consultative guide to running it?
 A Business plan
 B Financial plan
 C Human resources plan
 D Marketing plan
2. How might even an extremely well-constructed business plan **not** realistically help a business?
 A By assisting it with borrowing finance
 B By acting as its budget guide
 C By totally eliminating its risk of failure
 D By giving it a positive, forward-looking image
3. Which of the following statements about a business plan is **not** true?
 A It must not make reference to competitors
 B It must not show predicted future cash flows
 C It must not be changed during the lifetime of the business
 D It must not be a printed document
4. Which of the following should a business plan **not** contain?
 A Predicted financial data
 B Unrealistic and badly researched future projections
 C Human resources requirements
 D Name of the business owner
5. Which one of the following is most likely to cause new potential investors **not** to invest in a newly established, fledgling business?
 A Enthusiastic business owners
 B Statistically calculated future predictions
 C A badly structured business plan
 D A business plan
6. Sustained business success can be guaranteed by:
 A Well-constructed business plans
 B Sustained marketing efforts
 C Continuous innovation
 D Providing products that customers want
7. Which of the following statements about a business plan is **not** true?
 A It should be updated as the business starts to run
 B It should be used as a guide for business strategy
 C It can be used to attract investors
 D It can be used to measure the degree of success
8. 'A business must be able to cope with unexpected events'. Which of the following statements justifies this?
 A Retrospective planning
 B A business plan
 C A business strategy
 D Proactive planning
9. In case a business is faced with unexpected events, which of the following is **not** true?
 A Changeable
 B Unchangeable
 C Based on a business plan
 D Realistic
10. Which one of the following is the most likely hindrance to a business's response to a new business opportunity?
 A Good and realistic business plans
 B Its ability to raise finance
 C A written business plan
 D A dynamic business plan

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1.3 – Business ownership

1. What does the legal structure of a business determine?
 - A Its overall ownership and control
 - B Its profitability
 - C Its level of employee absenteeism
 - D Its philosophical management style
2. Which one of the following is true about a sole trader organisation?
 - A It has more than one owner
 - B Its owner has sole control over and total responsibility for all operations
 - C It can have more than one employee
 - D The owner is not the sole proprietor
3. How is a 'partnership' trading organisation usually defined?
 - A When a business's affairs are shared publicly on a stock exchange
 - B When only two people join together in business to make profit
 - C When at least one person starts to trade
 - D When two or more people join together in business with a view to making profit
4. Which one of the following is **not** true about a private limited company?
 - A It can offer its shares for sale to the general public
 - B It cannot offer its shares for sale to the general public
 - C Its owners are protected by limited liability
 - D It must offer a new share issue first to existing shareholders
5. Which one of the following can be legally used after the name of a public limited company?
 - A Org
 - B plc
 - C LTD
 - D ltd
6. Which one of the following terms means that the owners of the business are only liable for the amount of money they have invested in it, and not their own personal goods and chattels?
 - A Liquidation
 - B Unlimited liability
 - C Limited liability
 - D Limited debt
7. Which one of these statements is **not** true?
 - A A sole trader's personal assets are not protected by limited liability
 - B A sole trader organisation is protected by limited liability
 - C A sole trader's customers are not protected by limited liability
 - D A sole trader organisation cannot have more than one owner
8. Which of the following is **not** true about a partner in an ordinary partnership?
 - A Responsibility is shared equally between the partners
 - B Losses are shared equally between the partners
 - C They do not have to be named in the Partnership Agreement
 - D They do not have to be named in the Partnership Agreement
9. Which of these organisations is **not** a legal entity that it **cannot** raise capital for sale to the general public?
 - A Sole trader
 - B Partnership
 - C Private company
 - D All of the above
10. In the business environment, which is the best definition of a sole trader?
 - A Any person who owns and runs a business
 - B An owner of a business
 - C An owner of a business who is not a partner
 - D An owner of a business who is not a partner
11. At present, which of the following is **not** true about a public limited company?
 - A It is by far the most common type of company in the UK
 - B It is the most common type of company in the UK
 - C It is a legal entity throughout the world
 - D Its owners are not liable for the company's debts
12. Which of the following is **not** a legal name of a UK public limited company?
 - A LTD or ltd
 - B PLC or plc
 - C PC or pc
 - D LC or lc
13. Which one of the following is **not** true about a general partnership?
 - A It has a separate legal identity
 - B It does not have a 'limited existence'
 - C It can have more than two partners
 - D It cannot have a written Partnership Agreement
14. The ability to open a bank account is one of these?
 - A Small private company
 - B Small partnership
 - C Large public company
 - D Sole proprietor
15. A public limited company is a legal structure for which?
 - A A new, small business
 - B A well-established business
 - C A large, established business
 - D None of the above

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1.4 – Business aims and objectives

- In a hierarchically structured organisation, which management grouping sets the strategic overall aims for the business?
 A The senior management team
 B Junior assistant department managers
 C Department managers
 D Team supervisors
- In an organisation with a tall structure, department managers usually take responsibility for setting which of the following?
 A Strategic long-term objectives
 B Individuals' objectives
 C Tactical objectives
 D None of the above
- Which of the following would you consider to be a significant aim for a business?
 A To control at least 80% of its total market share within 10 years
 B To increase its sales by 1% monthly
 C To increase its footfall by 1% weekly
 D To be in business by the end of the day
- Which one of the following actions by a business might a short-term price cut in some of its products be classed as?
 A A long-term strategic objective
 B An excessively aggressive pricing policy
 C An illegal and deliberate destroyer pricing policy
 D A tactical objective used to get a competitive advantage over a business rival
- Immediate survival is the most likely objective of which of the following?
 A The market leader business in a nearly monopolistic market
 B A large, well-established successful dynamic business in a small market
 C A small, well-established successful sole supplier in a very specialised market
 D A small, newly established sole owner business in a well-established crowded market
- The provision of normally undertaken following?
 A Social enterprise
 B Multinational
 C For-profit
 D Large public
- Their size, philosophy and objectives are three combined factors for successful businesses usually.
 A Location
 B Profit levels
 C Objectives
 D Employee
- Which statement best describes an enterprise as opposed to a company?
 A It is most commonly a legal set-up
 B It is most commonly a legal set-up
 C It does not have a legal set-up
 D It only has one owner
- 'SMART' is an acronym associated with which of the following?
 A Business objectives
 B Recruitment
 C Profit margins
 D Production
- What can result from the formation of business groupings of a business attempting to set objectives?
 A Compromise
 B Conflict
 C Cohesion
 D All of the above

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1.5 – Stakeholders in business

1. What is a business stakeholder?
 - A Any person who only has a financial interest in a business
 - B Any person, group or organisation with any interests in the activities of a business
 - C A part-owner of a business
 - D A senior manager of a business
2. What is the specific name given to the grouping that has a real and direct interest in their particular business entity?
 - A Stakeholders
 - B External stakeholders
 - C Internal stakeholders
 - D None of the above
3. The general manager of a business customer, with no other interests in the business, is **not** considered as which of these?
 - A A key element to the business's success
 - B An external stakeholder of the business
 - C An internal stakeholder of the business
 - D A generally satisfied customer
4. Which one of the following best describes a specific business's external stakeholders?
 - A Groupings with only an indirect interest in that business
 - B Groupings with only a direct interest in that business
 - C Shareholders of that business
 - D Full-time employees of that business
5. Which one of the following is **not** classified as an internal stakeholder of a business?
 - A The government
 - B Full-time employees
 - C Part-time employees
 - D The business's support staff
6. Which one of the following statements is **not** true?
 - A A business's shareholder is not one of its external stakeholders
 - B A business's shareholder is also an internal stakeholder in it
 - C A business's shareholder can only be regarded as a stakeholder in the business
 - D Not all of a business's stakeholders are its employees
7. Providing full-time employees to be the prime stakeholder group in a supermarket chain is not true.
 - A Local suppliers
 - B Local government
 - C Zero-hour employees
 - D The owners
8. To work and live in a sustainable environment is not an overriding objective for which of the following groupings associated with manufacturing business?
 - A Suppliers
 - B Local community
 - C Debtors
 - D Creditors
9. Under what circumstances is a business's duty of responsibility to its employees?
 - A Only if the employees are satisfied
 - B Only when they are performing their personal duties
 - C Under all circumstances in an activity
 - D Under no circumstances
10. In order to get a business to be successful in respect of an activity, an environment does an environment need to have on its target?
 - A Create a business in a sustainable environment
 - B Create a business in a sustainable environment
 - C Create a business in a sustainable environment
 - D Create a business in a sustainable environment

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1.6 – Business growth

1. Which one of the following is likely to be the biggest risk for a business?
 A Planning for growth and expansion
 B Growing and expanding its footprint by any means
 C Budgeting for future income
 D Employing suitable staff
2. How might a business grow organically?
 A Merger or acquisition
 B Decrease its output and sales
 C Undertake activities that are external to the business
 D Undertake activities generated by the business itself
3. Which one of these is an example of internal business growth?
 A Growth by home market expansion
 B Growth by merger
 C Growth by changing elements of its marketing mix
 D Growth by research and development
4. Which one of these is a method of inorganic business growth?
 A Update technology used by the business
 B Increase sales
 C Merger
 D None of the above
5. Taking over, or acquiring, another business is by far the quickest way for a business to experience which of these?
 A A certain decrease in sales
 B Growth
 C Unrivalled business success
 D Inevitable business failure
6. What does a business merger result from?
 A The voluntary combination of two or more businesses to form one large business
 B The hostile takeover of one business by another
 C The fragmentation of one single business into many businesses
 D None of the above
7. Which one of the following is a business takeover?
 A One business buying another even without an agreement
 B One business buying another business with an agreement
 C One business buying a market
 D One business buying another only by hostilities
8. Which one of the following is a business takeover?
 A An agreed takeover of a small business by a larger business
 B An agreed takeover of a business by a larger business
 C A non-voluntary takeover of a business
 D A voluntary takeover of a business by a larger business
9. When individual businesses in a production/supply chain integrate, this is called:
 A Forward integration
 B Cross integration
 C Vertical integration
 D Horizontal integration
10. When does vertical integration occur?
 A When one business buys another
 B When a business buys a smaller one
 C When a larger business buys a smaller one
 D When a smaller business buys a larger one

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2 – Marketing

2.1 – The role of marketing and 2.2 – Market research

- To identify customer needs and wants, to persuade and inform customers and ultimately to increase its sales are all real and valid reasons why a business might want to undertake which one of these?
 A Image improvement campaign
 B Cost-cutting campaign
 C Marketing campaign
 D Recruitment and retention of staff campaign
- In what way might a business effectively promote its image, its mission and its products or services?
 A By word of mouth
 B By undermining its competitors
 C By employing an efficient workforce
 D By undertaking an effective marketing campaign
- To identify and understand customer needs and wants is the primary purpose of which one of the following activities?
 A Market research
 B Financial budgeting
 C Recruitment and selection
 D Quality management
- What is original field research also known as?
 A Agricultural research
 B Desk research
 C Secondary research
 D Primary market research
- If a business only uses newspapers, magazines and internal resources to carry out research, which one of the following statements is true?
 A This is not desk research
 B This is field research
 C This is not primary research
 D This is primary research
- Undertaking market research using data and information that already exists within a business is known as which one of these?
 A Secondary market research
 B Primary research
 C Field research
 D Desk research
- A business's financial accounts, human resource records, trade magazines and newspapers are all sources of which of the following?
 A External research data
 B Primary research data
 C Desk research data
 D Field research data
- Which of the following is not a valid reason for a business to get new information about its market?
 A By using historical data
 B By using desk research
 C By using a questionnaire
 D By using a focus group
- What data research is most likely to be irrelevant to a business?
 A Primary research
 B Secondary research
 C Field research
 D All of the above
- Which one of the following is not a source of secondary data for a manufacturer interested in its market?
 A Computer-based data
 B Face-to-face interviews
 C Computer databases
 D Sports reviews
- Trialling is the most common way to test the market for new products?
 A New foodstuffs
 B Existing foodstuffs
 C Consumable goods
 D High-tech products
- Which one of the following is not a characteristic of quantitative market research?
 A The structure of the research is predetermined
 B The gathering of data is systematic
 C The random selection of respondents
 D The systems used are cold, hard and impersonal
- Qualitative market research is often done using which of the following?
 A Interview
 B Observation
 C Discussion
 D All of the above
- Which of the following is not a characteristic of quantitative market research?
 A It cannot be used to explore new applications
 B It cannot be used to explore new applications
 C It easily lends itself to statistical presentation
 D None of the above

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2.3 – Market segmentation and 2.4 – The marketing mix

1. What does the process of market segmentation involve?
 - A Breaking down the market into gender structure only
 - B Breaking down the market into gender and age structures only
 - C Breaking down the market into gender, age and income structures only
 - D Breaking down the total market into specific component areas such as age, gender, income, location, etc.
2. Very high personal net worth would be an excellent market segment guide for targeting a potential market for the sale of which of the following products?
 - A Luxury supercars
 - B Premium food
 - C Package holidays
 - D Toys for children
3. Which of the following is one of the 'four Ps' of the marketing mix?
 - A Procurement
 - B Policy
 - C Placement
 - D Price
4. How might a business legally gain a competitive selling advantage over its rivals?
 - A Threat
 - B Thoughtfully 'tweaking' elements of its marketing mix
 - C Casting doubt on their honesty
 - D By none of these ways
5. 'One implies a new product whereas the other implies changes to an existing product.' To which one of the following does this statement apply?
 - A This is the perceived difference between 'product invention' and 'product innovation'
 - B This is the perceived difference between 'product promotion' and 'product innovation'
 - C This is the perceived difference between 'product invention' and 'product placement'
 - D This is the perceived difference between 'product intervention' and 'product innovation'
6. Three elements of the basic four-element product life cycle are in the introduction, maturity and decline. Which of the following is the fourth?
 - A Promotion
 - B Death
 - C Generation
 - D Growth
7. Which of the following happens at the maturity stage of the product life cycle?
 - A Sales begin to decrease
 - B Sales begin to increase
 - C Sales begin to decline
 - D Sales begin to increase
8. What does a business do when it is in the maturity stage and applying a penetration pricing strategy?
 - A Reduction in price
 - B Move its price up
 - C An increase in price to reduce the production cost
 - D To stop, or reduce, the product's sales
9. Why might a business's penetration pricing strategy easily backfire?
 - A If competitors are not expected, customers may switch to competitors
 - B The initial high price may be lost from buying competitors' products
 - C Because it is a short-term strategy
 - D It can never backfire
10. At what state of a product's life cycle is a business likely to use a 'penetration pricing' strategy?
 - A Introductory stage
 - B Growth stage
 - C Maturity stage
 - D Decline stage
11. If a business states that it will sell a product for £100 in order to achieve a 20% profit markup, which pricing strategy is it using?
 - A Penetration pricing
 - B Cost-plus pricing
 - C Competitor pricing
 - D Promotional pricing
12. How should a 'celebrity endorsement' pricing technique be classified?
 - A Price promotion
 - B Loss leader
 - C Point-of-sale promotion
 - D Free sample

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13. If a business uses a digital-format promotional advertising technique, such as a social media platform, which one of the following would it most heavily rely upon?
- A The sale of smartphones
 - B An expert in analogue technology
 - C An influencer unknown to the target audience
 - D An influencer who has genuine credibility with the target audience
14. Which one of the following products would **not** be suitable for digital distribution?
- A Music
 - B Foodstuffs
 - C Films
 - D None of the above
15. Why should all four elements of the basic marketing mix be inter-related?
- A So as to work together in order to create an overall optimum marketing strategy
 - B So as to work together in order to create an overall optimum production strategy
 - C To create an optimum employment strategy
 - D Because it is a legal requirement
16. An effective marketing strategy is the result of which one of the following?
- A The total expenditure on advertising
 - B Minimum cost of advertising
 - C The application of advertising to an integrated marketing strategy
 - D An inefficient advertising process
17. Possible consequences of changes in the demand for a product are which of the following?
- A Have an effect on the production process
 - B Efficiently produce the product
 - C Have a successful production process
 - D Accurately produce the product

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3 – People

3.1 – The role of human resources and 3.2 Organisational structures and ways of working

1. What department within a small to medium-sized enterprise, or indeed a large multinational corporation, is primarily responsible for dealing with employee-related matters?
 A Sales
 B Human resources
 C Finance
 D Purchasing
2. What is a tall business organisation's structure also known as?
 A Flat structure
 B Hierarchical structure
 C Matrix structure
 D Horizontal structure
3. In business organisations the term 'delegation' is often mentioned. What does this term mean?
 A The transfer of authority downwards from a high management layer to a lower one
 B The transfer of authority upwards from a lower management layer to a higher one
 C The transfer of responsibility upwards from a lower management layer to a higher one
 D The transfer of responsibility downwards from a high management layer to a lower one
4. What is meant by the term 'authority' in a business organisation?
 A The absolute and unrestricted right of a manager to do as they please
 B The power an employee has to do whatever they want without restrictions
 C The right and power to give orders and directives to superiors
 D The right and power to give orders and directives to subordinates
5. In order to attempt to fully achieve its own unique and individual aims and objectives, what should a business have in terms of its organisational administration 'blueprint'?
 A A high return on labour turnover
 B A large capital investment
 C Its own unique organisational structure
 D None of the above
6. In order to have an effective business, a business must have:
 A Both formal and informal methods
 B Only formal methods
 C Only informal methods
 D Efficient ICT systems
7. In a large, tall-structured organisation, which one of the following statements about non-executive directors is true?
 A They have no day-to-day responsibilities but carry the name
 B They have no day-to-day responsibilities but also carry the name
 C They cannot carry the name
 D They are not allowed to carry the name
8. Which one of the following is not a feature of permanent contracts?
 A It can only be used for full-time employees
 B It can only be used for part-time employees
 C An employee has the potential to be employed for a long period of time
 D An employee has the potential to be employed for a short period of time
9. A zero-hours contract allows an employer to:
 A Be happy to employ an employee for a short period of time
 B Get industry advice on how to employ an employee
 C Plan and manage an employee's work and financial benefits
 D Be efficient in employing an employee
10. During the COVID-19 pandemic, which of the following temporary leave options could an employer use?
 A Furlough
 B Furlong
 C Sick pay
 D Incentive pay

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3.3 – Communication in business

1. Which of the following is imperative to any business because, among many other reasons, it has all employees working towards the same known aims and objectives?
- A Competitor analysis
 - B Efficiency pay
 - C Effective communication
 - D Effective capital budgeting
2. The fact that a business's employees are not clearly aware of progression paths for future promotion could be a negative consequence for which of the following?
- A A poor recruitment and selection process
 - B Lack of an employee induction programme
 - C A clearly defined organisational chart
 - D Poor and ineffective communication systems
3. Which of the following statements about a business's 'grapevine chit-chat' is true?
- A It is not regarded as a formal 'management approved' method of communications within the business
 - B It is regarded as a formal 'management approved' method of communications within the business
 - C It is always true and accurate
 - D It does not exist in well-structured organisations
4. Which of the following is a risk of relying on information technology within a business?
- A Clear and concise information
 - B Misinterpreted information issued directly
 - C High level of security
 - D None of the above
5. Which of these is a disadvantage of a business of not being connected to an electronic network?
- A Fall in sales
 - B High rates of production
 - C Low production
 - D A direct route to digital communication

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3.4 – Recruitment and selection

1. Ideally, a business should always try to create a positive image for itself. However, what action should it **not** take to do so?
 A Show itself as an innovative, modern and forward-thinking enterprise
 B Emphasise its green credentials
 C Employ unsuitable people
 D Practise waste reduction
2. Which one of the following should also be regarded as a business's 'human asset'?
 A Land and buildings
 B All employees
 C Senior management only
 D Stakeholders
3. What negative effect might persistent internal recruitment have on a business?
 A Most likely narrow the 'gene pool' from which the business can get new ideas
 B Reduce recruitment, selection and retention costs
 C Shorten employment 'bedding-in' time to a job
 D Breathe 'new life' into the business
4. Having access to a larger pool of potential job applicants is one advantage to which of the following?
 A Promoting external training
 B Promoting in-house training
 C A business using internal recruitment methods
 D A business using external recruitment methods
5. What is the purpose of a 'person specification'?
 A To see whether a potential employee will 'fit into' the business quickly
 B To detail the tasks of a specific job
 C To specifically highlight the attributes of the type of person the business wants to employ
 D To specifically highlight the physical attributes of a potential employee
6. Which one of the following is **not** part of a job description?
 A Tasks involved
 B Personal qualities
 C Areas of responsibility
 D Duties the employee will have
7. Who is ultimately responsible for completing an application form?
 A Job applicant
 B The employer
 C Job agency
 D The government
8. 'A nervous candidate' is a sign of what potential? This is best assessed by which of the following?
 A Induction training
 B Psychometric testing
 C Face-to-face interviews
 D Role play
9. What type of additional equipment is most likely to accompany a face-to-face interview?
 A Computer terminal
 B Computer equipment
 C Personality test
 D Dexterity test
10. Which UK Act of 1996 regulates the way in which employers engage and select employees?
 A Sale of Goods Act
 B Employment Rights Act
 C Weights and Measures Act
 D None of the above

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3.5 – Motivation and retention

1. Heaping praise on employees is regarded as which of these?
- A Non-financial method of employee motivation
 - B Financial method of employee motivation
 - C Expected
 - D Condescending
2. Which one of these is a financial method of motivation?
- A Praise
 - B Award scheme
 - C Commission
 - D Providing an appropriate working environment
3. If a business provides incentives to motivate its employees, which of the following is likely to be the impact on the business?
- A Improved employee productivity
 - B Reduced levels of staff turnover
 - C Continuous reduction of business waste
 - D All of the above
4. In the business environment, 'headhunting' is:
- A Business espionage
 - B Looking to recruit top employees
 - C One business recruiting employees to work for it
 - D Aggressive recruitment
5. How might a business reduce the costs involved in the recruitment of staff at the start of the process?
- A By using specialist recruitment agencies
 - B By skimping on advertising
 - C By retaining staff for as long as possible
 - D By not recruiting

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3.6 – Training and development

1. How does training benefit employees?
 - A By causing them stress if they must undertake it
 - B By making them indispensable to the business
 - C By improving their practical skills and academic knowledge needed to perform tasks or carry out operations
 - D It doesn't
2. Which one of the following familiarises employees with the business, its ethos, working practices and fellow workers?
 - A An interview
 - B Off-the-job training
 - C On-the-job training
 - D Induction training
3. What is the most common type of employee training is carried out at the employee's place of work?
 - A Off-the-job training
 - B On-the-job training
 - C Academic training
 - D Practical training
4. What is formal training also known as?
 - A On-the-job training
 - B Off-the-job training
 - C Induction training
 - D None of the above
5. An employee might feel pressured into taking up the offer of an in-house training programme. If this is the case, which one of the following statements is true?
 - A Approved in-house, work-time training schemes are ineffective for employers
 - B Approved in-house, work-time training schemes are always effective for employers
 - C Approved in-house, work-time training schemes are welcomed by all employees
 - D Approved in-house, work-time training schemes are a total waste of time for all involved
6. To retain them, to get the most out of their potential and to ensure that their employers do what is best for them, employees should be offered:
 - A Offer only the minimum of training
 - B Offer only the maximum of training
 - C Offer a variety of training opportunities
 - D Never require any training
7. What business measures can be used to reduce employees' academic and personal and interpersonal skills?
 - A Employee development
 - B Employee engagement
 - C Staff development
 - D Staff turnover
8. Offering employees opportunities for academic and vocational training, such as apprenticeships, can help to reduce staff turnover. Which of the following is not a reason for this?
 - A Staff development
 - B Staff engagement
 - C Staff bullying
 - D Staff turnover
9. In a well-run business, which of the following is most likely to be the result of offering employees training?
 - A Tension with management
 - B A successful business
 - C Aggressive sales
 - D Management turnover

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3.7 – Employment law

1. Ensuring that they fully comply with all current UK legislation about recruitment and employment could be said to be which of these?
- A The reason why businesses import
 - B The reason why businesses export
 - C A reason for not buying new plant and machinery
 - D One of the biggest obstacles to employing people
2. What is the purpose of the UK's Equality Act 2010?
- A To ensure that the same number of males and females are employed in a business
 - B To protect employees from being sacked
 - C To protect all employees against all forms of discrimination in the workplace
 - D To protect only LGBTQ+ employees against discrimination in the workplace
3. What does the W actually specify?
- A The total number of employees of time
 - B The total number of employees of time
 - C The average number of employees of time
 - D The average number of employees of time

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4 – Operations

4.1 – Production processes

- The logical sequencing for the physical production process is raw material input, transformation processes, quality checking and which one of these?
 A Finished goods output
 B Surplus raw materials output
 C Finished goods input
 D Quantity checking
- What does job production involve?
 A The manufacture of a large batch of identical products to the exact requirements of the producer
 B The manufacture of many identical products to the exact requirements of the customer
 C The manufacture of a specific individual and unique one-off product to the exact requirements of the customer
 D The manufacture of many identical small products
- What type of production system involves relatively small unit groups of similar items produced at the same time?
 A Job production
 B Batch production
 C Mass production
 D Flow production
- What type of production system involves the mass, or assembly line, production of identical standardised items?
 A Specialised production
 B Job production
 C Flow production
 D None of the above
- What is the most likely reason for a manufacturer to use a combination of job, batch and flow production techniques, rather than just one of them?
 A Because of trade union pressures
 B Because it will automatically require the use of less unskilled labour
 C In order to increase customer demand to the maximum
 D In order to increase production capacity to the maximum
- Why might a business use a particular unique singular production technique, or a combination of different production techniques?
 A In an attempt to improve its productivity
 B In order to demonstrate and practise different management and leadership techniques
 C So it can initiate various staff training schemes
 D To provide employee incentives
- Which production system is most suited to the manufacture of a large batch of identical products?
 A Job production
 B Mass production
 C Batch production
 D None of the above
- Which one of the following is not an initial drawback to flow production systems?
 A Sourcing the raw materials
 B Getting the workforce
 C Meeting the demand for a specific product
 D The fear of job losses
- Which one of the following is not a disadvantage of a job production system?
 A It never breaks down
 B It is suitable for the production of one-off units
 C It requires a large investment in capital
 D It requires a large investment in robotics
- Why might a business choose to balance between capital-intensive and labour-intensive production?
 A To mitigate the risk of technological change imposed on the workforce
 B They are less expensive
 C Over-automation is inefficient
 D Labour-intensive production is plagued by high costs

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4.2 – Quality of goods and services

1. The 'extent to which it meets customer expectations' is a practical way of judging which of the following?
 A The quantity of a product or service
 B The quality of a product or service
 C The productive efficiency of a business
 D The capital-to-labour ratio in a business
2. What activity is being carried out when, at the end of a production-run batch, there is an inspection to ensure that a high standard of quality has been achieved?
 A Quality control
 B Quantity control
 C Continuous quality checking
 D Productive efficiency checking
3. Which of the following specifically involves carrying out continuous quality checks at predetermined stages of the production process?
 A Quantity assurance process
 B Quality standardisation process
 C Quality control process
 D Quality assurance process
4. Which one of the following is not a quality control process?
 A No defective quality control
 B Quality control finding and process
 C Quality assurance fact-finding production
 D Quality control fault-finding production
5. What does consumer assurance provide that business insurance does not?
 A An all-round service
 B Assured sales
 C Assured production
 D Guarantees

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4.3 – The sales process and customer service and 4.4 – Con

1. What is the process of 'selling goods or services over the telephone' better known as?
 A Inexact selling
 B Chugging
 C Telesales
 D Digital selling
2. Which one of the following has been a very influential factor for the growth in the number of out-of-town e-tailing establishments?
 A The growth in the use of e-commerce
 B Developments in analogue communication systems
 C Government tax laws
 D The growth in town centre car parking facilities
3. In order to retain existing customers, attract new customers and gain a competitive edge over rivals, which one of the following activities is it essential for a business to undertake?
 A Provide customers with low-cost in-store entertainment
 B Provide customers with a cheap but unreliable product or service
 C Provide excellent customer care services, including a customer care aftersales service
 D Provide customers with an in-store café or restaurant
4. Which of the following is **not** essential to the provision of good customer services?
 A Product knowledge
 B Customer engagement
 C Aftersales service
 D In-depth knowledge of competitors' sales processes
5. How might a business attract active customer in new customers for repeat purchases?
 A By making
 B By ensuring
 C By ensuring
 D It does not
6. What is the ultimate reason they buy goods or services?
 A The various
 B The various
 C EU consumer
 D Common se
7. How might UK companies reduce a business's costs?
 A By costing
 B By costing
 C By having
 D In all of the

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4.5 – Business location and 4.6 Working with suppliers

1. What does the actual type of business operation most influence when a business is considering where to set up its operation?
 A Its organisational chart design
 B Geographical location
 C The management style it operates
 D The education level of its employees
2. Proximity to its market would be the most important factor for a business deciding the location for which one of the following?
 A A call centre
 B The production of tinned foods
 C An organic farm shop specialising in 'farm fresh' produce
 D Long-life milk production
3. Which of the following UK business set-up locations would be largely dependent on the efficiency of the local electricity supply and telecommunications networks?
 A Call centre
 B Wind farm
 C Flower-growing farm
 D None of the above
4. A city centre high street would be the most suitable location for which one of the following?
 A Computer Internet repair call centre
 B Supermarket distribution warehouse
 C Internet café
 D Karting track entertainment
5. A geographical area with lots of economics and languages graduates would most likely be a magnet for which one of these businesses?
 A Dairy farm
 B Farm shop
 C Car repair garage
 D International financial Internet call centre
6. Which one of the following is not one of the terms used in the term 'procurement services'?
 A Narrowly defined goods and services
 B Identifying, ordering, purchasing and delivery
 C Identifying and selling goods
 D Quality checking services provided
7. What is the name of the process that covers its entirety – transport, storage and finally distribution?
 A Logistics
 B Manufacturing
 C Retailing
 D Servicing
8. What is the name of the process that facilitates a flow of raw materials from the supplier to the consumer with an aim to reduce waste?
 A Lean production
 B Purchasing
 C Supply chain management
 D Ethical production
9. Which one of the following is not a common cause of a very serious long-term problem?
 A A fall in the price of raw materials
 B An unusual advertising campaign
 C Ignoring the need for a prolonged procurement process
 D Ineffective marketing

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5 – Finance

5.1 – The role of the finance function and 5.2 Sources of finance

1. What business 'functional area' is primarily responsible for producing monetary accounting data?
 A Marketing and sales department
 B Accounting and finance department
 C Aftersales services department
 D Human resources department
2. Which one of these departments is specifically responsible for providing a business with statistically supported advice for financial decision-making?
 A Accounting and finance department
 B Human resources department
 C Quality control department
 D Marketing department
3. Business activities such as to start up or expand, to cover day-to-day running costs and substantial capital expenditure, to recruit personnel and to market their product or service, are all basically reliant on which of these?
 A Level of staff turnover
 B Organisational chart design
 C Finance available to undertake them
 D Management style
4. Which one of the following is true about the practice of 'crowdfunding'?
 A It is illegal in the UK
 B It cannot be achieved by the application of Internet communications
 C It involves only a very small number of contributors
 D It is enabled by a very large number of contributors
5. Which one of the following is **not** a long-term business loan?
 A Mortgage
 B Bank overdraft
 C Share capital issue
 D Ten-year bank loan
6. Which one of the following is the most common cause of an owner's own capital expansion?
 A It is limited to small businesses
 B It is illegal in most countries
 C It is by far the most common cause of expansion
 D It is by far the most expensive
7. Which one of the following is the most common option for which of the following types of business?
 A Successful and established private companies
 B Successful and established public companies
 C Well-established public companies
 D New and unestablished public companies
8. Which of these sources of finance is most likely to be used by a long-established company that wants to expand?
 A Long-term bank loan
 B Share issue
 C Sale of assets
 D None of the above
9. Which one of the following sources of finance is most likely to be used by a new media site?
 A Bank loans
 B Crowdfunding
 C Bank overdraft
 D Mortgages
10. Which one of the following is the most common cause of a business failure?
 A Bringing a business into partnership
 B Minor disaster
 C Rise in inflation
 D Increase in interest rates

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5.3 – Revenue, costs, profit and loss

- Income from trading sales is regarded as which one of the following?
 A Source of business expenditure
 B Source of business revenue
 C Unnecessary for a business
 D Can never be quantified by a business
- Business costs cause which of these?
 A Business optimism among owners and managers
 B Business profit to increase
 C Cash inflows to a business
 D Financial outflows from the business
- A business's fixed costs are not so known as which of the following?
 A Fixed costs
 B Variable costs
 C Avoidable costs
 D Irrelevant costs
- Which one of these options best describes the term 'unit variable cost'?
 A Normally constant cost directly attributable to the production process
 B Total cost of the production process
 C Cost that never changes in unit value
 D Cost that never changes in total value

Consider Table 1, overleaf, and then answer questions 5 to 8.

- What is the business's unit variable cost?
 A £1
 B £20,000
 C £30
 D £30,000
- What is the business's total variable cost?
 A £6,000,000
 B £200,000
 C £100,000
 D £60,000
- What is the business's total fixed cost?
 A £100,000
 B £200,000
 C £300,000
 D £400,000
- What is the business's total cost?
 A £200,000
 B £400,000
 C £6,200,000
 D £6,000,000

Consider Table 2, overleaf, and then answer questions 9 and 10.

- What is the net profit?
 A £100,000
 B £200,000
 C £800,000
 D £500,000
- What is the gross profit for year 1?
 A 0.25%
 B 0.0002%
 C 0.05%
 D 25%
- If a business made a year's trading, as said, with certain results, which of the following is true?
 A It made a loss
 B For every £100 cost is incurred, £100 gross profit is made
 C For every £100 gross profit is made, £100 net profit is made
 D For every £100 net profit is made, £100 gross profit is made
- Which one of the following is the most appropriate measure of the business's performance?
 A Gross profit
 B Average return on investment
 C Net profit
 D Average return on capital employed

Consider Table 3, overleaf, and then answer questions 13 and 14.

- What is the average return on investment for choice A?
 A 50%
 B 12.5%
 C 10%
 D 5%
- What is the most appropriate measure of the ARR appraisal?
 A Choice A
 B Choice B
 C Choice C
 D Choice D
- Which one of the following is the most appropriate measure of the investment's performance?
 A Percentage of the investment
 B A time period of investment
 C Total money invested
 D Money is the investment to appraise

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Table 1

Business rent	£30,000
Business rates	£70,000
Business insurance	£100,000
Direct wages per unit	£12
Direct materials per unit	£10
Direct expenses per unit	£8
Units produced and sold	200,000

Table 2

	End of year 1
Sales	£4,000,000
Cost of sales	£3,100,000
Expenses	£200,000

Table 3

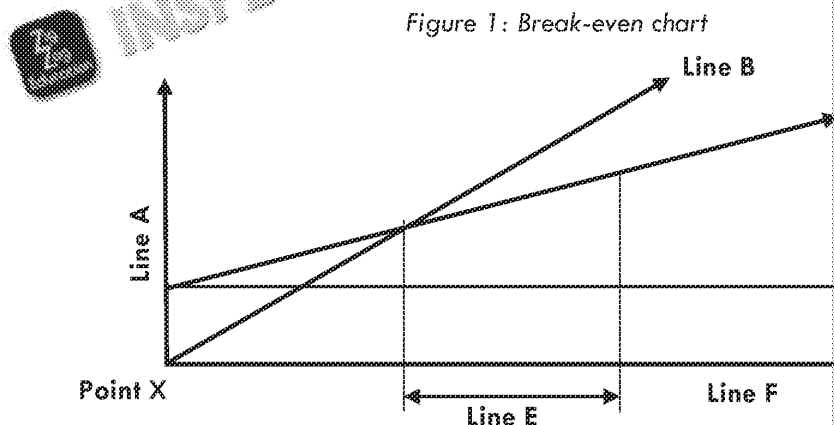
	Possible investment		
	Choice A	Choice B	Choice C
Initial cost outlay	£500,000		
Years 0 to 4 (5 years) total profits	£250,000		
Average rate of return	-----	10%	

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5.4 – Break-even

- In a break-even chart, where exactly does the break-even point occur?
 - A At the point where the total cost line crosses the total revenue line
 - B At the chart's point of origin
 - C When the total cost line is above the total revenue line
 - D When the total cost line is below the total revenue line
 - 'The business can clearly see how many units it needs to produce in order to break even.' With reference to this statement, which one of the following is true?
 - A A break-even calculation can never show when a loss has been made
 - B A break-even calculation cannot show the profit margin level needed to make a profit
 - C A business mostly benefits from carrying out break-even calculation and analysis
 - D A business's break-even calculation and analysis is always totally meaningless
 - The fact that break-even analysis reflects only the short-time life of only one specific product of a business justifies which one of these statements?
 - A Break-even calculation and analysis should never be undertaken by a business
 - B Break-even calculation and analysis will universally predict the future profits of any business
 - C This is a real positive of break-even calculation and analysis
 - D This is a real drawback of break-even analysis
 - When 'total contribution' exceeds 'fixed costs' what has the business made/done?
 - A Profit
 - B Loss
 - C Broken even
 - D None of the above
 - A business has a contribution per unit of £4 and fixed costs of £10,000. How many units does it need to produce to break even?
 - A £10,000
 - B 10,000
 - C 4,000 units
 - D £4,000
 - In break-even analysis, which of the following best describes the profit margin?
 - A The profit margin is always secure
 - B The units produced always makes a profit
 - C The number of units produced is not to produce a profit
 - D The total revenue is always before it
- Study Figure 1, below, and answer questions 7 to 10.
- Which of these is not a component of a break-even chart?
 - A Profits
 - B Margin of safety
 - C Units of production
 - D Cost and revenue lines
 - Which of these is not a component of a break-even chart?
 - A 0
 - B 10
 - C 20
 - D 30
 - Which of these is not a component of a break-even chart?
 - A Margin of safety
 - B Fixed costs
 - C Output (x)
 - D Output (y)
 - Which of these is not a component of a break-even chart?
 - A Marginal cost
 - B Total cost
 - C Total revenue
 - D Fixed cost



5.5 – Cash and cash flow

- Why is cash one of the most important current assets of a business?
 - A Because it is the most liquid asset used for the day-to-day running of a business
 - B Because it is the only avenue a business has for growth
 - C Because its nominal value never changes
 - D Because there are no other current assets in a business
- Which one of the following is the actual movement of cash money into and out from a business and its bank account?
 - A Cash flow
 - B Profit
 - C Credit
 - D Debt
- When a business has more cash coming in than it has going out, which of the following is most true?
 - A The business has cash flow
 - B The business has a positive cash flow
 - C The business has a negative cash flow
 - D The business has made a substantial profit
- Which one of the following would cause a business to have a period of negative cash flow and maybe become insolvent?
 - A When creditors fail to pay their bills
 - B Increase in cash sales
 - C When numerous large debtors regularly fail to pay their bills at all
 - D When no debtors fail to pay their bills
- For which purpose can actual physical cash **not** be used?
 - A Online payment
 - B Prepay for a purchase
 - C Pay a debt
 - D Payout as a Christmas bonus
- Which one of the business earns over a specific period of time?
 - A Negative cash flow
 - B Positive cash flow
 - C Loss
 - D Profit
- During what specific period of time does a business have a positive cash flow?
 - A In the very short term
 - B In the medium term
 - C In the very long term
 - D At no time
- Which one of the following is **not** a feature of 'cash flow'?
 - A It is the same as profit
 - B It cannot be used to pay a business's bills
 - C It does not include a business's sales
 - D It determines whether a business is profitable

Consider Table 1, below, and 10.

- What is the net cash flow for the business in March?
 - A £0
 - B £1,000
 - C (£13,000)
 - D £13,000
- What is the closing balance for the business in April?
 - A £3,000
 - B (£3,000)
 - C £4,000
 - D (£4,000)

Table 1: Cash flow forecast

Cash flow forecast for two months ending 30 th April		
	March (£)	April (£)
Cash inflows		
Sales revenue	6,000	4,000
Rent income	1,000	1,000
Total inflows	7,000	5,000
Cash outflows		
Purchases	4,000	6,000
Overheads	2,000	3,000
Total outflows	6,000	9,000
Opening balance	0	-----
Net cash flow	-----	-----
Closing balance	-----	-----

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6 – Influences on business

6.1 – Ethical and environmental considerations

1. A business should trade in a right and proper way and not in the wrong way. Of what is this the basic principle?
 A Fair trade
 B Environmental trading
 C Business ethics
 D None of the above
2. By **not** caring how, or from where, a business sources its supplies is one sure sign of what?
 A It is an environmentally friendly business
 B The business is not seriously interested in behaving ethically
 C It has any ethical credentials it might have
 D It is trying to get an ethical trading award
3. Which of the following is a genuine environmental consideration for the modern business environment?
 A Disposal of all sorts of waste materials
 B Sustainability of natural resources
 C Global climate change
 D All of the above
4. Action by environmentalists taken against which of the following is most likely to be successful?
 A A business that uses natural gas
 B A business that does not consider the environment in its 'bottom line' manner
 C A business that uses today's 'green' mindset
 D A business that uses renewable resources
5. What does the Footprint Index indicate?
 A The product development in a developing economy
 B The product development in a developed economy
 C The supply chain in a developing economy
 D The supply chain in a developed economy

6.2 – The economic climate

1. What world economy is usually placed between 4th and 6th in world rankings by way of gross domestic product (GDP)?
 A USA
 B China
 C Saudi Arabia
 D UK
2. What impact will the reduced disposable income of UK consumers normally have on local and national businesses as well as on the general level of the UK economy?
 A None
 B Positive
 C Negative
 D It cannot be calculated
3. 'Brexit' refers to the UK's exit from the European Union. This happened on 31st January 2020. Which one of the following can be said, with certainty, about its impact on the UK economy?
 A As yet unforeseen
 B Negative
 C Positive
 D None
4. In what positive way can the government reduce UK unemployment?
 A Increase the minimum wage
 B Provide the unemployed with training
 C Increase the tax on employers
 D Make employment more attractive
5. Which one of the following is not a term 'gross domestic product' (GDP)?
 A The value of goods and services produced in a country by a country in a year
 B The value of goods and services produced in a country by a country in a quarter
 C The value of goods and services produced in a country by a country in a month
 D The cost of goods and services produced in a country by a country in a year

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6.3 – Globalisation

1. What does the word 'globalisation' mean?
 - A That our world is becoming more and more interconnected and integrated both commercially and culturally
 - B That our world is becoming less and less interconnected and integrated both commercially and culturally
 - C The world has become less safe
 - D The world is round
2. Which one of the following have developments in Internet technology been most responsible for?
 - A Growth of high-street stores
 - B A fall in computer security coverage
 - C Facilitation of the accelerated trend in globalisation
 - D Facilitation of accounting fraud
3. Which one of the following has the growth in multinational companies closely mirrored?
 - A Shrinking of the integrated business world
 - B Substantial fall in world trade
 - C Growth in globalisation
 - D None of the above
4. By developing an advantage over its competitors, a business can be better positioned to:
 - A Increase its sales
 - B Compete in its market
 - C Motivate its employees
 - D Improve its reputation
5. What name is given to the flow of goods and services throughout the world?
 - A Exporting
 - B Importing
 - C National trade
 - D International trade

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7 – The interdependent nature of

1. 'They rely on themselves, as well as on each other, to successfully work together in order to achieve total business success.' To which one of the following does this statement refer?
 A Business debtors
 B Interdependent functional areas of business operations
 C Business creditors
 D Banks and other financial institutions
2. Of which one of the following might the 'rate of staff turnover' specifically be a good measure?
 A The level of success of the human resources functional area of a business
 B The degree of success of the finance department in a business
 C The level of a production department's success
 D The degree of success a sales department has
3. The interpretation and statistical analysis of financial data and information is one way of quantifiably measuring the success of which of the following?
 A Only the sales department
 B Only the finance department
 C The collective success of all the functional areas of a business
 D None of the above
4. Which one of the following is the term 'profit'?
 A A business's total revenue
 B The positive difference between total revenue and total costs
 C Cash generated by a business
 D The ultimate goal of a business that overcomes all other objectives
5. Which one of the following is most responsible for business success?
 A Senior decision-makers who combine all areas of the business
 B Very junior staff who combine all areas of the business
 C Supervisors who combine all areas of the business
 D Weak communication
6. Which of the following is the most important factor by a business to measure success in its decision-making?
 A Gross profit
 B Average revenue
 C Net profit
 D All of the above

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