

# **APT Initiatives Ltd**

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Specialists in Business & Economics Education since Sept 1999



**1<sup>st</sup> Set of 10 of 100 Multiple Choice Questions**  
Full set of 100 can be purchased from [www.appt-initiatives.com](http://www.appt-initiatives.com)  
or individual sets of 10 from [www.tes.com/teaching-resources](http://www.tes.com/teaching-resources)

## **10 Multiple-choice Questions**

for **Edexcel GCSE (9-1) Business**

### **Theme 1: Investigating Small Business**

Test of 10 Questions on  
any aspect of the Theme 1 Specification  
Answers with Supporting Explanations

**Minimising Workloads, Maximising Performance**

## **FOREWORD**

This resource is 1 of 10 sets of 10 multiple-choice questions designed to test students' core knowledge and understanding of the subject content required to be covered for Edexcel GCSE (9-1) Business - **Theme 1: Investigating Small Business**. There is also an interactive version available - for use on a computer for students to complete in their own time, or during class as a group exercise. The full set of 100 multiple-choice questions can be purchased from APT's website: [www.apr-initiatives.com](http://www.apr-initiatives.com). Individual sets of 10 can be purchased from the TES website: [www.tes.com/teaching-resources](http://www.tes.com/teaching-resources).

**The full set of 100 questions contains 10 sets of 10 questions (worth 14 marks) on any aspect of the Edexcel Theme 1 specification** (Issue 1, published July 2016, for first teaching from September 2017). To ensure good coverage of Theme 1 topics in each test, each set of 10 questions contains at least one question on each of the Theme 1 topic areas, ie at least one question on each of the following:

- 1.1 Enterprise and entrepreneurship
- 1.2 Spotting a business opportunity
- 1.3 Putting a business idea into practice
- 1.4 Making the business effective
- 1.5 Understanding external influences on business.

**Supporting explanations are provided for every question** - helping to consolidate students' knowledge and understanding. These supporting explanations are especially helpful to students using the Interactive (PowerPoint) version of the resource, independently outside the classroom environment.

The full set of 100 questions provides a thorough means of assessing student's core knowledge and understanding of Theme 1, AFTER they have completed their study of the Theme.

Each set of 10 questions can easily be answered, marked and discussed in a single 25-35 minute lesson (allowing a maximum of 10 minutes to complete the 10 questions), or they can be issued to students to complete as a short homework activity.

Each test consists of 1 and 2-mark questions, which is in keeping with the sample assessment material published by Edexcel (July 2016) for 'Section A' of Paper 1, which is based on Theme 1.

Whilst every effort has been made to provide appropriate questions, as well as answers with explanations for the questions posed, these questions, answers and explanations are intended as **an aid to the teacher** who must retain full responsibility for checking up-to-date specification requirements and exam board assessment material, and the final delivery of subject matter to students. In this context, APT is always available to discuss any aspect of the questions, answers and explanations, should the teacher wish to discuss APT's interpretation.

### **Other resources for Edexcel GCSE (9-1) Business:**

These Multiple-choice Questions for Edexcel GCSE (9-1) Business Theme 1 are one of several resources produced by **APT Initiatives Ltd** to support teachers and students taking Edexcel GCSE Business examinations. **100 Multiple-choice questions** (interactive and printable tests) have also been produced for **Theme 2** (on Building a Business) and **Topic and End of Theme Test Papers** have been produced for **Theme 1** and for **Theme 2**. Further information on each of these resources, as well as other resources for Business and Economics qualifications, is available on APT's website: [www.apr-initiatives.com](http://www.apr-initiatives.com).

**APT Initiatives Ltd** can be contacted directly with any orders, queries or feedback via the website: [www.apr-initiatives.com](http://www.apr-initiatives.com), email: [support@apr-initiatives.com](mailto:support@apr-initiatives.com) or by phone: 01952 540877.

## Test 1

Answer ALL questions.

Questions must be answered with a cross in the box . If you change your mind about an answer, put a line through the box  and then mark your new question with a cross .

- 1 Which **one** of the following is an example of a risk associated with starting a new business?

Select **one** answer:

(1)

- A Business success
- B Business failure
- C Independence
- D Profit

- 2 Which **two** of the following are examples of qualitative data?

Select **two** answers:

(2)

- A In an entire school there are 1053 students
- B The new born baby has very soft skin
- C The average height for women in the UK is 5ft 4.7 inches
- D 9 million people in the UK are members of a gym
- E The colour of the school uniform is mauve

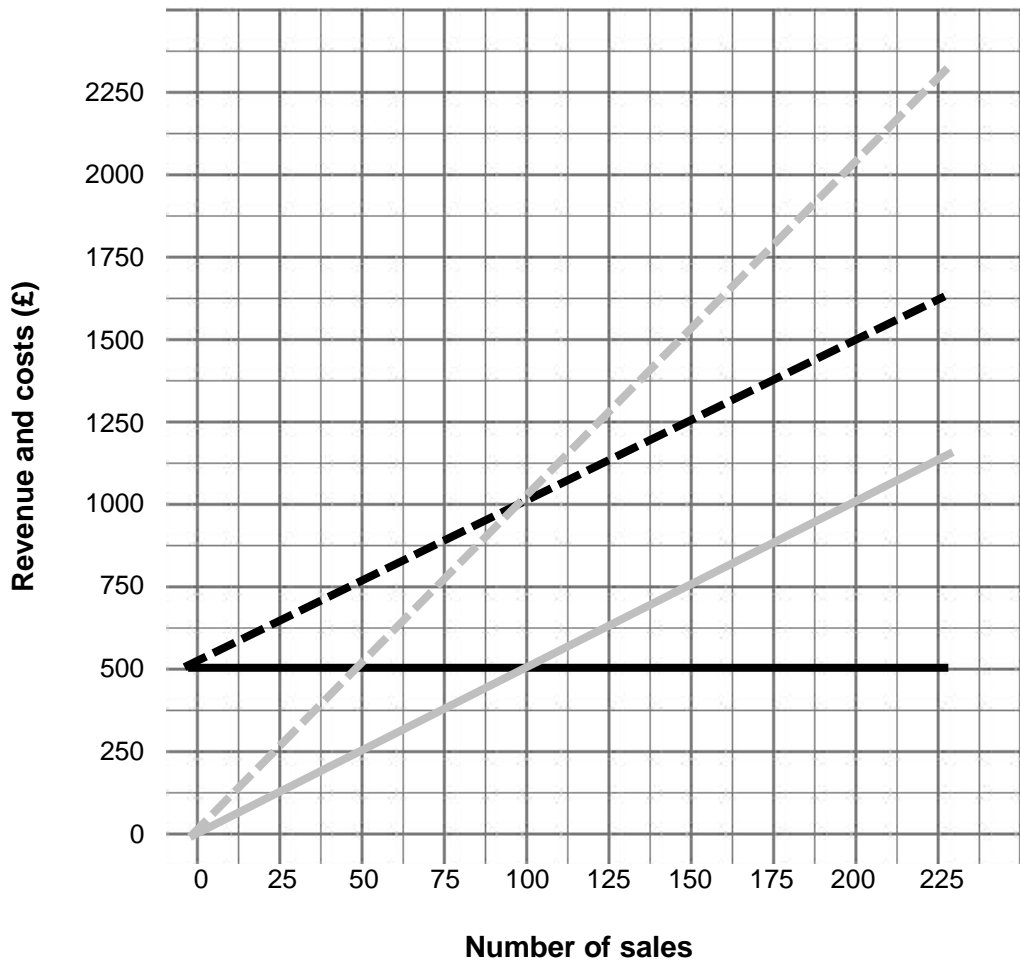
- 3 Which **one** of the following is the correct formula for calculating the total revenue generated by each product sold by a business?

Select **one** answer:

(1)

- A Variable costs X Selling price per unit
- B Fixed costs X Selling price per unit
- C Quantity sold X Selling price per unit
- D Total output X Total inputs

4 Refer to the break even diagram below.



Fixed costs   
  Variable costs   
  Total costs   
  Total revenue

Which **one** of the following is the break even level of output?

Select **one** answer:

(1)

- A 50
- B 100
- C 500
- D 1 000

5 Which **one** of the following is the correct definition of overheads?

Select **one** answer:

(1)

- A** Costs that are not directly related to the production of goods or supply of services
- B** Costs that are directly related to the production of goods or supply of services
- C** Costs that vary according to level of output
- D** Wages paid to staff for working extra hours

6 Which **two** of the following are examples of short-term methods of finance?

Select **two** answers:

(2)

- A** Share capital
- B** Loan
- C** Trade credit
- D** Retained profit
- E** Overdraft

7 Which **one** of the following is **not** true of e-commerce?

Select **one** answer:

(1)

- A** E-commerce concerns digitally enabled commercial transactions between and among organisations and individuals
- B** E-commerce concerns the sale or purchase of goods or services, conducted over computer networks
- C** E-commerce concerns orders made over the web (internet), extranet or electronic data interchange
- D** E-commerce concerns orders made by telephone calls, faxes or manually typed e-mails

8 Which **two** of the following are examples of methods of promotion?

Select **two** answers:

(2)

- A** Advertising
- B** Personal shopping
- C** Sales
- D** Public relations
- E** Niche marketing

9 Which **two** of the following objectives of a business's stakeholders are **most** likely to be objectives of the business's employees?

Select **two** answers:

(2)

- A** Fair Pay
- B** Clear, accurate product information
- C** Job security
- D** Sound return on investment
- E** Value for money

10 Which **one** of the following is the correct definition of digital communication?

Select **one** answer:

(1)

- A** Websites and applications that enable users to create and share content and interact with others
- B** A way of making financial transactions through the use of microchips and transistors
- C** The sale or purchase of goods or services, conducted over computer networks
- D** The electronic transmission of information that has been encoded for storage and processing by computers

## Test 1 - Answers

- 1 Which **one** of the following is an example of a risk associated with starting a new business?  
Select **one** answer:

- A Business success
- B **Business failure**
- C Independence
- D Profit

Explanation: Risks include business failure, financial loss and lack of security. The other 3 options are **rewards** associated with starting a business.

- 2 Which **two** of the following are examples of qualitative data?  
Select **two** answers:

- A In an entire school there are 1053 students
- B **The new born baby has very soft skin**
- C The average height for women in the UK is 5ft 4.7 inches
- D 9 million people in the UK are members of a gym
- E **The colour of the school uniform is mauve**

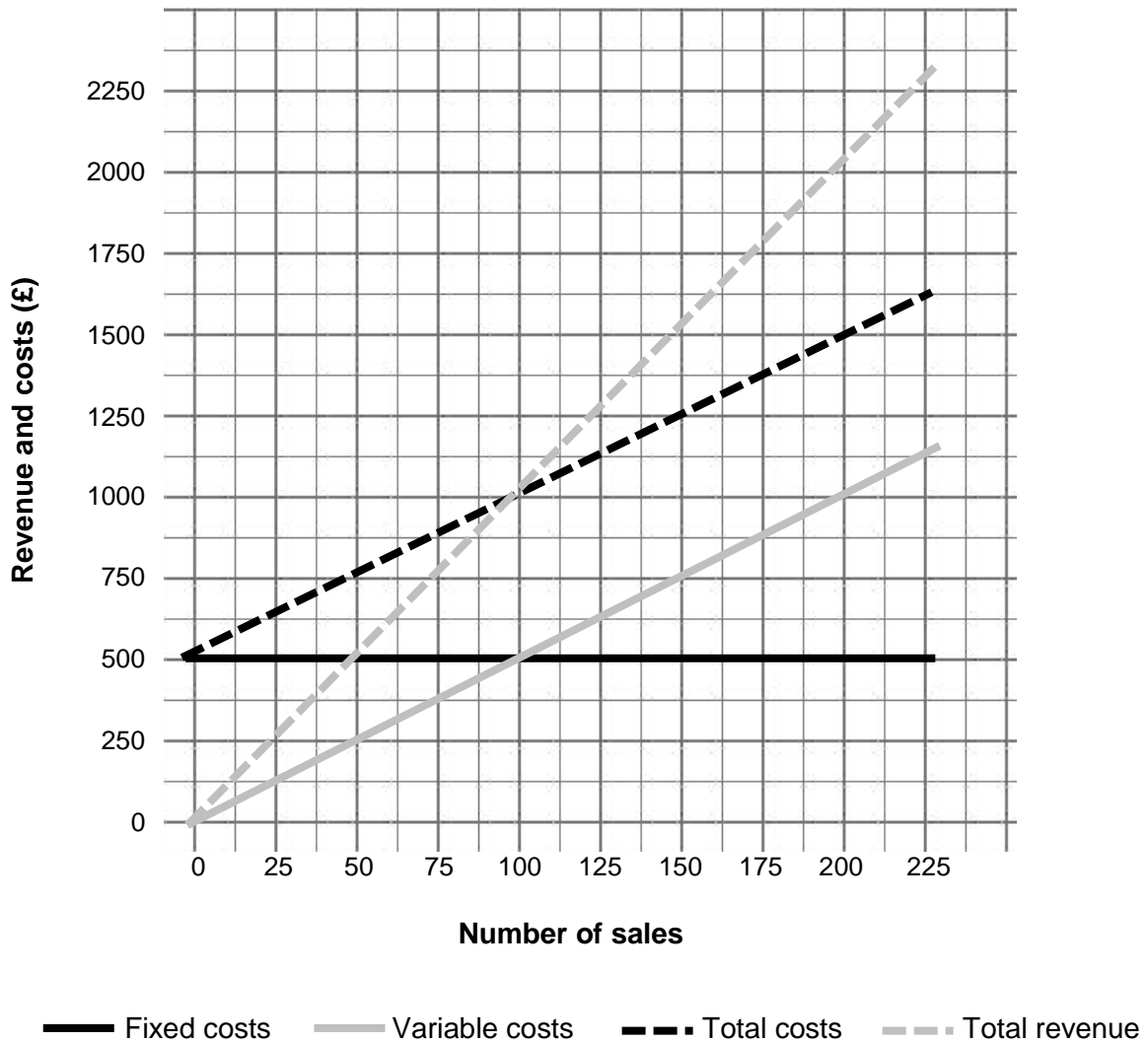
Explanation: 'Qualitative' data concerns qualities, such as the softness or colour of something. These things are difficult to measure and cannot be expressed numerically. The other 3 options are examples of 'quantitative' data, which is data that can be measured and expressed as a quantity.

- 3 Which **one** of the following is the correct formula for calculating the total revenue generated by each product sold by a business?  
Select **one** answer:

- A Variable costs X Selling price per unit
- B Fixed costs X Selling price per unit
- C **Quantity sold X Selling price per unit**
- D Total output X Total inputs

Explanation: Revenue is the money a business earns from its customers before paying any costs. If a business sells one of its products at £2 each and sells 70 of these products, then the total revenue generated by this particular product would be  $70 \times £2 = £140$ .

4 Refer to the break even diagram below.



Which **one** of the following is the break even level of output?

Select **one** answer:

- A 50
- B 100
- C 500
- D 1 000

Explanation: The break even level of output is the point at which total revenue equals total costs. On a break even diagram it is the level of sales where the total revenue line crosses the total costs line.



5 Which **one** of the following is the correct definition of overheads?

Select **one** answer:

- A **Costs that are not directly related to the production of goods or supply of services**
- B Costs that are directly related to the production of goods or supply of services
- C Costs that vary according to level of output
- D Wages paid to staff for working extra hours

Explanation: Overheads (also known as indirect costs) are costs involved in running a business which are not directly related to the production of goods or supply of services. They include expenses such as rent, advertising, insurance, interest, telephone bills and utilities, many of which can also be classified as fixed costs. They exclude the costs of direct labour, direct materials and direct expenses. Option B defines direct costs. Option C refers to variable costs and Option D is a definition of overtime.

6 Which **two** of the following are examples of short-term methods of finance?

Select **two** answers:

- A Share capital
- B Loan
- C **Trade credit**
- D Retained profit
- E **Overdraft**

Explanation: 'Short-term' generally means up to one year. Overdrafts would prove expensive if used in the long-term, and suppliers who give business customers trade credit (ie an interest free period in which to pay for goods received), typically expect payment within 30 to 70 days. Over this period a business can use this money for other things. The other 3 options are examples of long-term methods of finance.

7 Which **one** of the following is **not** true of e-commerce?

Select **one** answer:

- A E-commerce concerns digitally enabled commercial transactions between and among organisations and individuals
- B E-commerce concerns the sale or purchase of goods or services, conducted over computer networks
- C E-commerce concerns orders made over the web (internet), extranet or electronic data interchange
- D **E-commerce concerns orders made by telephone calls, faxes or manually typed e-mails**

Explanation: E-commerce excludes **orders** made by telephone calls, faxes, or manually typed e-mails. **Payment** and **delivery** of goods or services ordered does not, however, have to be conducted through a computer network / online - just the order.

8 Which **two** of the following are examples of methods of promotion?

Select **two** answers:

- A **Advertising**
- B Personal shopping
- C Sales
- D **Public relations**
- E Niche marketing

Explanation: Methods of promotion include advertising, personal selling (not 'shopping'), sales promotion (not just 'sales'), public relations and direct (as opposed to 'niche') marketing.

9 Which **two** of the following objectives of a business's stakeholders are **most** likely to be objectives of the business's employees?

Select **two** answers:

- A **Fair pay**
- B Clear, accurate product information
- C **Job security**
- D Sound return on investment
- E Value for money

Explanation: Options B and E concern the objectives and requirements of a business's customers. Option D is likely to be the main objective of a business's owners / shareholders.

10 Which **one** of the following is the correct definition of digital communication?

Select **one** answer:

- A Websites and applications that enable users to create and share content and interact with others
- B A way of making financial transactions through the use of microchips and transistors
- C The sale or purchase of goods or services, conducted over computer networks
- D **The electronic transmission of information that has been encoded for storage and processing by computers**

Explanation: Option A is a definition of social media. Option B is a description of electronic payment systems. Option C is a definition of e-commerce.