**Multiple Choice Questions**

**1. The purpose of business activity is:**

1. to increase sales
2. to produce products to satisfy customer needs
3. to reward shareholders
4. to provide employment.

**2. Which of the following is not a consumer need?**

1. Water
2. Housing
3. Clothing
4. Holidays

**3. One of the benefits of specialisation is:**

1. increased sales
2. increased output
3. increased variety of tasks for workers
4. increased costs of production.

**4. Added value is:**

1. the difference between revenue and total costs
2. the difference between output and sales
3. the difference between costs of raw materials and selling price
4. the difference between making a profit or making a loss.

**5. Which of the following is not an example of primary sector business activity?**

1. Forestry
2. Fishing
3. Oil refining
4. Mining for gold

**6. Tertiary sector business activity is:**

1. providing services to consumers only
2. turning raw materials into finished goods
3. the extraction of natural resources
4. providing services to consumers and businesses.

**7. Developing economies will usually have:**

1. a small primary sector
2. a large tertiary sector
3. a large primary sector
4. no secondary sector.

**8. Which of the following is not a private sector form of organisation?**

1. Sole trader b. Public limited company
2. Franchise d. Public corporation

**9. The best description of an entrepreneur is someone who:**

1. starts a business and always earns a lot of money
2. has an idea for a business and does not take risks
3. starts a business and is prepared to take financial risks
4. takes financial risks and always earns high profits.

**10. A business plan might be used to:**

1. mislead people into investing in a business
2. show how much profit a business might make
3. provide competitors with information about a business
4. identify why a business is making losses.

**11 Governments can support business start-ups by:**

1. increasing taxes
2. increasing regulations
3. increasing grants
4. increasing interest rates.

**12. Which of the following is not a method for measuring business size?**

1. Value of output
2. Number of employees
3. Capital employed
4. Profit

**13. Which statement best describes conglomerate integration?**

1. A frozen food manufacturer buying a poultry farm.
2. An ice-cream producer opening its own ice-cream shop.
3. The merger of two taxi firms.
4. The owners of an airline buying a music company.

**14. Which statement is an example of forward vertical integration?**

1. A frozen food manufacturer buying a poultry farm.
2. An ice-cream producer opening its own ice-cream shop.
3. The merger of two taxi firms.
4. The owners of an airline buying a music company.

**15. Which statement is an example of horizontal integration?**

1. A frozen food manufacturer buying a poultry farm.
2. An ice-cream producer opening their own ice-cream shop.
3. The merger of two taxi firms.
4. The owners of an airline buying a music company.