

## **Theme 1 – Revision Questions**

### **1.1 Enterprise & Entrepreneurship**

1. Why do new business ideas come about?
2. How do new business ideas come about?
3. What is the impact of risk on a business activity?
4. How can risk be reduced?
5. What is the impact of reward on a business activity?
6. What is the role of business enterprise and the purpose of business activity?
7. How do businesses add value?
8. What are the benefits of adding value?
9. What is the role of entrepreneurship?
10. How do entrepreneurs benefit the economy?

### **1.2 Spotting a Business Opportunity**

11. What are the key customer needs?
12. Why is it important to identify and understand customers?
13. What is the purpose of market research?
14. What is primary research? Give examples
15. What are the advantages and disadvantages of primary research?
16. What is secondary research? Give examples
17. What are the advantages and disadvantages of secondary research?
18. What is Qualitative data?
19. What is quantitative data?
20. What is the role of social media in collecting market research data?
21. What is the importance of the reliability of market research data?
22. How do businesses use market segmentation to target customers?
23. What are the benefits of segmentation?
24. What are the limitations of segmentation?
25. What is market mapping?
26. How does market mapping identify a gap in the market and the competition?
27. What are the benefits of market mapping?
28. What are the limitations of market mapping?
29. How do businesses gain a competitive advantage?
30. What is product differentiation?
31. What is a competitive market?
32. What are the drawbacks of a highly competitive market?

### 1.3 Putting a business idea into practice

33. What are aims and objectives?
34. Why do businesses set business objectives?
35. List financial objectives
36. List non-financial objectives?
37. How can objectives change over time?
38. What is revenue?
39. What is the formula for calculating revenue?
40. What is a variable cost?
41. What is a fixed cost?
42. What is the formula for calculating profit?
43. What is the formula for calculating interest on loans?
44. What is break-even
45. Draw and label a break-even chart
46. What is the formula for calculating break-even?
47. What is the margin of safety?
48. What is the formula for the margin of safety?
49. What happens to break-even when there is a fall or increase in costs (fixed or variable)?
50. What happens to break-even when there is a fall or increase in price?
51. What is a cash flow?
52. List examples of cash inflows
53. List examples of cash outflow
54. Complete

The following table shows the cash flow forecast for the first three months of the year.

5 Fill in the four blanks to complete the table.

|                 | Jan   | Feb   | March |     |
|-----------------|-------|-------|-------|-----|
| Receipts (£)    | 10000 | 8500  |       | (1) |
| Payments (£)    |       |       |       |     |
| Raw materials   | 2000  |       | 3600  | (1) |
| Fixed costs     | 4000  | 4000  | 4000  |     |
| Other costs     | 5000  | 5200  | 5900  |     |
| Total Payments  | 11000 | 11700 | 13500 |     |
| Net cash flow   |       | -3200 | 1500  | (1) |
| Opening balance | 500   |       | -3700 | (1) |
| Closing balance | -500  | -3700 | -2200 |     |

55. Why is cash important to a business?
56. What is the difference between cash and profit?
57. What can impact on cash flow?
58. What are the reasons for finance?
59. What are examples of short-term finance?
60. What are example of long-term finance?
61. What is crowdfunding?

## **1.4 Making the Business effective**

62. What is limited liability?
63. What is unlimited liability?
64. What is the implication for the business owner of unlimited liability?
65. What is a sole trader?
66. What are the advantages of a sole trader?
67. What are the disadvantages of a sole trader?
68. What is a partnership?
69. What are the advantages of a partnership?
70. What are the disadvantages of a partnership?
71. What is a private limited company?
72. What are the advantages of a private limited company?
73. What are the disadvantages of a private limited company?
74. What is a franchise?
75. What are the advantages of a franchise?
76. What are the disadvantages of a franchise?
77. How can the following influence location? – Proximity to market, labour, materials and competitors?
78. How can the nature of business activity influence location?
79. How can the impact of the internet influence location decisions?
80. What is another name for the marketing mix?
81. What are the 4Ps?
82. How can the competitive environment influence the marketing mix?
83. How can the changing needs of customers influence the marketing mix?
84. How can technology influence the marketing mix?
85. What is a business plan?
86. What is included in a business plan?
87. What is the purpose of a business plan?

## **1.5 External Influences on businesses**

88. Who are businesses stakeholders and what are their objectives?
89. How are stakeholders affected by business activity?
90. How do stakeholders impact business activity?
91. What are the possible conflicts between stakeholder groups?
92. What are the different types of technology used by businesses?
93. How can technology influence business activity in terms of sales, costs and the marketing mix?
94. What is the purpose of legislation?
95. What are the principles of consumer law?
96. What are the principles of employment law?
97. What is the impact of legislation on business in terms of costs and the consequences of meeting and not meeting these obligations?
98. How can the following impact businesses?
  - a) Unemployment
  - b) Changing level of consumer income
  - c) Inflation
  - d) Changes in interest rates
  - e) Government taxation
  - f) Changes in exchange rates