

2.1.1 Edexcel Business

Edexcel GCSE Business

2.1.1 Business growth

Multiple Choice Question Test Bank

MCQ Test 1

This MCQ test contains 13 questions covering the specification content for 2.1.1: Business growth

Instructions:

- **There are 13 questions in this test.**
- **Your teacher will determine how long you have to complete this test and under what conditions.**
- Only **one** answer per question is allowed for **questions 1-11 inclusive.**
- **Two** answers should be selected for questions **12 and 13.**
- For each answer, completely fill in the circle alongside the appropriate answer(s).
- If you want to change your answer, you must cross out your original answer.
- If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

0 1 Which of the following is true in relation to sources of finance for growing and established businesses?

- A Selling assets is an external source of finance
- B Share capital is an external source of finance
- C Retained profit is an external source of finance
- D Loan capital is an internal source of finance

[1 mark]

0 2 Which of the following is a benefit of inorganic growth?

- A Often easier to manage and control than internal growth
- B Market share can be increased overnight
- C Tends to be less expensive than organic growth
- D Growth is often slow

[1 mark]

0 3 Which of the following best describes the term takeover?

- A When two firms agree to join together to make one new business
- B When a business finds a new market in another country
- C When one business purchases another business
- D When a business brings something new to the market

[1 mark]

- 0 4** Which of the following is a benefit of using retained profit as a source of finance to fund business growth?
- A It does not need to be paid back
 - B The business is at risk of takeover
 - C Interest is payable on the money borrowed
 - D Money can be paid back in instalments over the long-term
- [1 mark]
- 0 5** Which method of growth will most likely reduce the number of businesses that operate in a domestic market?
- A Expansion overseas
 - B Opening of new stores
 - C Takeover of another business in the home country
 - D Entry into new foreign markets
- [1 mark]
- 0 6** Which of the following is a disadvantage to a retailer that operates through a number of physical stores of growing through the use of e-commerce?
- A The business does not have to open more bricks and mortar stores
 - B Customers can be accessed 24 hours a day
 - C An online store adds another purchasing opportunity for customers
 - D Customers may buy online and stop using any physical stores
- [1 mark]
- 0 7** Which of the following is true in relation to sources of finance for growing businesses?
- A A private limited company can raise finance through the stock exchange
 - B Interest payments have to be made when using retained profit
 - C A public limited company can sell more shares to fund growth plans
 - D Selling an unused building is an example of loan capital
- [1 mark]

0 8 Selling goods online is an example of which method of growth?

- A Merger
- B Opening new physical stores
- C Takeover
- D Changing an element of the marketing mix

[1 mark]

0 9 Which of the following best describes growth by expanding overseas? When a business:

- A Finds new customers to buy its products in its domestic market
- B Purchases another business in its home country
- C Finds a new market in another country
- D Invests heavily in research and development

[1 mark]

1 0 Which of the following is an advantage to a growing business of changing business ownership and becoming a public limited company?

- A Owners have unlimited liability
- B Shares can be sold to the public to raise finance
- C Financial accounts are published
- D Shares can only be sold to invited investors

[1 mark]

1 1 Which of the following best describes the source of finance known as loan capital? When:

- A Retained profit is used to reinvest in the business
- B A business sells unwanted assets to generate funds
- C A public limited company sells shares in the business
- D Money is borrowed & paid back, with interest, over a set time period

[1 mark]

1 2 Which **two** of the following are internal sources of finance for established businesses?

- A Stock market floatation
- B Selling assets
- C Loan capital
- D Retained profit
- E Share capital

[2 marks]

1 3 Which **two** of the following are examples of organic growth?

- A When two businesses agree to join together
- B When a business expands overseas
- C When a business acquires a controlling interest in another business
- D When one business buys another business
- E When a business launches a new product

[2 marks]

ANSWERS TO THIS MCQ TEST

Q	CORRECT
1	B
2	B
3	C
4	A
5	C
6	D
7	C
8	D
9	C
10	B
11	D
12	B,D
13	B,E