ENGLAND GCSE BUSINESS OCR · UNIT 1 · 25 QUESTIONS

Business Activity — Practice Test

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button so it can be fixed.

1 **Sales at a laptop shop rose from 100 to 120 units. The percentage increase is**

- A 20%
- B 40%
- C 25%
- D 200%

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2 **A cafe has revenue of £12,000 and total costs of £8,000. Its profit is**

- A £4,000
- B £20,000
- C £4,500
- D £40,000

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3 **A bakery sells 150 loaves at £4 each. Total revenue is**

- A £450
- B £600
- C £6,000
- D £800

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4 **A shop has £1,200 in coins in the till and £2,800 in the bank. Its total cash is**

- A £40,000
- B £4,000
- C £1,200
- D £2,800

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5 **A market stall sells 250 plants at £6 each. Total revenue is**

- A £1,500
- B £1,800
- C £15,000
- D £1,250

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6 **A shop sells 250 shirts at £6 each. Total revenue is**

- A £1,250
- B £1,500
- C £1,800
- D £15,000

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7 **Which of these is a SMART objective?**

- A Be the best business in the world
- B Increase sales by 10% in the next year
- C Sell lots of products to lots of people
- D Make as much money as possible

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8 **Who might read a business plan?**

- A A rival business owner
- B A worker applying for a job, in certain situations
- C A bank manager considering a loan
- D A customer buying a product

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9 **What is a gap in the market?**

A A business that has stopped trading, in certain situations

B A product that is too cheap

C A shop with no customers

D A customer need that no business is meeting

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10 **What is a trade-off?**

A Giving up one thing to gain another

B A deal between two rival businesses

C Making a profit without any costs

D Getting everything a business wants

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11 **Why might a business grow?**

A To reduce its sales

B To increase market share and profit

C To pay more tax

D To employ fewer workers, in certain situations

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12 **What is a disadvantage of a partnership?**

A Partners may disagree and slow down decisions

B Partners bring different skills to the business

C Partners share the workload

D More capital can be raised

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13 **Why do companies have a board of directors?**

- A To sell shares to the public, in certain situations
- B To buy goods from suppliers
- C To lend money to the company
- D To run the company on behalf of shareholders

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14 **Total costs are £12,000 for 400 units. Average unit cost is**

- A £30
- B £300
- C £400
- D £12,000

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15

Which is a reward of enterprise?

A Making a profit

B Working longer hours

C Losing money

D Having to pay interest on a loan every month

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16

What does added value mean?

A The price a customer pays

B The difference between the selling price and the cost of bought-in materials

C The profit a business makes

D The total wages a business pays its workers each month, in certain situations

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17 **What is a stakeholder?**

A A person who owns shares

B A worker in the business

C Anyone with an interest in a business

D A customer of the business, in certain situations

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18 **Which business is in the secondary sector?**

A A shop selling clothes

B A factory making cars

C A farm growing wheat

D A school teaching pupils

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19 **Why might a business locate in a rural area?**

A Workers demand higher wages there

B Transport is always better

C Land and rent are cheaper

D There are more customers

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20 **What do charities do with a surplus?**

A Give it to the government

B Use it to further their aims

C Share it between their workers

D Pay it to shareholders

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21 **What is a financial objective?**

A To improve customer service

B To increase profit

C To reduce pollution

D To employ more local people

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22 **What is a marketing economy of scale?**

A Spreading advertising costs over more products sold

B Paying more for each advert

C Advertising only in one town, which a business might do

D Hiring more sales staff

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23 **What is an advantage of being a sole trader?**

- **A** The owner keeps all the profit
- **B** The owner shares the work with partners
- **C** The owner can raise a lot of capital
- **D** The business has limited liability

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24 **What is a business objective?**

- **A** A rival business in the same market, in certain situations
- **B** A short-term target that helps reach an aim
- **C** A long-term goal of the business
- **D** A product a business sells

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25

Why might a business plan need updating?

A Customers demand a new plan

B Plans must never be changed

C The law requires a new plan each month, in certain situations

D Circumstances change, such as new rivals or costs

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ANSWER KEY

1.	A	**10.**	A	**19.**	C
2.	A	**11.**	B	**20.**	B
3.	B	**12.**	A	**21.**	B
4.	B	**13.**	D	**22.**	A
5.	A	**14.**	A	**23.**	A
6.	B	**15.**	A	**24.**	B
7.	B	**16.**	B	**25.**	D
8.	C	**17.**	C		
9.	D	**18.**	B		

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