

Unit 1 – Business Activity

1.1 Enterprise

1. List 3 reasons for starting a business
2. List 4 qualities of an entrepreneur
3. Give 2 potential business risks and 2 potential business rewards

1.2 Business planning

1. List 5 sections of a business plan
2. Explain why business plans are useful
3. What are the problems of business plans?

1.3 Business ownership

1. Define a sole trader and explain one advantage and one disadvantage
2. Define a partnership and explain one advantage and one disadvantage
3. Define a private limited company (Ltd) and explain one advantage and one disadvantage
4. Define a public limited company (PLC) and explain one advantages and one disadvantage
5. Explain what is meant by unlimited liability

1.4 Aims and objectives

1. Explain the difference between aims and objectives of businesses
2. Give 2 reasons why profit is such an important business objective
3. What is meant by profit sacrificing?

1.5 Stakeholders

1. Explain what a stakeholder is
2. List 6 different stakeholders and group into internal and external
3. Why might business owners and customers have a conflict of interest?

1.6 Growth

4. Explain the difference between Organic Growth and External Growth
5. Explain why growth is a long-term objective

6. Explain the concepts economies and diseconomies of scale
7. Explain why objectives change over time
8. Explain why GROWTH and PROFIT may conflict
9. Give three ways of measuring growth?
10. Explain the difference between vertical and backward integration
11. Define lateral growth
12. Explain what is meant by a conglomerate
13. What are the benefits of forming a conglomerate business?
14. Explain two advantages of growing horizontally