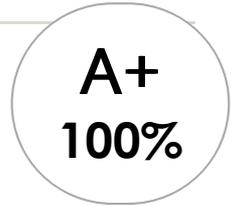


## 20 Multiple choice questions



1. a situation where owners decide to close the business through their own choice
  - a. private sector
  - b. standard of living
  - c. value chain
  - d. **CORRECT: voluntary cessation**
  
2. they are intangible - they cannot be touched or seen, e.g. transport and communications
  - a. solvency
  - b. risk
  - c. **CORRECT: services**
  - d. wages
  
3. when there is a possibility of something 'bad' happening or the entrepreneur being exposed to financial loss
  - a. wages
  - b. rent
  - c. **CORRECT: risk**
  - d. services
  
4. the usefulness or the ability of a product to provide satisfaction of wants to consumers
  - a. **CORRECT: utility**
  - b. wealth
  - c. salary
  - d. time utility
  
5. an individual, other business or organisation that has a vested interest in the business achieving its objectives
  - a. services
  - b. **CORRECT: stakeholder**
  - c. wages
  - d. salary

6. the income per head of population valued in terms of the foods and services that income will buy
  - a. **CORRECT: standard of living**
  - b. voluntary cessation
  - c. stakeholder
  - d. quality of life
  
7. businesses are privately owned with no government ownership
  - a. profitability
  - b. **CORRECT: private sector**
  - c. prospectus
  - d. services
  
8. fixed regular payments, usually paid on a daily or weekly basis by an employer to an employee
  - a. **CORRECT: wages**
  - b. rent
  - c. wealth
  - d. salary
  
9. the income received from allowing a business to use property that it does not own
  - a. wealth
  - b. **CORRECT: rent**
  - c. wages
  - d. risk
  
10. the process where, as the product of a business moves from one process to the next, value is added
  - a. **CORRECT: value chain**
  - b. salary
  - c. wealth
  - d. solvency
  
11. when the owners of a business are fully and personally responsible for the debts of that business
  - a. **CORRECT: unlimited liability**
  - b. time utility
  - c. profitability
  - d. utility

12. an indicator of well-being and includes environmental factors, health, education, recreation and leisure time as well as wealth and employment
- CORRECT: quality of life**
  - profitability
  - value chain
  - time utility
13. refers to the extent to which the current assets of a business exceed the current liabilities of that business
- services
  - rent
  - CORRECT: solvency**
  - salary
14. do not have a separate legal identity or existence from their owners; the owners of unincorporated businesses have unlimited liability, meaning they are fully and personally responsible for the debts of the business
- profitability
  - private sector
  - unlimited liability
  - CORRECT: unincorporated businesses**
15. huge corporations; they tend not to have a nationally-based parent company; their business transactions take place across borders on a global basis; this gives them the opportunity to take advantages of the differences in laws and financial systems between various countries
- standard of living
  - unincorporated businesses
  - voluntary cessation
  - CORRECT: transnational corporations (TNCs)**
16. a written invitation to the public to buy shares in a business
- CORRECT: prospectus**
  - services
  - risk
  - rent

17. the production and accumulation of assets which satisfy human wants and needs minus any liabilities that are owed
- a. utility
  - b. rent
  - c. **CORRECT: wealth**
  - d. wages
18. where consumers experience satisfaction because the product is available when it is wanted
- a. wealth
  - b. utility
  - c. **CORRECT: time utility**
  - d. profitability
19. a fixed yearly payment to an employee which is usually divide up into 26 fortnightly payments
- a. **CORRECT: salary**
  - b. solvency
  - c. utility
  - d. wages
20. the ability of a business to make a profit; it refers to the fact that there is a relationship between the sales revenue of a business, its costs of production and the profit it makes
- a. time utility
  - b. wealth
  - c. **CORRECT: profitability**
  - d. utility