

2.5 - External Influences

Test your knowledge of Theme 2.5 by working out whether the following statements are true or false. Ensure that you consider each statement carefully before selecting a response. Precise knowledge is essential for success in A Level Business!

1- Interest rates determine the cost of borrowing and the reward for saving.	T	F
2- When interest rates are high, consumers with mortgages will have less disposable income to spend on goods and services.	T	F
3- Inflation occurs when a business broadens its product range.	T	F
4- The Consumer Prices Index tracks the price of a 'basket' of goods and services that households are regularly buying.	T	F
5- Exchange rates are used to convert between currencies.	T	F
6- When the pound strengthens, it becomes more expensive to import goods, and exported goods become cheaper to buy for overseas purchasers.	T	F
7- If £1 = \$1.15, then \$10 = £8.85	T	F
8- Government spending can boost the economy.	T	F

<p>9- Raising the income tax rate will mean that consumers have more disposable income to spend on products.</p>	T	F
<p>10- Production rapidly increases during a recession, resulting in greater employment and higher wages.</p>	T	F
<p>11- Macroeconomic uncertainties are those that only affect businesses in certain industries.</p>	T	F
<p>12- An economic recession is an example of a microeconomic uncertainty.</p>	T	F
<p>13- Under consumer protection legislation, goods must be 'fit for purpose' and 'satisfactory quality'.</p>	T	F
<p>14- Complying with legislation can be costly for a business but it avoids reputational damage.</p>	T	F
<p>15- The Competition and Markets Authority (CMA) regulates mergers and takeovers to prevent monopolies.</p>	T	F
<p>16- Predatory pricing is legal but immoral.</p>	T	F
<p>17- Employees legally must be given redundancy pay if they have been working at a firm for 2+ years.</p>	T	F
<p>18- Firms cannot legally discriminate against employees on grounds such as gender, race and disability.</p>	T	F
<p>19- A market may be described as competitive if there are a small number of firms offering very different products.</p>	T	F
<p>20- Operating in a competitive market may prompt a business to adapt its pricing strategy.</p>	T	F