

Name:

Class:

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

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