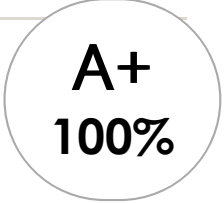


20 Multiple choice questions



A+
100%

1. the cost of borrowing money
 - a. innovation
 - b. growth
 - c. partnership
 - d. **CORRECT: interest**

2. when consumers experience satisfaction when they consume or use a good or service
 - a. limited liability
 - b. liquidity
 - c. place utility
 - d. **CORRECT: possession utility**

3. relates to where shareholders do not have to respond to calls from the company to pay up on the unpaid issue price of shares
 - a. liquidity
 - b. **CORRECT: no liability (NL)**
 - c. limited liability
 - d. liquidation

4. the shareholders (owners) of a company are liable for the debts of the company only to the extent of the funds that they have invested in the company or any amounts that are unpaid on the shares that they hold
 - a. liquidity
 - b. **CORRECT: limited liability**
 - c. liquidation
 - d. place utility

5. one that has a legal identity that is separate from its owners; this offers financial and legal protection to the owners; a corporation can sue and be sued in court, but the owners are liable to the extent of the funds that they have invested in the business
 - a. local business
 - b. international business
 - c. national businesses
 - d. **CORRECT: incorporated business**

6. where consumers experience satisfaction because the product is available where it is needed
 - a. local business
 - b. **CORRECT: place utility**
 - c. possession utility
 - d. liquidity

7. one where customers are usually working or living nearby e.g. a convenience store
 - a. international business
 - b. national businesses
 - c. **CORRECT: local business**
 - d. place utility

8. the relationship which exists between people carrying on a business with a common purpose and a view to making a profit; it involves an agreement between two or more parties to enter into a legally binding relationship
 - a. interest
 - b. **CORRECT: partnership**
 - c. growth
 - d. place utility

9. the creation or improvement of products, technologies or ideas
 - a. liquidation
 - b. interest
 - c. growth
 - d. **CORRECT: innovation**

10. a direct impact on a business and the business has some control over these factors
- CORRECT: internal influences**
 - interest
 - international business
 - national businesses
11. have no investment, staff or sales premises outside their home country; they are merely importers or exporters of goods and/or services
- local business
 - CORRECT: international business**
 - national businesses
 - internal influences
12. the owners of a business are forced to close; the business is no longer viable and will not be able to continue operating
- interest
 - CORRECT: involuntary cessation**
 - market concentration
 - innovation
13. relates to the cash flow position of the business and focuses on whether a business can pay debts as they fall due
- liquidation
 - CORRECT: liquidity**
 - interest
 - place utility
14. the process of terminating or 'winding-up' an incorporated business; this involves ceasing business operations, selling assets and converting them into cash, discharging liabilities (paying out debts) and distributing any surplus assets among shareholders
- innovation
 - CORRECT: liquidation**
 - interest
 - liquidity

15. refers to the number and size of businesses in an industry
- partnership
 - CORRECT: market concentration**
 - innovation
 - involuntary cessation
16. made to workers who receive a wage and are asked to work in excess of the hours stated in their employment contracts; overtime will usually be paid at a higher rate than pay for normal time
- liquidation
 - interest
 - CORRECT: overtime payments**
 - partnership
17. have their head office of headquarters are based in their home country; they expand into global markets by establishing subsidiaries in host countries around the globe
- international business
 - CORRECT: multinational corporations (MNCs)**
 - incorporated business
 - national businesses
18. the expansion of a business once it begins operations
- innovation
 - interest
 - liquidity
 - CORRECT: growth**
19. there are a large number of employees in relation to the machinery (capital goods) that a business has
- liquidity
 - liquidation
 - partnership
 - CORRECT: labour-intensive**

20. have branches or franchises operating in more than one state or territory
- a. local business
 - b. international business
 - c. internal influences
 - d. **CORRECT:** national businesses