**BTEC National Business**

**Unit 3 Personal and Business Finance**

**Multiple Choice Question Test Bank**

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**MCQ Test 6**

**This MCQ test contains 15 questions covering the specification content for Section B: Business Finance**

**Instructions:**

* **There are 15 questions in this test**
* **Your teacher will determine how long you have to complete this test and under what conditions**
* Only one answer per question is allowed.
* For each answer completely fill in the circle alongside the appropriate answer.
* If you want to change your answer you must cross out your original answer.
* If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 1 | The trade payables days shows: | | | |
|  |  | A | How many days a business takes to pay its rent | 🖵 |  |
|  |  | B | How many days a business’s credit customers take to pay their invoices | 🖵 |  |
|  |  | C | How many days a business takes to pay its credit suppliers | 🖵 |  |
|  |  | D | How many days it takes suppliers to deliver inventories to a business | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 2 | Which of the following sources of business finance does NOT incur interest: | | | |
|  |  | A | Payday loan | 🖵 |  |
|  |  | B | Mortgage | 🖵 |  |
|  |  | C | Debenture | 🖵 |  |
|  |  | D | Owners capital | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 3 | Which of the following would NOT appear on the Statement of Comprehensive Income? | | | |
|  |  | A | Wages | 🖵 |  |
|  |  | B | Bank interest paid | 🖵 |  |
|  |  | C | Depreciation | 🖵 |  |
|  |  | D | Purchases of non-current assets | 🖵 |  |
|  |  |  | |  | 1 mark |

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| --- | --- | --- | --- | --- | --- |
| 0 | 4 | Which of the following would NOT be found on a Statement of Financial Position? | | | |
|  |  | A | Trade payables | 🖵 |  |
|  |  | B | Cash | 🖵 |  |
|  |  | C | Interest paid | 🖵 |  |
|  |  | D | Capital | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 5 | Which of the following is a formula for calculating the total contribution? | | | |
|  |  | A | Total revenue – fixed costs | 🖵 |  |
|  |  | B | Total revenue - total costs | 🖵 |  |
|  |  | C | Fixed costs + profit | 🖵 |  |
|  |  | D | Fixed costs - profit | 🖵 |  |
|  |  |  | |  | 1 mark |

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| --- | --- | --- | --- | --- | --- |
| 0 | 6 | Which one of these actions would be MOST likely to increase the margin of safety? | | | |
|  |  | A | Higher sales and higher break-even point | 🖵 |  |
|  |  | B | Higher sales and lower break-even point | 🖵 |  |
|  |  | C | Lower sales and higher break-even point | 🖵 |  |
|  |  | D | Lower sales and lower break-even point | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 7 | The Return on Capital Employed of a sole trader can be improved by: | | | |
|  |  | A | Increasing Net Profit | 🖵 |  |
|  |  | B | Decreasing payment terms to credit customers | 🖵 |  |
|  |  | C | Increasing capital employed | 🖵 |  |
|  |  | D | Decreasing dividends paid to shareholders | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 8 | Which of the following is a drawback of internal sources finance? | | | |
|  |  | A | They do not belong to the owner | 🖵 |  |
|  |  | B | They incur interest if used | 🖵 |  |
|  |  | C | They may not be sufficient for the business’s needs | 🖵 |  |
|  |  | D | They can result in poor financial performance | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 9 | Which of the following is NOT an example of capital income? | | | |
|  |  | A | Loan | 🖵 |  |
|  |  | B | Mortgage | 🖵 |  |
|  |  | C | Debentures | 🖵 |  |
|  |  | D | Commission | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 0 | A dance school has to teach 240 lessons a week to break even. If the weekly margin of safety is 60 lessons, what is the maximum % that weekly number of lessons can fall by to avoid making a loss? | | | |
|  |  | A | 10% | 🖵 |  |
|  |  | B | 20% | 🖵 |  |
|  |  | C | 30% | 🖵 |  |
|  |  | D | 40% | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 1 | If cash inflows increase by £6,000 and cash outflows increase by £10,000, what will be the impact on the net cash flow? | | | |
|  |  | A | Increase of £4,000 | 🖵 |  |
|  |  | B | Decrease of £4,000 | 🖵 |  |
|  |  | C | Increase of £16,000 | 🖵 |  |
|  |  | D | Decrease of £16,000 | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 2 | Which of the following is NOT an example of a tangible non-current asset : | | | |
|  |  | A | Vehicles | 🖵 |  |
|  |  | B | Land and buildings | 🖵 |  |
|  |  | C | Inventories | 🖵 |  |
|  |  | D | Fixtures and fittings | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 3 | If the GP margin is 60% and sales were £200,000, calculate the value of gross profit. | | | |
|  |  | A | £100,000 | 🖵 |  |
|  |  | B | £120,000 | 🖵 |  |
|  |  | C | £140,000 | 🖵 |  |
|  |  | D | £320,000 | 🖵 |  |
|  |  |  | |  | 1 mark |

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| --- | --- | --- | --- | --- | --- |
| 1 | 4 | What is the MOST LIKELY reason for a business to use invoice discounting? | | | |
|  |  | A | To encourage prompt or early payment by customers | 🖵 |  |
|  |  | B | To encourage prompt or early payment by suppliers | 🖵 |  |
|  |  | C | To increase trade receivables days | 🖵 |  |
|  |  | D | To decrease trade payables days | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 5 | If the mark-up was 25% and cost of goods sold was £120,000, calculate the value of sales. | | | |
|  |  | A | £30,000 | 🖵 |  |
|  |  | B | £90,000 | 🖵 |  |
|  |  | C | £120,000 | 🖵 |  |
|  |  | D | £150,000 | 🖵 |  |
|  |  |  | |  | 1 mark |

**ANSWERS TO THIS MCQ TEST**

|  |  |
| --- | --- |
| **Q** | **CORRECT** |
| 1 | C |
| 2 | D |
| 3 | D |
| 4 | C |
| 5 | C |
| 6 | B |
| 7 | A |
| 8 | C |
| 9 | D |
| 10 | B |
| 11 | B |
| 12 | C |
| 13 | B |
| 14 | A |
| 15 | D |