

Work Sheet 1 - Business objectives

Q1 Fill in the gaps

With such a varied amount of firms in the UK comes a variety of business _____. Many large plc's who are owned by shareholders demand _____ in order to be able to pay dividends to shareholders. This also allows for _____ i.e. expansion into new markets or new products. Innocent Smoothies were taken over by Coca Cola which allowed them to use the distribution channels of Coca Cola and rapidly expand to become a much larger brand. Innocent Smoothies donate 10% of profits to charity and therefore has _____ and ethical objectives as well as profit goals. However, a firm that is struggling may just focus on _____ as its key objective, trying to boost flow to help pay its bills.

Choose from: investment, fixed, profit, costs, turnover,

Q2 Match the objective to the situation

1. Profit	A. A crisp manufacturer takes more trade credit from its supplier and reduces credit to its retail customer
2. Growth	B. An arms firm stops selling goods to an African country at war to prevent a high death toll
3. Cash flow	C. A fishing tackle shop owner makes enough sales for the day and decides to close early
4. Social and ethical	D. A music shop in Sheffield begs a customer to buy in store as internet music shops continue to take away his sales
5. Survival	E. A deli puts up prices due to booming demand
6. Satisficing	F. Apple sets up 5 new stores in China

Q3 What is the word formed by the first letter of each term defined below?

- 3.1 The difference between revenue and costs
- 3.2 The moral goals of an organisation
- 3.3 An objective of expansion through perhaps targeting new markets

	3.4	Trying to cover costs and be able to pay bills in order to prolong the life of a firm
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Q4	Identify the anagrams	
	4.1	The overall goal or aim MOST INTIMATENESS
	4.2	A specific target needs to be...? ALARM BE SUE
	4.3	A business that is socially responsible ITCH ALE
	4.4	Objective to have a positive bank balance? FLOC SHAW

Q5	Explain why	
	5.1	Many new business start-ups are more concerned about survival than growth
	5.2	Large public limited companies like Tesco have to generate high profits
	5.3	A mission statement differs to an objective

Work Sheet 2 - The measurement and importance of profit

Q1	Fill in the gaps
	Many managers seek to increase revenue (also known as _____) but the bottom line is profit. Sales revenue looks good but a keen investor will be more interested in what is left after _____ are deducted to give profit. The two main types of cost are _____ and variable. The main difference is that one changes with output while the other doesn't. Shareholders are particularly interested in _____ as it will allow for dividends to be paid out to give them a return on their _____ .
	<i>Choose from: investment, fixed, profit, costs, turnover,</i>

Q2	Calculation time
	2.1 Calculate the total revenue for Shelly's Ice Cream from the following day's sales: SOLD 260 ice creams at £1.50, 140 lollies at £1.20 and 270 drinks at £1.10
	2.2 Calculate the overall daily profit for Shelly's Ice Cream using the above and the extra information below: Variable costs are half the selling price used by Shelly. Fixed costs are £140 per day

Q3	What is the odd one out in each list below?
	3.1 Net, Operating, Retained, Gross, Turnover
	3.2 Manager salaries, Raw materials, Electricity, Rent
	3.3 Sales, Turnover, Revenue, Advertising
	3.4 Piece rate wages, Raw materials, Rent, Plastic packaging

Q4	Explain why
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5.1 Profit is more important to an established company than a small sole trader starting up

5.2 Firms find it difficult to cut costs and keep their stakeholders happy

5.3 Achieving revenue may not instantly bring cash into the business

Q5	Explain why
	<p data-bbox="295 349 1342 421">5.4 Virgin Group many have wanted to be a private limited company when diversifying into new areas like train franchises and space travel</p> <p data-bbox="295 819 1385 853">5.5 Many plc's in the UK are reluctant to devote huge funds to Research and Development</p> <p data-bbox="295 1216 1034 1249">5.6 Share prices in plc's are likely to fall after a profit warning</p>

Worksheet 4 - How the external environment can affect costs and demand

Q1	Fill in the gaps
	<p data-bbox="295 1800 1374 2016">The _____ environment consists of those elements outside the control of the business. Some use the acronym PESTEL which represents the key factors: Political, _____, Social, Technological, Environmental and _____. External factors can affect both costs and _____ often by impacting on consumers and their ability to purchase the product or service. For example, in a recession, consumer confidence would fall lowering _____ for new cars. _____ rates set by the Bank of England can have a major effect since</p>

	consumers often borrow in order to buy expensive items like houses. Competitors can have a major impact as if they spend a high amount advertising it could mean _____ rise as advertising budgets would need to be raised to compete.
	<i>Choose from: sales, costs, Economic, demand, Interest, external, Legal</i>

Q2	Match the likely external factor with the situation
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13. Environmental	M. A pay freeze for teachers continues to make them careful about where they buy their weekly groceries
14. Demographic	N. Consumers decide against taking loans out for big ticket items like cars
15. Interest rates	O. An increase in staff training by Sainsbury forces Tesco to increase their own training or be left behind on service levels
16. Incomes	P. A new government regulation to outlaw smoking in public places leads to many smokers giving up the habit
17. Legal	Q. A rise in the number of pensioners boosts sales at Pennine Garden Centre
18. Competition	R. A 300% rise in sales for the new electric car launched by Nissan

Q3	What is the word formed by the first letter of each term defined below?
	<p>3.1 New regulations passed by government</p> <p>3.2 The amount people are earning in society</p> <p>3.3 A rival firm in the same market</p> <p>3.4 Concern for the planet and the amount of pollution produced</p>

Q4	True or False?
	<p>4.1 Interest rates are set by the UK government</p> <p>4.2 Market conditions can include oligopoly, monopoly or monopolistic competition</p> <p>4.3 Disposable incomes depend upon both inflation (rising prices) and interest rates</p> <p>4.4 Rising exchange rates will increase costs for all businesses</p>

Q5	Explain why
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5.7 Costs can be affected by the actions of competitors

5.8 Business costs could be affected by actions of the Bank of England

5.9 Sainsbury's costs and demand could be affected by the decision to stock more fair trade fruit