1. During a recession, most businesses experience:

   ☐ rising demand

   ☐ higher profits

   ☐ labour shortages

   ☐ falling demand and lower sales

2. Why did the UK sugar levy raise less money than forecast?

   ☐ Firms cut the sugar in their drinks before it started

   ☐ Prices fell to zero

   ☐ Nobody bought drinks

   ☐ The tax was cancelled

3. In a SWOT analysis, opportunities and threats are:

   ☐ always financial

   ☐ external factors

   ☐ internal factors

   ☐ the same as strengths

4. A rise in interest rates is likely to:

   ☐ reduce consumer spending and borrowing

   ☐ lower the firm's costs

   ☐ raise demand

   ☐ increase borrowing

5. VAT is an example of…

   ☐ a tax on profits only

   ☐ a direct tax on income

   ☐ a subsidy

   ☐ an indirect tax on spending

6. Which are INTERNAL factors in SWOT? (Select all that apply.)

   ☐ opportunities

   ☐ strengths

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   ☐ threats

   Tick every correct option.

7. Inflation tends to lower a firm's costs and raise customers' real spending power.

   ☐ True ☐ False

8. A phone costs $400 before VAT. With VAT at 20%, what is the customer price in dollars?

   _____

9. A SWOT analysis is only useful if the business acts on its findings.

   ☐ True ☐ False

10. The phase of the business cycle with falling output and rising unemployment is a _____.

    _____

1. **falling demand and lower sales**

   A recession cuts demand and sales for most firms.

2. **Firms cut the sugar in their drinks before it started**

   Firms adapted.

3. **external factors**

   Opportunities and threats are external; strengths and weaknesses are internal.

4. **reduce consumer spending and borrowing**

   Dearer borrowing cuts spending and demand.

5. **an indirect tax on spending**

   It is added to prices.

6. **strengths; weaknesses**

   Strengths and weaknesses are internal; opportunities and threats are external.

7. **False**

   False. Inflation tends to raise a firm's costs (materials, wages) and reduce customers' real spending power, so both sides squeeze the business.

8. **480**

   400×1.2.

9. **True**

   Analysis without action changes nothing.

10. **recession**

    A recession is the downturn phase.

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