

A-Level Business

Name: _____ Score: _____

1. Enterprise is best described as:

- ☐ the willingness to take risks and combine resources to produce
- ☐ the machinery a firm owns
- ☐ the number of employees
- ☐ the money invested in a business

2. A key purpose of a business plan is to:

- ☐ help raise finance from banks or investors
- ☐ avoid paying any tax
- ☐ remove all risk
- ☐ guarantee the business will succeed

3. Limited liability means shareholders:

- ☐ can lose only the amount they invested
- ☐ own no shares
- ☐ are liable for all the company's debts
- ☐ cannot make a profit

4. Which are ways to measure the size of a business? (Select all that apply.)

- ☐ revenue (turnover)
- ☐ capital employed
- ☐ number of employees
- ☐ the founder's age

Tick every correct option.

5. Economies of scale occur when, as output rises:

- ☐ average cost per unit falls
- ☐ revenue falls
- ☐ total cost falls
- ☐ average cost rises

6. The most likely main objective of a brand-new business is:

- ☐ survival

- ☐ profit maximisation
- ☐ global dominance
- ☐ paying dividends

7. Every stakeholder in a business is also a shareholder.

- ☐ True ☐ False

8. A firm buys materials for 25 and sells the finished good for 70. What is the value added?

9. A document setting out a new business's idea, market and finances is a business _____.

10. An incorporated company has no legal identity separate from its owners.

- ☐ True ☐ False

A-Level Business

1. the willingness to take risks and combine resources to produce

Enterprise is the risk-taking, organising factor – the entrepreneur.

2. help raise finance from banks or investors

Lenders and investors expect a plan; it also clarifies the idea.

3. can lose only the amount they invested

Their loss is capped at their investment.

4. revenue (turnover); capital employed; number of employees

Employees, revenue and capital employed are standard size measures.

5. average cost per unit falls

Average (per-unit) cost falls with greater scale.

6. survival

New firms prioritise survival before profit or growth.

7. False

False. It is the other way round: every shareholder is a stakeholder, but stakeholders also include employees, customers, suppliers and the local community, who own no shares.

8. 45

Value added = $70 - 25 = 45$.

9. plan

The business plan is used to clarify the idea and raise finance.

10. False

False. Incorporation creates a separate legal person that can own assets, sue and be sued. This is what makes limited liability possible for shareholders.