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

   ☐ 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

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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.

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