

1. Which of the following engineering businesses is most likely to be a private limited company?

- A An engineering consultancy that specialises in providing specialist design work for large civil engineering companies
- B A manufacturer of alloy wheels for cars with 95 employees
- C A renewables organisation with its headquarters in the Netherlands and subsidiary manufacturing companies in other EU countries
- D A company that manufactures gas turbine engines for the civil aviation market

2. Which of the following engineering businesses is most likely to be a partnership?

- A An engineering consultancy that specialises in providing specialist design work for large civil engineering companies.
- B A manufacturer of alloy wheels for cars with 95 employees.
- C A renewables organisation with its headquarters in the Netherlands and subsidiary manufacturing companies in other EU countries.
- D An airline MRO (Maintenance Repair and Overhaul) organisation.

3. Which of the following is an advantage of a large company operating as a Public Limited Company (PLC)?

- A The company cannot be taken over by a bid that is considered "hostile" by its board of directors
- B A company must be a PLC to bid for a government contract
- C It makes it easier to find investment for expansion
- D This is the only way that the owners of a company can escape personal liability for its debts.

4. A manufacturer produces items which sell for £4.50 per item. The fixed costs of production are £900 per week, and the variable costs are £4.10 per item. In one week the company made and sold 2000 items. What was the profit or loss in this week?

- A profit = £800
- B Profit = £100
- C Loss = £100
- D Loss = £800

5. A manufacturer produces items which it sells for £50 per item. The fixed costs of production are £15000 per month, and the variable costs are £35 per item. In one month the company made a profit of £3000. How many items did it sell?

- A 60
- B 100
- C 120
- D 150

6. A fixed cost:

- A will not change during the lifetime of a project
- B is one which does not depend on the number of products produced
- C is always greater than the total variable costs in a product or service
- D is not taken into account when the breakeven point is calculated.

7. Ghost Aviation develops and manufactures composite wing parts for a major aerospace company. Which of the following would not usually be considered as a variable cost for this type of product?

- A research and development
- B raw materials such as carbon fibre panels, resin, fittings and fasteners
- C packaging and transport of the final products
- D hourly paid contracted labour.

8. A company specialises in large scale solar power PV schemes. At one particular time, it is working on three separate projects. The balance sheet of each project includes direct and indirect costs. In this context, which of the following statements about indirect costs is true?

- A Indirect costs include items such as the purchase price of PV panels and grid connection equipment.
- B Indirect costs affect the overall profitability of a project.
- C Indirect costs are usually more than direct costs in these types of project.
- D Indirect costs would increase significantly if a project meets an unexpected problem, for example a delay in the availability of PV panels.

9. "SME" stands for "Small to Medium sized Enterprise".

- A True
- B False

10. If someone registers as a sole trader they cannot employ anyone else.

- A True
- B False

11. A company will make a profit provided its sales are greater than the breakeven point.

- A True
- B False

12. Variable costs are the same as direct costs.

- A True
- B False

13. Fixed costs cannot change during the lifetime of a project.

- A True
- B False

14. A company can never make a profit per item if the variable costs are greater than the selling price.

- A True
- B False

15. Variable costs are always directly proportional to the number of items produced.

- A True
- B False