



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)

Academic Year 2018 – 3rd Year Examination – Semester 6

EN6502 – Introduction to Entrepreneurship
Multiple Choice Question Paper

07th October, 2018
(ONE HOUR)

Important Instructions :

- The duration of the paper is **1 (one) hour**.
- The medium of instruction and questions is English.
- The paper has **20 questions** and **07 pages**.
- All questions are of the MCQ (Multiple Choice Questions) type.
- All questions should be answered.
- Each question will have 5 (five) choices with **one or more** correct answers.
- All questions will carry equal marks.
- There will be a penalty for incorrect responses to discourage guessing.
- The mark given for a question will vary from 0 (*All the incorrect choices are marked & no correct choices are marked*) to +1 (*All the correct choices are marked & no incorrect choices are marked*).
- Answers should be marked on the special answer sheet provided.
- Note that questions appear on both sides of the paper.
If a page is not printed, please inform the supervisor immediately.
- Mark the correct choices on the question paper first and then transfer them to the given answer sheet which will be machine marked. **Please completely read and follow the instructions given on the other side of the answer sheet before you shade your correct choices.**

1) Which of the following better describe(s) an Entrepreneur?

- (a) Manages a business that operates in more than one country.
- (b) Accepts the risk of starting and running a business.
- (c) They are born not made.
- (d) Manages a business on behalf of someone else.
- (e) Owns controlling interest in the stock of a major corporation.

2) Identify the correct statement(s) regarding the characteristics of a Businessman and an Entrepreneur.

- (i) Want to pursue their passion therefore, they take huge risks.
- (ii) A market player as continuing traditional business.
- (iii) Is profit oriented and usually sees customers as his source of sales and revenues.
- (iv) Is people oriented

- (a) An Entrepreneur (i) and (ii)
A Businessman (iii) and (iv)
- (b) An Entrepreneur (i) and (iii)
A Businessman (ii) and (iv)
- (c) An Entrepreneur (i) and (iv)
A Businessman (ii) and (iii)
- (d) An Entrepreneur (ii) and (iii)
A Businessman (i) and (iv)
- (e) An Entrepreneur (ii) and (iv)
A Businessman (i) and (iii)

3) A combination of at least two firms conducting similar businesses offering the same goods or services and operating in the same industry; is known as.....

- (a) Vertical integration
- (b) Product extension merger
- (c) Horizontal integration
- (d) Market extension merger
- (e) Conglomerate

4) Which of the following is/are (a) characteristic(s) of a successful entrepreneur?

- (i) Optimism
- (ii) Over planning
- (iii) Persuasiveness
- (iv) Versatility

- (a) Only (i) and (ii)
- (b) Only (ii), (iii) and (iv)
- (c) Only (i) and (iii)
- (d) Only (ii), (iii) and (iv)
- (e) Only (i), (iii) and (iv)

5) When considering the facts advantages and disadvantages of starting various types of businesses, it is apparent that:

- (a) Businesses that offer a chance for high profits tend to be difficult to start and hard to keep going.
- (b) Businesses that are easy to start often offer the greatest potential for long term growth and profits.
- (c) The greatest security is available in the manufacturing sector.
- (d) The reason the service sector is growing so rapidly is that service firms are always easy to start, easy to keep going, and offer both growth opportunities and plenty of security.
- (e) In today's context a dedicated physical location is not required to run a business, due to technological enhancement.

6) Someone legally appointed to sell off the assets of a bankrupt firm is called

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| (a) A Liquidator | (b) An Auctioneer | (c) A Terminator |
| (d) A Lawyer | (e) A Management consultant | |

- 7) All assets and liabilities of a company are indicated in the statement of the balance sheet. Which of the following can be taken as (an) asset(s) of a company?

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| (a) Creditors | (b) Intellectual property |
| (c) Prepaid insurance | (d) Bank loan |
| (e) Owner's capital | |

- 8) Which of the following is/are **not** (a) characteristic(s) of a Sole Proprietorship?

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| (a) The sole proprietor has total control and full decision-making power over policies, profits and capital investment. |
| (b) Risks that are taken by the sole proprietor may result in personal bankruptcy. |
| (c) Company has a separate legal status that allows it to enter into contracts, to sue or be sued, to own property and to borrow money in its own name. |
| (d) The liability of the shareholders for the company's debts is limited to the amount of their respective shareholding. |
| (e) The death or prolonged illness of the sole proprietor will lead to the end of the business. |

- 9) _____ is the process of dividing a market into distinct subsets that behave in the same way or have similar needs.

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| (a) Market targeting |
| (b) Market analysis |
| (c) Market positioning |
| (d) Market segmentation |
| (e) Market valuation |

- 10) Which of the following is best identified when a business with an established name and product is sold to additional owners along with the rights to distribute a product?

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| (a) Spin-off | (b) Franchise | (c) Trade-off |
| (d) Entrepreneurship | (e) Intrapreneurship | |

11) Which of the following suggestion(s) would an experienced entrepreneur most likely give to someone who is thinking about starting their own business?

- (a) Starting a new business is always better than buying an existing firm.
- (b) Even small businesses must keep accurate records.
- (c) In order to keep costs low when the company is just getting started, wait at least a year before hiring an accountant.
- (d) Prior business experience and knowledge is not important in managing a new firm.
- (e) Treat your business as a separate independent entity.

12) When should a risk be avoided?

- (i) When the risk event has a low probability of occurrence and low impact.
- (ii) When the risk event is unacceptable; generally, one with a very high probability of occurrence and high impact.
- (iii) When it can be transferred by purchasing insurance.

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| (a) Only (i) | (b) Only (i) and (ii) | (c) Only (ii) and (iii) |
| (d) Only (ii) | (e) Only (iii) | |

13) Select the **incorrect** statement(s) regarding market segmentation.

- (a) It identifies which products will be profitable and which ones are not worth pursuing.
- (b) It helps to define the needs and wants of the customers who are most interested in buying the firm's products.
- (c) It helps firms to decide how to allocate their resources in a way that maximizes profit.
- (d) It results in identifying the relatively homogenous groups of consumers that a firm can market its product.
- (e) It helps to design specific marketing strategies according to the characteristics of each segment.

14) Identify (a) limitation(s) of financial statements.

- (a) They depict the financial solvency of a company to pay its liabilities at any point in time.
- (b) They address only the financial issues but do not address non-financial issues.
- (c) Figures of these statements are not adjusted for inflation.
- (d) They include information that is directly related to your company's financial health and its capacity to undertake new ventures.
- (e) They are prepared for a particular date, mostly for the end of each financial year. Therefore, these year-end balances may not indicate the firm's position during the year.

15) Which of the following are Porter's generic strategies that lead to competitive advantage?

- (a) Cost leadership
- (b) Transition
- (c) Focus
- (d) Differentiation
- (e) Continuous improvement

16) Identify the correct statement(s) regarding the Net Present Value (NPV) and Internal Rate of Return (IRR).

- (a) Net present value (NPV) is equal to zero when the discount rate is equal to IRR.
- (b) Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time.
- (c) The project is viable if the NPV of that project is negative.
- (d) In general, the lower a project's internal rate of return (IRR), the more desirable it is to undertake.
- (e) IRR can be used to rank multiple prospective projects.

- 17) Neha is one of the newest and most successful entrepreneurs in the technology industry. She handles numerous dealings with other companies for the exchange of goods and services. Her primary goal is to ensure that all parties involved receive favorable and acceptable terms. Neha is most probably excellent at the entrepreneurial skill of _____.

(a) negotiating (b) networking (c) leadership
(d) analysis (e) alliance building

- 18) Entrepreneurships require financial backing in order to get started in the business world. Which of the following is/are **not** one of the method(s) commonly utilized to obtain the financial resources needed?

(a) Equity
(b) Commercial loans
(c) Personal finances provided by friends
(d) Venture capitalists
(e) Public offerings

- 19) _____ financing is raising money by selling part of the ownership of the business to investors.

(a) Debt
(b) Equity
(c) Venture capitalist
(d) Public offering
(e) Spin-off

- 20) There is more than one way to value a business. Which of the following is/are **not** commonly used?

(a) Market value of the assets
(b) Wealth of the owner
(c) Profits of the company
(d) Employee numbers
(e) Legal cases against entrepreneur