

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT

**Second Year Second Semester Examination in Bachelor of Business Administration/
Bachelor of Commerce – 2018/ 2019 (January 2022) (Proper/ Repeat)**

DED 2012 Entrepreneurship Development

Answer all questions.

Time: 02 Hours

01.

(A) Fill in the blanks with suitable words given below.

(Appendices, business plan, executive summary, financial plan, free, industry, marketing plan, strategic plan, business idea, brainstorming, manufacturers, marketing, costing, direct costs, direct material costs, direct labour costs, sales and costs plan, cash flow plan)

- (1) A _____ is a short and precise description of the basic operations of an intended business
- (2) _____ is a way of opening up your mind and helping you to think of many different ideas
- (3) _____ are entrepreneurs who use raw materials and make new products out these raw materials
- (4) _____ is everything you do to find out who your customers are and what they need and want
- (5) _____ is the way you calculate the total costs of making or selling a product, or providing a service
- (6) _____ are all costs that are directly related to the products or services your business makes or sells
- (7) A _____ is a forecast which shows you how much cash you expect to come in to your business and how much cash you expect to go out of your business each month
- (8) _____ in a business plan shows the estimated profit and expenses of venture
- (9) A _____ is a document that thoroughly explains a business idea and how it will be carried out
- (10) The _____ section of the business plan should be written last

(10 x 01= 10 Marks)

(B) State whether the below-mentioned statements are TRUE or FALSE.

- (1) There is difference between a manager and an entrepreneur
- (2) Innovativeness is essential for an entrepreneur
- (3) The word "Entrepreneur" has been derived from the French word "Intrapreneur"
- (4) Entrepreneurship helps in increasing government revenue
- (5) Entrepreneurs are born, not made
- (6) A business plan should be used only when setting up a new venture
- (7) An entrepreneur is a good decision maker
- (8) Entrepreneur is not a risk taker
- (9) Entrepreneur is an innovator
- (10) The stockholder may read only the executive summary of business plan to decide about the investment on that business

(10 x 01 = 10 Marks)

(C) Match each of the definitions on the left to the correct key term on the right

1. The money (capital) that a business needs in order to carry out its plans.	
2. Generating a level of revenue that is greater than the costs incurred by a business over a period of time.	
3. An individual who is good at spotting business opportunities and taking risks.	
4. A document that sets out a business opportunity and how it will be achieved.	
5. A document showing the expected cash inflows and outflows in the coming months	

- A. Break-even
- B. Business plan
- C. Cash flow forecast
- D. Entrepreneur
- E. Finance
- F. Investors
- G. Objective
- H. Profit

(05 x 01 = 05 Marks)

(Total 25 Marks)

02. Select correct answer for each multiple choice questions and write down the number of the answer in the answer script

- (1) The first things to do in marketing is to
 - (a) put all your skills into making your products the way you like them
 - (b) find out as much as possible about your customers and what they need and Want.
 - (c) try to make the same products or services other business make
- (2) The four Ps of marketing are
 - (a) product, profit, price and promotion
 - (b) product, promotion, payment and price
 - (c) product, price, place and promotion

- (3) Check the goods against the delivery note or the invoices
- (a) when you count at the end of the week or at end of the month
 - (b) immediately when you get the goods
 - (c) when you make your order
- (4) Stock control is important
- (a) only for retailers
 - (b) only for manufacturers
 - (c) for all business
- (5) It is bad for your business to hold too much stock. One of the main reasons is that
- (a) your suppliers will complain
 - (b) customers will go to their business
 - (c) your business money is tied up
- (6) If you suspect that you are losing stock, your stock records will tell you
- (a) who is stealing
 - (b) how much stock is missing
 - (c) how to solve the problem
- (7) A voucher is
- (a) a simple way of calculating profit
 - (b) a way of always writing the amount in two different columns in your record Book
 - (c) a receipt or any other proof of transaction with the same number as an entry in the record book
- (8) The best way to find out how well your business is doing is to
- (a) check your cash book
 - (b) make a profit and loss statement
 - (c) analyze your costs
- (9) Costing is the way you
- (a) work out what price you must set to make a profit
 - (b) find out the costs of your competitors
 - (c) calculate the total costs of making or selling a product or providing a service
- (10) In your costing, you include depreciation as a part of your
- (a) indirect costs
 - (b) direct cost
 - (c) direct material cost

- (11) Market research is important because it helps you to
- (a) decide what products or services to sell
 - (b) learn more about your employees
 - (c) do costing for a product or service
- (12) The most important person to a business is
- (a) the supplier
 - (b) the customer
 - (c) the delivery person
- (13) The scale that a store uses to weigh the goods they sell is an example of
- (a) raw materials
 - (b) spare parts
 - (c) equipment.
- (14) A forecast tells you
- (a) what is likely to happen in the future
 - (b) what profit you made last year
 - (c) about the past.
- (15) The cash flow is
- (a) only the money that comes into your business
 - (b) the money in your bank account
 - (c) the money that comes into and the money that goes out of your business.
- (16) The glue a shoe repairer uses to mend a shoe is
- (a) a direct cost because it is directly related to the mending of the shoe
 - (b) an indirect cost because the amount of glue needed to mend a shoe is very small costs little and is difficult to calculate
 - (c) a direct cost because it becomes part of the shoe.
- (18) Retailers and wholesalers do not have
- (a) direct labour costs because they do not have employees making products
 - (b) indirect costs because those costs are included in the prices the suppliers charge
 - (c) direct material costs because they do not make products and do not need raw materials.
- (19) In your costing, you include depreciation as part of your
- (a) indirect costs
 - (b) direct costs
 - (c) direct material costs.

- (20) To make plan you need
- (a) lots of cash
 - (b) credit sales
 - (c) information from your records

(Total 20 x 01= 20 Marks)

03. "A business plan is an essential roadmap for business success. This living document generally projects 3-5 years ahead and outlines the route a venture intends to take to grow revenues"

- (1) Briefly explain the need for a business plan from the perspective of the entrepreneur and the investor. (06 Marks)
- (2) What are the basic elements of a good business plan? Briefly explain. (06 Marks)
- (3) Why is the executive summary the most important section of the business plan?

(05 Marks)

(Total 17 Marks)

04. "Entrepreneurs play a key role in any economy. These are the people who have the skills and initiative necessary to anticipate current and future needs and bring good new ideas to market."

- (1) Distinguish between (a) Entrepreneur and Small Businessman and (b) Intrapreneur and Manager. (06 Marks)
- (2) What are the key personal entrepreneurial competencies required for a successful entrepreneur? Briefly describe each of the competencies. (06 Marks)
- (3) What is the role of entrepreneurship in economic development of the country?

(07 Marks)

(Total 19 Marks)

05. "An entrepreneur will be more successful if he can add value to the products using innovation."

- (1) What does mean by value addition (05 Marks)
- (2) Briefly explain how innovation contributes to value addition (06 Marks)
- (3) Using **milk and curd** as an example, briefly explain how producing and selling curd is more profitable than selling milk based the prices for the calculation of the cost of production.

(08 Marks)

(Total 19 Marks)