

**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE AND MANAGEMENT**

**Second Year Second Semester Examination in Bachelor of Business Administration/  
Bachelor of Commerce – 2017/ 2018 (January 2020) (Proper)**

**DED 2012 Entrepreneurship Development**

**Answer all questions.**

**Time: 02 Hours**

**01. Complete each sentence by choosing the right word or words from this list**

|             |                            |                    |                       |
|-------------|----------------------------|--------------------|-----------------------|
| Order       | Daily Cash Record          | Stock taking lists | Cash Flow Plan        |
| Receipt     | Customers' Accounts Record | Stock              | Man-hours             |
| Quotations  | Stock control              | Analyse            | Planning              |
| Invoice     | Stock cards                | Cash Flow          | Direct material costs |
| Total costs | Direct labour cost         | Indirect costs     | Indirect labour costs |

- (1) A ..... Is a document to prove that you have paid?
- (2) An ..... tells you to pay. Always compare it with your delivery note, to make sure you received everything you are paying for.
- (3) When customers buy for cash, write down the sale on the ..... Do it straight away. If you wait, you may forget.
- (4) By comparing the balance on your ..... with the quantities you counted and write on you (5) ..... You can find out if any stock is missing.
- (6) Cash coming into and going out of a business during a period of time is called the .....
- (7) A ..... forecasts the flow of cash into and out of your business.
- (8) Rukshan Metal make products out of metal, for example window frames, door frames, buckets and feeders. A large building company has asked Rukshan Metal for a quotation on window frames. When Mr. Rukshan prepares his quotation, he first works out how much money is needed to buy metal rods, bolts and hinges to make the window frames. These costs are called..... Next, Mr. Rukshan calculates the wages for his employees who will make the window frames. These costs are called (9) ..... Mr. Rukshan always makes sure that he calculates the total time it takes to make a product correctly. He knows that it takes one and a half (10)..... To make one window frame.

**(10 x 01= 10 Marks)**

**02. Select correct answer for each question and write down the letter 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) In general, your prices must be.
  - (a) low enough to attract customers to buy and high enough to give your business profit
  - (b) lower than competitors' prices and lower than the year before.
  - (c) low enough to get new customers and high enough to buy new goods
  
- (3) A good product or service
  - (a) will sell easily and does not need any promotion
  - (b) needs to be promoted like all other products or services
  - (c) needs to be promoted only its sales go down.
  
- (4) 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
  
- (5) Stock control is important
  - (a) only for retailers
  - (b) only for manufacturers
  - (c) for all business
  
- (6) It is bad for your business to hold too much stock. One of the main reason is that
  - (a) your suppliers will complain
  - (b) customers will go to their business
  - (c) your business money is tied up
  
- (7) 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

- (8) To make plan you need
- (a) lots of cash
  - (b) credit sales
  - (c) information from your records
- (9) The first step in making a forecast of the indirect costs for your business is to
- (a) calculate the profit you expect to make
  - (b) get information about your business in the past
  - (c) make a cash flow plan for your business
- (10) when you make a forecast of sales for your business, you think about
- (a) reducing your indirect costs
  - (b) the four Ps: product, price, place and promotion
  - (c) increasing wages for your employees
- (11) 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.
- (12) In your costing, you include depreciation as a part of your
- (a) indirect costs
  - (b) direct cost
  - (c) direct material cost
- (13) 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 nay other proof of transaction with the same number as an entry in the record book
- (14) 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
- (15) Your records show that your sales and lower than last month. The first thing you Must do is
- (a) find the reason for failing sales
  - (b) sell equipment you do not really need
  - (c) find ways to cut down your transport costs

**03 “Every Entrepreneur thinks that a business plan will benefit creation and expansion of his or her small business venture.”**

1. Do you agree with the above statement? Give reasons? (07 M)
2. What are the basic elements of a good business plan? (07 M)
3. Why is the executive summary the most important section of the business plan? (06 M)

**(Total 20 M)**

**04 “Entrepreneurship is one of the most important input in the economic development of a country.”**

1. Differentiate the following terms; Entrepreneur, Entrepreneurship and Enterprise. (07 M)
2. What are the characteristics of entrepreneurship? (06 M)
3. What are the role of entrepreneurship in economic development of the country? (07 M)

**(Total 20 M)**

**05. An intensive research conducted in selected countries of the world identified ten key personal entrepreneurial competencies that separate successful from unsuccessful ones.”**

1. List out these competencies and briefly describe each of the competencies. (15 M)
2. Of the ten, identify three as you feel may be important and justify your selection. (05 M)

**(Total 20 M)**