Fundamentals of Entrepreneurship

Business Studies · Answer Key · 15 Questions

1. Which legal business structure provides the owner with total control but carries unlimited personal liability for business debts?

A) Public Company
B) Sole Trader
C) Private Limited Company
D) Partnership

2. What is the primary purpose of a 'Business Plan' for a new venture?

A) To guarantee immediate profitability
B) To outline goals and the strategy to achieve them
C) To legally register the business name
D) To hire employees

3. In accounting, what are the assets of a business minus its liabilities?

A) Revenue
B) Equity
C) Operating costs
D) Cash flow

4. What is the term for a market situation where one company dominates the entire supply of a product or service?

A) Perfect competition
B) Oligopoly
C) Monopoly
D) Monopolistic competition

5. Which document tracks all cash inflows and outflows within a business over a specific period?

A) Balance sheet
B) Income statement
C) Cash flow statement
D) Tax return

6. What does the 'break-even point' represent in a business?

A) The point where total revenue equals total costs
B) The moment a business closes down
C) The point where profit is maximized
D) The maximum capacity of a factory

7. Which form of intellectual property protection prevents others from using an original invention for a set period?

A) Trademark
B) Copyright
C) Patent
D) Trade secret

8. What is the definition of 'overhead costs'?

A) Direct costs of raw materials
B) Ongoing business expenses not tied to producing a specific good
C) The salary of the CEO
D) Marketing budget only

9. In a SWOT analysis, what do the letters 'S' and 'W' stand for?

A) Sales and Wages
B) Strengths and Weaknesses
C) Strategy and Workload
D) Supply and Warehouse

10. What is the primary goal of 'market segmentation'?

A) To increase production speed
B) To divide a broad target market into smaller, defined groups
C) To lower employee turnover
D) To reduce total tax liability

11. What is the term for the percentage of total sales in a market captured by a specific company?

A) Market penetration
B) Market share
C) Gross margin
D) Retention rate

12. Which type of financing involves selling a portion of ownership in the company to investors?

A) Debt financing
B) Equity financing
C) Government grants
D) Bank loans

13. What is a 'USP' in the context of business marketing?

A) Unique Selling Proposition
B) Universal Sales Policy
C) United Service Provider
D) Utility Sales Price

14. What does the 'Statement of Financial Position' (or Balance Sheet) typically show?

A) Profit earned in a year
B) Assets, liabilities, and equity at a specific date
C) Total sales projections
D) Cash received from customers

15. Which term refers to the cost of the next best alternative given up when making a decision?

A) Sunk cost
B) Fixed cost
C) Opportunity cost
D) Variable cost