# Fundamentals of Entrepreneurship

Business Studies · Practice Test · 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