Principles of Entrepreneurship

Entrepreneurship · Practice Test · 8 Questions

1. Which legal business structure in Australia is characterized by the owner having unlimited liability and being treated as the same legal entity as the business?

A) Proprietary Limited Company
B) Sole Trader
C) Public Company
D) Trust

2. What is the primary function of a 'seed round' of funding in the lifecycle of a startup?

A) To fund an initial public offering
B) To provide capital for early-stage product development and market research
C) To acquire a competitor
D) To pay out dividends to founding shareholders

3. In accounting terms, what does the 'liquidity ratio' specifically measure?

A) The ability of a company to pay off its short-term liabilities with current assets
B) The total volume of sales generated in a fiscal year
C) The percentage of profit relative to total revenue
D) The efficiency of inventory turnover

4. Which document is legally required to be lodged with ASIC when registering a company in Australia to outline the rules governing the company's internal management?

A) Prospectus
B) Constitution
C) Business Plan
D) Annual Report

5. What is the economic concept of 'economies of scale'?

A) The reduction in cost per unit resulting from increased production output
B) The increase in government taxes as a business grows
C) The loss of market share due to competition
D) The process of diversifying into international markets

6. Which type of intellectual property protection grants an inventor the exclusive right to commercially exploit a new process or product for a limited time?

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

7. What is a 'SWOT' analysis primarily used for in a strategic business context?

A) Assessing external environmental factors and internal operational capabilities
B) Calculating the break-even point of a venture
C) Determining the tax obligations of a sole trader
D) Managing employee payroll systems

8. In the context of Australian tax law, what does GST stand for and at what rate is it currently applied to most taxable goods?

A) General Sales Tax at 12%
B) Goods and Services Tax at 10%
C) Government Standard Tax at 15%
D) Global Supply Tax at 5%