Entrepreneurship Fundamentals for Teens

Entrepreneurship · Answer Key · 15 Questions

1. Which specific document outlines a company's business goals, the methods to achieve those goals, and the timeline for their completion?

A) The Articles of Association
B) The Business Plan
C) The Memorandum of Understanding
D) The Letter of Intent

2. In accounting, what is the term for the financial statement that summarizes the revenues, costs, and expenses incurred during a specific period?

A) Balance Sheet
B) Cash Flow Statement
C) Income Statement
D) Statement of Retained Earnings

3. Which form of intellectual property protection grants the owner the exclusive right to prevent others from making, using, or selling an invention for a limited period?

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

4. What is the financial metric that measures the percentage of revenue remaining after all operating expenses have been deducted from total sales?

A) Gross Margin
B) Net Profit Margin
C) Return on Investment
D) Operating Leverage

5. Which type of business entity is legally separate from its owners, thereby providing limited liability protection to its shareholders?

A) Sole Proprietorship
B) General Partnership
C) Corporation
D) Joint Venture

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6. What refers to the process of acquiring early-stage capital from a large number of individuals, typically via the internet?

A) Venture Capital
B) Angel Investing
C) Crowdfunding
D) Bootstrapping

7. In startup finance, what is the 'burn rate' defined as?

A) The rate at which a company generates profit
B) The rate at which a new company spends its cash reserves before becoming profitable
C) The annual depreciation of fixed assets
D) The rate of employee turnover

8. Which term describes the unique value proposition that differentiates a product from its competitors in the eyes of the consumer?

A) Market Saturation
B) Competitive Advantage
C) Liquidity Ratio
D) Economies of Scale

9. What is the primary function of a 'seed round' in the startup investment lifecycle?

A) To fund an Initial Public Offering
B) To provide initial capital for product development and market research
C) To pay off long-term corporate debt
D) To acquire a competitor

10. Which legal agreement ensures that parties involved in a business negotiation do not disclose proprietary information to third parties?

A) Non-Compete Agreement
B) Non-Disclosure Agreement
C) Indemnity Clause
D) Power of Attorney

11. What does the term 'B2B' stand for in the context of business models?

A) Business to Buyer
B) Business to Business
C) Basic to Balanced
D) Broker to Broker

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12. Which economic concept explains the cost advantages that enterprises obtain due to their scale of operation, with cost per unit decreasing with increasing scale?

A) Marginal Utility
B) Economies of Scale
C) Law of Diminishing Returns
D) Purchasing Power Parity

13. What is an 'Angel Investor' in the context of entrepreneurship?

A) A government agency that provides grants
B) An affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity
C) A bank manager who approves commercial loans
D) A consultant who provides free advice

14. What is the 'break-even point' in a business venture?

A) The point where the company starts losing money
B) The point at which total cost and total revenue are equal, resulting in no net loss or gain
C) The point where the founder resigns
D) The point at which a product becomes obsolete

15. Which term describes the process of starting a company with little external capital, relying instead on personal finances and operating revenue?

A) Venture Capitalizing
B) Bootstrapping
C) Leveraged Buyout
D) Hostile Takeover

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