

Entrepreneurship Fundamentals for Teens

Entrepreneurship · Practice Test · 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

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

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