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Started on Friday, 26 March 2021, 9:21 AM

State Finished

Completed on Friday, 26 March 2021, 9:54 AM

Time taken 33 mins 1 sec

Grade 17.00 out of 20.00 (85%)

Question **1**

Correct

Mark 1.00 out of 1.00

Which of the following is correct?

- ☐ Financial leverage is the degree to which a firm can increase operating income by increasing sales.
- ☒ A company's capacity to absorb raw-material price fluctuations can be gauged from the difference in the slopes of sales line and total cost line.
- ☐ The profit before tax is the money that belongs to the owners
- ☐ A positive margin of safety does not necessarily mean that the company is operating in profit.

The correct answer is: A company's capacity to absorb raw-material price fluctuations can be gauged from the difference in the slopes of sales line and total cost line.

Question **2**

Incorrect

Mark 0.00 out of 1.00

A company has procured an asset for ₹ 150 at the beginning of the financial year 2017-18. The asset has useful life of 5 years and the salvage value of the asset has been estimated at ₹ 50. The company follows a policy of 10% depreciation wherever applicable. Estimate the depreciation for the year 2017-18 using straight-line method and find out the book value of the said asset as on 31.03.2018. (be mindful of excess data than necessary).

- ☒ a. 135
- ☐ b. 140
- ☐ c. 130
- ☐ d. 80

The correct answer is: 130

Question **3**

Correct

Mark 1.00 out of 1.00

For a particular company:

The unit price of a product: ₹ 300

Total variable cost per unit: ₹ 200

Total fixed cost per year: ₹ 2,00,000

Raw material cost per unit: ₹ 80

Depreciation: ₹ 10,000

If a company wants to make a profit of ₹ 20,000, how many units it should produce and sell? (be mindful of redundant data)

- ☒ 2,200
- ☐ 11,000
- ☐ 200
- ☐ 1,223

The correct answer is: 2,200

Question **4**

Correct

Mark 1.00 out of 1.00

The total book value of all the fixed assets of a company as of 31.03.2018 is ₹ 500. The company purchases new fixed assets worth ₹ 400 and sells some old fixed assets of book value ₹ 200 during 2018-19. Estimate the book value of fixed assets of the company as of 31.03.2019 using the declining value method of depreciation. The following information may also be used wherever necessary: Useful life: 10 years, salvage value: ₹ 100, rate of depreciation: 10%.

- ☐ ₹ 540
- ☐ ₹ 990
- ☐ ₹ 270
- ☒ ₹ 630

The correct answer is: ₹ 630

Question **5**

Correct

Mark 1.00 out of 1.00

A startup begins with two hypotheses: A value hypothesis and a growth hypothesis. What is the value hypothesis?

- ☐ The proposed business will generate huge value for the nation in terms of employment, government revenue, and wealth for the nation.
- ☐ The proposed product or service will create great value for the company.
- ☐ The business will create great values for all the stakeholders and sustain for a long time.
- ☒ The proposed product will be superior compared to those of the competitors in terms of values perceived by the customers.

The correct answer is: The proposed product will be superior compared to those of the competitors in terms of values perceived by the customers.

Question **6**

Correct

Mark 1.00 out of 1.00

The following data are related to a company for the financial year 2018-2019.

Gross profit: ₹ 900

Interest payment: ₹ 50

Operating expenses excluding depreciation: ₹ 200

Dividend: ₹ 100

The book value of the fixed asset of the company as of 31-3-2016 was ₹ 500. The depreciation rate is 10%. The company purchases machinery worth ₹ 200 during the year 2018-19 and does not sell any of its fixed assets during the same year. What is the operating profit of the company during 2018-19?

- ☐ 430
- ☐ 530
- ☐ 600
- ☒ 630

The correct answer is: 630

Question **7**

Correct

Mark 1.00 out of 1.00

Crossing the chasm refers to

- ☐ A growth stage of a startup when it tries to acquire customers of the 'Early Adopter' type.
- ☐ Crossing the valley of death that lies at the early stage of a startup.
- ☒ A growth stage of a startup when it tries to acquire customers of the 'Early Majority' type.
- ☐ It is a phase of a startup when its product or service receives customers' acceptance for the first time.

The correct answer is: A growth stage of a startup when it tries to acquire customers of the 'Early Majority' type.

Question **8**

Correct

Mark 1.00 out of 1.00

Which of the following statements concerning marketing research is **correct**?

- ☐ Secondary research (gathering secondary data) involves personal interviews with the potential customers, and thus, is costlier than primary data collection.
- ☐ Secondary data can be organized in-house through a questionnaire survey.
- ☐ Data obtainable from secondary sources are used for in-depth analysis of market acceptance of a product.
- ☐ The primary market research (primary data collection) is often a useful precursor to secondary research.
- ☒ Secondary market research (gathering secondary data) is quicker than primary research.

The correct answer is: Secondary market research (gathering secondary data) is quicker than primary research.

Question **9**

Correct

Mark 1.00 out of 1.00

The following information pertains to a company for a particular year:

Sales: ₹ 800

Closing Stock: ₹ 100

Depreciation: ₹ 100

Opening Stock: ₹ 50

Amortization: ₹ 100

Purchase of goods: ₹ 400

What is the gross profit for the period?

- ☐ a. ₹ 350
- ☐ b. ₹ 250
- ☒ c. ₹ 450
- ☐ d. ₹ 300

The correct answer is: ₹ 450

Question **10**

Correct

Mark 1.00 out of 1.00

Arrange the following in the order of importance in the context of the success of a startup as suggested by Bill Gross (most important first)

- ☐ Timing, Team, Idea, execution
- ☐ Team, Timing, Business model, Team
- ☐ Team, Timing, idea, execution
- ☒ Timing, Team, execution, Idea

The correct answer is: Timing, Team, execution, Idea

Question **11**

Correct

Mark 1.00 out of 1.00

Which of the following is correct about the Waterfall model of product development?

- ☒ It is a linear process of product development that follows one-way progression.
- ☐ It is an iterative process that requires receiving feedback at every stage.
- ☐ It is a validated learning process that follows the build-measure-learn feedback process.
- ☐ It is a key component of the design thinking process of new product development.

The correct answer is: It is a linear process of product development that follows one-way progression.

Question **12**

Correct

Mark 1.00 out of 1.00

An angel investor values a startup at ₹ 10,000, after which the angel invests ₹ 5,000 in the company? This is the first time the startup is raising money from outside the founders.

What is the percentage holding of the founders before the above investment?

- ☐ a. 66.66%
- ☐ b. 33.33%
- ☒ c. 100%
- ☐ d. None of the above

The correct answer is: 100%

Question **13**

Incorrect

Mark 0.00 out of 1.00

Suppose the total depreciable 'Fixed Assets' as on 31.03.2017 is ₹ 1700 and the company purchases a machine during the year for ₹ 500 and sells an old machine of book value ₹ 200. The company follows Declining Value Method of depreciation @10% (the method followed in the example sum). What is the depreciation for the year 2017-18?

Options:

- ☒ a. ₹ 220
- ☐ b. ₹ 200
- ☐ c. ₹ 170
- ☐ d. ₹ 270

The correct answer is: ₹ 200

Question **14**

Correct

Mark 1.00 out of 1.00

A startup begins with a leap of faith. What is a leap of faith in this regard?

- ☐ The proposed business will generate enough growth of wealth for founders.
- ☒ It is an assumption that the product will sell in a market where there is no precedence of such a product and no data available about the customers' choices.
- ☐ It is in the context of faith that customers will be forgiving about limitations in the product or service and will buy repeatedly.
- ☐ The company will have a great leap forward with the proposed product and will achieve appreciable growth.

The correct answer is: It is an assumption that the product will sell in a market where there is no precedence of such a product and no data available about the customers' choices.

Question **15**

Correct

Mark 1.00 out of 1.00

Agile process is?

- ☐ A linear process in which validation is done by actual customers as the product development process progresses.
- ☒ The agile process is a non-linear process of product development that follows the build-measure-learn feedback system for validated learning.
- ☐ The agile process is about reducing waste at all possible steps.
- ☐ A component of the agile process is the lean startup philosophy.

The correct answer is: The agile process is a non-linear process of product development that follows the build-measure-learn feedback system for validated learning.

Question **16**

Correct

Mark 1.00 out of 1.00

- A. Amortization
- B. Increase in inventory
- C. Sale of the old machine
- D. Increase in trade receivables
- E. Increase in long-term loan
- F. A decrease in trade payables

Which of the above are cash inflows?

- ☐ B, C & D
- ☐ A, B & E
- ☒ A, C & E
- ☐ B, D & F

The correct answer is: **A, C & E**

Question **17**

Incorrect

Mark 0.00 out of 1.00

Which among the following is a correct statement?

- ☒ The circle of competence is the core area of the knowledge domain of your key employees.
- ☐ One may not be a genius, but may achieve great success by focusing and remaining within his/her circle of competence.
- ☐ If you start a business in the domain of your circle of competence you will surely achieve success.
- ☐ The circle of competency means your knowledge domain that you think you are expert in.

The correct answer is: One may not be a genius, but may achieve great success by focusing and remaining within his/her circle of competence.

Question **18**

Correct

Mark 1.00 out of 1.00

An angel investor values a startup at ₹ 10,000, after which the angel invests ₹ 5,000 in the company?

What is the pre-money valuation of the startup?

- ☐ a. ₹ 15,000
- ☒ b. ₹ 10,000
- ☐ c. ₹ 5,000
- ☐ d. Between ₹ 10,000 and ₹ 15,000

The correct answer is: ₹ 10,000

Question **19**

Correct

Mark 1.00 out of 1.00

Select all the correct options from the following in respect of the lean startup concept?

- A. The lean startup uses the agile philosophy of build-measure-learn feedback loop.
- B. The lean startup applies the lean manufacturing philosophy of reducing waste wherever possible.
- C. The lean startup reduces the time, effort, and cost of product development.
- D. The lean startup emphasizes the lean and thin enterprise, lean funding, and lean investment.

- ☐ B & C
- ☐ B & D
- ☒ A, B & C
- ☐ A, B, & D

The correct answer is: A, B & C

Question **20**

Correct

Mark 1.00 out of 1.00

An angel investor values a startup at ₹ 10,000, after which the angel invests ₹ 5,000 in the company? This is the first time the startup is raising money from outside the founders.

What is the percentage holding of the founders after the above investment?

- ☐ a. 100%
- ☐ b. 50%
- ☐ c. 33.33%
- ☒ d. 66.66%

The correct answer is: 66.66%