

[Dashboard](#) / [My courses](#) / [Foundations of Entrepreneurship \(EP60020\) - Spring 2021](#) / [Topic 3](#) / [Class Test 3](#)

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

State Finished

Completed on Friday, 26 March 2021, 9:56 AM

Time taken 35 mins 1 sec


Grade 11.00 out of 20.00 (55%)

Question **1**

Correct

Mark 1.00 out of 1.00

Which among the following is a correct statement?

- ☒ 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 competence is the core area of the knowledge domain of your key employees.
- ☐ 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 **2**

Incorrect

Mark 0.00 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)

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

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

Question **3**

Correct

Mark 1.00 out of 1.00

Why storytelling is important in startup success?

- A. Because it is possible to motivate employees to work passionately by connecting your vision with a great cause through a story.
- B. You can show to your investors that you are not here to merely make money but have greater motivation to passionately solve a great pain of a large number of people.
- C. You tell your story to customers, who value companies that are engaged in alleviating great social malaise and would buy products offered by such companies.
- D. A story can do a better job than the quality of your product and advertisement.

Choose the correct

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



The correct answer is: A, B, & C

Question **4**

Correct

Mark 1.00 out of 1.00

For which of the following, cash flow statement is not useful?

- ☐ To know how liquid is the company
- ☐ To know when to raise money
- ☐ To know if the company will find it difficult to meet the financial commitment in the future
- ☒ To know when the company will be able to make a profit.



The correct answer is: To know when the company will be able to make a profit.

Question 5

Not answered

Marked out of 1.00

Select the INCORRECT statement.

- ☐ Perfect competition market exerts hardly any resistance to new entrants.
- ☐ Oligopolistic markets have differentiated product types with high barrier for new entrants and limited pricing power.
- ☐ Monopolists have simple type of products with great barrier for new entrants.
- ☐ Markets with perfect competition have homogenous products without any pricing power.
- ☐ Companies in a perfect competition market have high pricing power and high entry barriers against competition.

The correct answer is: Companies in a perfect competition market have high pricing power and high entry barriers against competition.

Question 6

Not answered

Marked out of 1.00

Read the following statements carefully:

- A. Symphony Ltd. found early success because Achal Bakeri focused on his circle of competence.
- B. Symphony Ltd. met with devastating failure because it diversified into areas that were outside the circle of competence of the company.
- C. The initial success of Symphony Ltd. can be attributed to deep empathy of Achal Bakeri with the desert cooler users.
- D. After failure Symphony discarded all the products except the desert cooler to continue the business and achieved commendable success.

Choose the correct statements from the above:

- ☐ A & C
- ☐ C & D
- ☐ B & D
- ☐ B & C
- ☐ A & B

The correct answer is: B & C

Question 7

Correct

Mark 1.00 out of 1.00

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

What is the post-money valuation of the startup?

- ☒ a. ₹ 15,000
- ☐ b. ₹ 5,000
- ☐ c. ₹ 10,000
- ☐ d. ₹ 20,000



The correct answer is: ₹ 15,000

Question 8

Correct

Mark 1.00 out of 1.00

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

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



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

Question 9

Correct

Mark 1.00 out of 1.00

Choose the correct statement from the following:

- ☒ The circle of competence was originally propounded by Warren Buffett and Charlie Munger.
- ☐ The circle of competence is the center of your knowledge and experience, i.e. your core competence
- ☐ The circle of competence was originally propounded by Steve Jobs.
- ☐ The circle of competence is the knowledge domain that you think you know well.




The correct answer is: The circle of competence was originally propounded by Warren Buffett and Charlie Munger.

Question **10**

Correct

Mark 1.00 out of 1.00

Which of the following statements is wrong as regards major building blocks of business model canvas?

- ☒ 'Key suppliers' is one of the building blocks of the Business Model Canvas. 
- ☐ The 'Customer relationship' is one of the building blocks of the Business Model Canvas.
- ☐ The 'Revenue model' is one of the building blocks of the Business model canvas.
- ☐ The 'Value proposition' is one of the building blocks of the Business Model canvas.

The correct answer is: 'Key suppliers' is one of the building blocks of the Business Model Canvas.


Question **11**

Correct

Mark 1.00 out of 1.00

- A. Net profit
- B. Increase in inventory
- C. Sale of the old machine
- D. The decrease in trade payable
- E. Increase in trade receivables
- F. Increase in the short-term loan

Which of the above are cash outflows?

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

The correct answer is: **B, D & E**

Question **12**

Not answered

Marked 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)

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

The correct answer is: 2,200

Question **13**

Correct

Mark 1.00 out of 1.00

Which of the following is not part of operating expense?

- ☐ a. Salary
- ☐ b. Amortization
- ☐ c. Depreciation
- ☒ d. Cost of goods sold



The correct answer is: Cost of goods sold

Question 14

Not answered

Marked 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 declining value (reducing value) method and determine the book value of the said asset as on 31.03.2018?

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

The correct answer is: 135

Question 15

Correct

Mark 1.00 out of 1.00

The following data are related to a company for the financial year 2016-2017.

Gross profit: Rs.800

Interest payment: Rs.50

Depreciation: Rs.50

Other operating expenses: Rs.400

Dividend: Rs.100

Assume that the company doesn't pay any income tax, what is the retained profit?

- ☒ 200
- ☐ 300
- ☐ 100
- ☐ 150



The correct answer is: 200

Question 16

Not answered

Marked out of 1.00

You and your friend have started a startup and have raised ₹ 500 in exchange for equity at a pre-money valuation ₹ 1500. What is the combined holding of two of you (you and your friend) in the company after the investment round?

- ☐ a. 75%
- ☐ b. 50%
- ☐ c. 66.67%
- ☐ d. 100%

The correct answer is: 75%

Question 17

Not answered

Marked out of 1.00

Which of the following is the correct interpretation of the construct 'insurgent mission' in the context of entrepreneurship mentality?

- ☐ You are in a blue ocean market and want to translate that into a red ocean.
- ☐ You are on a mission to wage a war with the customers and want to win them over at any cost.
- ☐ You want to acquire customers by hook or crook and that no rule applies to you.
- ☐ You are at war against competitors on behalf of the underserved customers and would not stop until you win.

The correct answer is: You are at war against competitors on behalf of the underserved customers and would not stop until you win.

Question 18

Not answered

Marked 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. 80
- ☐ b. 130
- ☐ c. 135
- ☐ d. 140

The correct answer is: 130

Question **19**

Correct

Mark 1.00 out of 1.00

Five key elements of a story as espoused by Blake Mycoskie

Choose the right option:

- ☐ Hero, villain, awareness, transformation, & climax
- ☐ Hero, antagonist, awareness, climax, & passion
- ☒ Hero, antagonist, awareness, transformation, & passion
- ☐ Hero, heroine, villain, awareness, transformation, & passion



The correct answer is: Hero, antagonist, awareness, transformation, & passion

Question **20**

Not answered

Marked out of 1.00

The following data pertain to a company for the year 2017-18.

Gross profit: 700

Operating expenses: 300

Interest payment: 50

Payment of dividend: 30

Income tax payment: 20

Estimate the profit before tax. (be mindful of excess data than necessary).

Options:

- ☐ a. 230
- ☐ b. 350
- ☐ c. 180
- ☐ d. 200

The correct answer is: 350