



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)

Academic Year 2020 – 3rd Year Examination – Semester 6

***EN6502 – Introduction to Entrepreneurship
Multiple Choice Question Paper***

(ONE HOUR)

Important Instructions :

- The duration of the paper is **1 (one) hour**.
- The medium of instruction and questions in English.
- The paper has **20 questions** and **6 pages**.
- All questions are of the **MCQ** (Multiple Choice Questions) type.
- All questions should be answered.
- Each question will have 5 (five) choices with **one or more** correct answers.
- All questions will carry **equal** marks.
- There will be a penalty for incorrect responses to discourage guessing.
- The mark given for a question will vary from 0 (*All the incorrect choices are marked & no correct choices are marked*) to +1 (*All the correct choices are marked & no incorrect choices are marked*).
- Answers should be marked on the special answer sheet provided.
- Note that questions appear on both sides of the paper.
If a page is not printed, please inform the supervisor immediately.
- Mark the correct choices on the question paper first and then transfer them to the given answer sheet which will be machine marked. **Please completely read and follow the instructions given on the other side of the answer sheet before you shade your correct choices.**
- Calculators are **not** allowed.
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- 1) An entrepreneur has to undertake different roles throughout his/her tenure as an entrepreneur. Which of the following activities can be considered as a part of the Managerial role of an entrepreneur?

- (a) Risk taking
- (b) Planning
- (c) Enjoying benefits
- (d) Supplying raw materials
- (e) Staffing

- 2) Many entrepreneurs believe a set of myths about entrepreneurship, the most common being:

- (a) Entrepreneurs are born not made.
- (b) Entrepreneurs are essentially inventors.
- (c) Entrepreneurs are ideators.
- (d) Entrepreneurs are mainly motivated by money.
- (e) Entrepreneurs are motivated by passion.

- 3) Which of the following is/are (an) advantage(s) of being an entrepreneur?

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| (a) Avoidance of risk | (b) Rational salary | (c) High commitment |
| (d) Independence | (e) Guaranteed paycheck | |

- 4) An entrepreneur is a person who

- (a) persistently tries to do something better.
- (b) is prepared to withstand the hard life.
- (c) averse the risk.
- (d) exhibits a sense of competitiveness.
- (e) reflects a strong urge to be independent.

- 5) There are varieties of pricing strategies a business can use to set its price. Which of the following is/are correct regarding pricing strategies?

- i. Competitor based pricing is setting the price below the cost of the product to attract customers.
- ii. Market skimming pricing is entering to the market by setting a high price.
- iii. Market penetration pricing sets a low initial price for a product.
- iv. Psychological pricing gives high discounts for the customers when a high number of items are purchased.

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| (a) Only i | (b) Only i and ii | (c) Only iii |
| (d) Only ii and iii | (e) Only i and iv | |

- 6) Which of the following is/are (an) example(s) for ethical behaviour(s) in a business organization?
- (a) Judicious use of natural resources
 - (b) Exploiting tax loopholes
 - (c) Providing quality and the correct quantity of goods to consumers
 - (d) Defamation of a competitor
 - (e) Usage of child labour in the business
- 7) Which of the following can be considered as (a) contribution(s) of an entrepreneur to the growth of the Economy?
- (a) Creation of large-scale employment opportunities
 - (b) Reduction of concentration of economic power
 - (c) Render different services to the organizations
 - (d) Fundraising for non-governmental organizations
 - (e) Increasing gross national product and per capita income
- 8) There are core values that are generally possessed by entrepreneurs. These values are:
- (a) Independence or self-reliance
 - (b) Social help to needy people
 - (c) Political networking
 - (d) Quest for outstanding performance or achievement orientation
 - (e) Risk management
- 9) Which of the following is/are **not** (a) characteristic(s) of a typical entrepreneur?
- (a) Determination
 - (b) Dependence
 - (c) Self-confidence
 - (d) Creativity
 - (e) Desire for immediate feedback
- 10) Businesses need to recognize and understand clearly the 'state of demand' for their products and services. Mainly, there are 8 states of demand. Which of the following is/are considered as (a) demand state(s)?
- (a) Unwholesome demand
 - (b) Non-existent demand
 - (c) Limited demand
 - (d) Irregular demand
 - (e) Positive demand

11) As an entrepreneur which of the following conditions could make a problem worth solving

- (a) It affects a large number of people
- (b) A problem in an in-experienced field
- (c) It is a problem which you have a solution
- (d) No other competitor has a solution to the problem
- (e) It is a critical problem that the customers are willing to pay to get it resolved

12) Accounting principles are essential rules and concepts that govern the field of accounting and guides the accounting process. Which of the following is/are correct regarding the 'basic principles of accounting'?

- (a) The accounting entity principle: distinguishes each organization from its owners.
- (b) The going concern principle: assumes that business entity will continue to operate in the near future.
- (c) The accrual principle: records revenues when they are earned and not when they are received in cash.
- (d) The historical cost principle: records revenues when they are earned and not when they are received in cash.
- (e) The accounting entity principle: assumes that business entity will continue to operate in the near future.

13) Selling and marketing are two different concepts in the business world. Which of the following is/are correct regarding selling and marketing?

- i. In selling cost determines the price.
- ii. Marketing has an external market orientation.
- iii. Marketing is about creating a Push strategy.
- iv. Selling has an internal company orientation.
- v. Selling is about creating a Pull strategy.
- vi. Marketing views the customer as the last link in the business.

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| (a) Only i and ii | (b) Only i, ii and iv | (c) Only i, iii and iv |
| (d) Only iii and v | (e) Only ii, iv, v and vi | |

14) An entrepreneur is an innovator and is different from an inventor. Which of the following is/are (a) correct statement(s) about inventor and entrepreneur?

- i. Entrepreneur keeps the commercial prospects of his innovation as the last preference.
- ii. Inventor is largely concerned with the technical aspects of the matter he deals with.
- iii. Entrepreneur is largely concerned with the economic, social and marketing dimensions of the subject matter.
- iv. Inventor examines the commercial and economic viability of his product in the market.
- v. Inventor keeps the commercial prospects of his innovation as the last preference.

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| (a) Only i and v | (b) Only iii and iv | (c) Only i, ii and iii |
| (d) Only i and iv | (e) Only ii, iii, and v | |

15) The accounting equation is considered to be the foundation of the double-entry accounting system. Which of the following way(s) the accounting equation can be written?

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| (a) $\text{Asset} = \text{Liability} + \text{Owners' equity}$ |
| (b) $\text{Asset} = \text{Liability} + \text{Owners' equity} + \text{Net profit} - \text{Drawings}$ |
| (c) $\text{Asset} + \text{Liability} = \text{Owners' equity}$ |
| (d) $\text{Asset} + \text{Expenses} + \text{Drawings} = \text{Liability} + \text{Owners' equity} + \text{Income}$ |
| (e) $\text{Asset} + \text{Owners' equity} = \text{Liability}$ |

16) What is the main disadvantage of being a sole proprietor?

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| (a) Limited skills | (b) High startup cost | (c) Unlimited liability |
| (d) Limited liability | (e) Limited raw materials | |

17) In which type of organization does one person take all the risks?

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| (a) Corporation | (b) Monopoly | (c) Sole-proprietorship |
| (d) Oligopoly | (e) Partnership | |

18) Which of the following is/are correct regarding the risk attitudes of an Entrepreneur?

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| (a) Risk Seekers are people who enjoy the risk. |
| (b) Risk averse person does not worry too much about repercussions if the risk materializes. |
| (c) Risk tolerant people do not care or they ignore the risk and never pay any attention to risks until they become an issue. |
| (d) Risk neutral people see risks as opportunities. |
| (e) Risk tolerant people intend to take a path that is most certain even if it is least rewarding. |

19) An entrepreneur is an innovator, job and wealth generator. In addition to the above he is also a/an;

- i. change agent
- ii. introvert
- iii. problem solver
- iv. inventor
- v. concept promoter

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|------------------------|-------------------------|-----------------------|
| (a) Only i, ii and iii | (b) Only ii, iii and iv | (c) Only ii, iv and v |
| (d) Only i, iii and v | (e) Only ii and iv | |

20) There are two branches of accounting such as Financial accounting and Management accounting. Which of the following is/are correct regarding Financial accounting and Management accounting?

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| (a) The objective of management accounting is to assist the management in planning and decision-making process. |
| (b) Users of management accounting are both internal and external users. |
| (c) Preparation of financial accounting is compulsory for a business organization. |
| (d) There is a specific format when preparing management accounting. |
| (e) Publishing and auditing of management accounts are required by statutory auditors. |
