

EASTERN UNIVERSITY, SRILANKA

FACULTY OF COMMERCE & MANAGEMENT

SECOND YEAR SECOND SEMESTER EXAMINATION IN BACHELOR OF COMMERCE &

BACHELOR ON BUSINESS ADMINISTRATION – 2005/ 2006

DED 2224 ENTREPRENEURIAL COMPETENCIES

Answer all Questions

Time: 03 Hours

Part I

01. Select correct answer for each question and write down the number of the answer in the answer book.

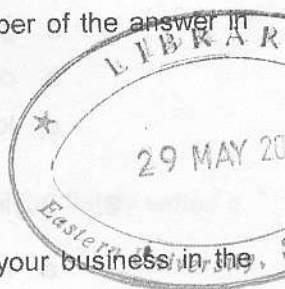
1. A cash flow plan will help you to
 - a. Increase the sales
 - b. Know how much cash will come into and goes out of your business in the future
 - c. Know how much cash you owe your suppliers

2. When you forecast your indirect costs such as rent or electricity.
 - a. You use the same amount as last year
 - b. You get information from your landlord and suppliers about prices next year.
 - c. You guess the amount for the next year

3. The cash flow is ;
 - a. Only the money that comes in to your business
 - b. The money in your bank account
 - c. The money that comes into and the money that goes out of your business.

4. When you make a forecast of sales for your business, you think about.
 - a. reducing your indirect costs
 - b. the 4ps: Product, place, price, product
 - c. increasing wages for your employees

5. Your cash flow plan shows that the cash at the end of the month is likely to increase. This could be because
 - a. your indirect costs have increased
 - b. you have just bought a new machine
 - c. your business has received a loan



6. Check the goods against the delivery note or the invoice
 - a. when you count your stock at the end of the week or at end of the month
 - b. immediately when you get the goods
 - c. when you make your order

7. If a supplier sends you damaged goods, you must immediately
 - a. give the supplier a bad reputation
 - b. complain and agree with the supplier on the best way to solve the problem
 - c. lower the price to your customers and advertise the goods.

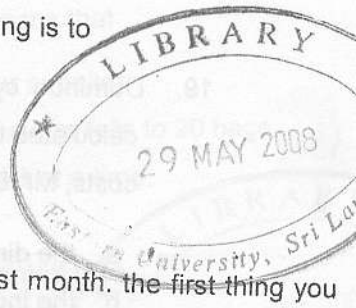
8. Buying well can help your business
 - a. reduce costs
 - b. increase costs
 - c. sell at a higher price than other businesses.

9. When you buy machines and other equipment you must
 - a. sell the machines you already have
 - b. buy the same machines your competitors have stores
 - c. find out if service and spare parts are available locally

10. You want to buy new types of goods to sell in your store. Before you decide what goods to buy, the first thing to do is to find out
 - a. what goods your customers want
 - b. what goods suppliers can offer you
 - c. how much it costs to make your store room bigger.

11. You deposit some money from your cash box in to your business's bank account. At the end of the day, you enter the amount in your record book under
 - a. bank in and cash out
 - b. bank in and sales
 - c. bank in and no other entry.

12. A Voucher is
 - a. a simple way of calculating profit
 - b. a way of always writing the amount in two different columns in your record book
 - c. a receipt or any other proof of transaction with the same number as an entry in the record book.



13. The best way to find out how well your business is doing is to
- check your cash box
 - make a profit and loss statement
 - analyze your costs.
14. Your records show that your sales are lower than last month. The first thing you must do is
- find the reason for falling sales
 - sell equipment you do not really need
 - find ways to cut down your transport costs
15. A customer pays cash for a bag of sugar. The store owner immediately writes it down in the
- record book
 - customer's account record
 - daily cash record
16. The most important reason to keep records is to
- keep them in a safe place away from your employees and your family
 - use them to find out problems in your business
 - improve your marketing
17. Mr. Kumara, the owner of Kumara Metal work, takes money out of his cash box to pay his office clerk her monthly salary. At the end of the day he writes the amount in his record book under
- cash out and direct costs
 - cash out and no other entry
 - cash out and indirect costs.
18. Costing is the way you
- Work out what price you must set to make a profit
 - find out the costs of your competitors
 - calculate the total costs of making or selling a product, or providing a service.

19. Duminda cycle shop repair customers' bicycles. In his costing, Mr. Duminda calculates the costs for bicycle parts and the costs for labour. But to get the total costs, Mr. Duminda must add
- the direct material costs
 - the indirect costs
 - the direct costs
20. When calculating the costs for transport, it is best to
- include transport costs under indirect costs because it is difficult to calculate what share of the transport costs should be added to the direct material costs of each item.
 - include transport costs in the direct material costs because transport costs are directly related to the material costs of each item.
 - not include transport in the costing at all because costs for transport are normally small and difficult to calculate.
21. The indirect costs in your business must be divided and shared by each
- employee your business has
 - Product your business makes or sells
 - different machines your business uses.
22. Mrs. Juliet, the owner of quality bread, does many different jobs such as selling and supervising the employees who do the baking. The work Mrs Juliet does is not directly related to making bread, so she includes her own salary under
- Direct labour costs
 - indirect labour costs
 - direct material costs
23. Stock Control is important
- only for retailers
 - only for manufacturers
 - for all businesses.
24. It is bad for your business to hold too much stock. One the main reason is that
- your suppliers will complain
 - customers will go to other businesses
 - your business money is tied up

25. Your re-order level for 2 Kg Sugar is 20 bags. This means that
- you need 20 bags of sugar in each order from your supplier
 - you need to order more sugar when your stock of sugar falls to 20 bags.
 - your supplier will not sell less than 20 bags of sugar at a time.
26. A good way for store owners to improve their stock control is to
- always have goods in large quantities
 - always keep their stocks well arranged
 - make sure that they have many different types of goods so they never have to say no to a customer.
27. Stock control helps your business to
- sell less goods on credit
 - get discounts for advertising
 - avoid running out of stock
28. If you often run out of stock, a good way to solve the problem is to
- work out more accurate re-order levels
 - buy extra stock every day from a nearby wholesaler
 - always keep extra stock of your goods.
29. A Customer complains because the shirt you sold him had stains. You give him a new shirt. This means that the balance on your stock card will
- be higher than before
 - be lower than before
 - remain the same
30. The best way to find out if stock is missing
- count the stock and compare the quantities with the balances on your stock cards
 - count the stock and compare the quantities with the quantities on your supplier's invoices
 - compare the balances on your stock cards with the copies of your receipts from sales.

(Total 30 X 01 = 30 Marks)

ROYAL BAKERS LTD

02.

A few months after, Ragavan started working at the Nelly Star Restaurant in Batticaloa, Regi invited him to attend a meeting at the local Public Service Club. Regi thought that this would be a better way for Ragavan to meet people in the area. Ragavan found the club an excellent way to make new acquaintances, and he particularly enjoyed the company of Praveen.

Praveen was sole owner of the only store in Batticaloa that carried a quality line of bakery products and fast food items, Royal Bakers Ltd. In talking with Praveen, Ragavan learned that until seven months ago, he had been a cashier in Kirija's the largest retail operation of its type in Batticaloa. While working Kirija's for ten years, Praveen had moved from being a stock room helper when he graduated from Eastern University, Srilanka to his last job as Cashier in the Kirija's. Although the local Kirija's did a lot of business and carried a quality line of bakery products, Praveen realized that more and customers had started driving to the city of Colombo to shop in bakery products and fast foods stores there for an example, McDonalds and KFC.

For the past two years at Kirija's Praveen had been in charge of manufacturing of bakery products for Kirija's and thoroughly enjoyed preparing the bakery products the store would sold for the items in every day. Several times, some of his customers had hinted that Praveen should leave Kirija's and start his own store.

Seven months ago, a store in the shopping complex had become available and Praveen had used most of his own savings and a small amount of loan from a bank of Ceylon to open "Royal Bakers Ltd." During the first couple of months, Praveen was extremely happy that he had made the switch. He hired two peoples for manufacturing and sales of his products. His wife also helped to Praveen for the smooth operations of the Royal bakers Ltd. Business was good. Praveen was working seven days a week, but he did not mind because he finally had his own business and was his own boss. After three months, he had many loyal clients who were also pleased that Praveen had made the charge from Kirija's.

Ragavan, I have heard Regi brag about your abilities to some of the members here in the club. May be you can help me with some problems I am having at the store. I thought I know the bakery products fast foods business inside and out.

But I have tried to please most of my customers by carrying the bakery products and fast foods item they want, and my inventory has got completely out of hand. I probably still have 25% of my first order in the store, and now that the festival and wedding season is over, I guess I am stuck with it for the next several months. I just hope taste don't change too drastically over the next year. I still can't keep enough of certain flavour of cake items in the wide assortment I know I need, Ranjan my salesman, doesn't want to work more than forty hours a week, which leaves me by myself in the store quit a bit. I don't want to hire a helper. I just don't think I can afford to do that. You know Babu is the Accountant. He is Handling my books, and he tells me I have a Cash flow Problem" whatever that is do you think you could come by some morning, stay a few hours, and give me some pointers on how to improve my management of this place"?



Questions

- (i) Is Praveen a good Entrepreneur or A Good Manager or A Good small businessman? Explain.
- (ii) It has been said that "All the entrepreneurs are managers but not all managers are entrepreneurs" Discuss this statement in reference to Praveen.
- (iii) If you were Ragavan, what suggestions would you give to Praveen?
- (iv) What entrepreneurial skills would you expect from Praveen to develop his business in future?

(Total 04 X 05 = 20 Marks)

- 03.
- (i) List out the personal entrepreneurial characteristics of a successful entrepreneur.
 - (ii) What do you mean by the term "business idea".
 - (iii) "There are four types of businesses which are most suited for micro and small-scale entrepreneurs". What are they?
 - (iv) Briefly explain the two methods use to analyze a good business idea.
 - (v) "There are different techniques normally used to generate a good business idea". What are they?

- (vi) How will you investigate your environment to develop a good business idea?
- (vii) "A good business idea will tell something for your successful business". What are they?
- (viii) What is marketing? Why is it an important part in starting and running a business?
- (ix) In which ways we can conduct market research efficiently and effectively?
- (x) What are the steps to be followed when you buy goods, materials, equipment or any other things for your business need?
- (xi) How can stock control improve your business?
- (xii) What are the information can be derived from stock records.
- (xiii) What is record keeping? And how can records improve your business?
- (xiv) Differentiate between sales and costs plan and cash flow plan.
- (xv) Why is costing important for a manufacturer, service operator, wholesaler and retailer?

(Total 15 X 02 = 30 Marks)

04. "A Business plan covers all the important aspects to consider before start of business".

- (i) What is a business plan?
- (ii) What are the advantages of a good business plan?
- (iii) List out the important components of a good business plan
- (iv) Where to find information for your business plan?
- (v) What is the purpose of an executive summary in a business plan?

(Total 05 X 04 = 20 Marks)