

PART B : STRUCTURED-TYPE QUESTIONS (70 MARKS)

INSTRUCTION(S) : FOUR (4) structured-type questions. Answer **ALL** questions. Answers are to be written in the Answer Booklet provided.

QUESTION 1

You have been invited by a local college give a talk on the characteristics of successful entrepreneurs. As an Entrepreneur final year student, prepare a speech on the **FOUR (4)** primary characteristics of successful entrepreneurs. Provide an illustration for each characteristic.

(20 marks)

QUESTION 2

Nur Aisyah Lukman has just received an e-mail message from an investor who has agreed to listen to her pitch her business idea. The investor said, "Your timing is good. I just happen to be sitting on RM100,000 that I am anxious to invest. One thing I will warn you about ahead of time is that you must show me that you have done the competitor analysis. If you cannot show me that, I will not invest."

a) Explain the purpose of competitor analysis to Nur Aisyah.

(3 marks)

b) Examine the differences among direct competitors, indirect competitors, and future competitors, that Nur Aisyah will face in her new business.

(12 marks)

[Total: 15 marks]

QUESTION 3

Zac is planning to start a new venture into the sports business.

a) Explain to what extent new entrepreneurs like Zac rely on their personal funds and funds from friends and families to finance their ventures.

(4 marks)

b) Explain the **THREE (3)** rules of thumb that a business owner should follow when asking friends and family members for start-up funds.

(6 marks)

[Total: 10 marks]

QUESTION 4

Please refer to the tables below and calculate the following for year **2017**:

Consolidated Income Statements for New Venture Super Food Sdn. Bhd.

	December 31, 2017	December 31, 2016
Net sales	RM463,100	RM368,900
Cost of sales	225,500	201,500
Gross profit	237,600	167,400
Operating expenses		
Selling, general, and administrative expenses	104,700	90,200
Depreciation	5,900	5,100
Operating income	127,000	72,100
Other income		
Interest income	800	1,100
Interest expense	(6,900)	(6,400)
Other income (expense), net	(1,300)	1,200
Income before income taxes	119,600	68,000
Income tax expense	36,600	18,000
Net income	83,000	50,000
Earnings per share	0.83	0.5

Consolidated Statement of Cash Flows for New Venture Super Food Sdn. Bhd.

	December 31, 2017
Cash flows from operating activities	
Net income	RM83,000
Additions (sources of cash)	
Depreciation	5,900
Decreases in accounts receivable	1,300
Increase in accrued expenses	3,900
Decrease in inventory	1,000
Subtractions (uses of cash)	
Decrease in accounts payable	(3,500)
Total adjustments	8,600
Net cash provided by operating activities	91,600
Cash flows from investing activities	
Purchase of building and equipment	(112,500)
Net cash flows provided by investing activities	(112,500)
Increase in cash	(1,900.00)
Cash and cash equivalents at the beginning of year	56,500
Cash and cash equivalents at the end of year	54,600

Consolidated Balance Sheets for New Venture Super Food Sdn. Bhd.

Assets	December 31, 2017	December 31, 2016
Current assets		
Cash and cash equivalents	RM54,600	RM56,500
Accounts receivable, less allowance for doubtful account	48,900	50,200
Inventories	20,400	21,400
Total current assets	123,900	128,100
Property, plant, and equipment		
Land	160,000	160,000
Buildings and equipment	261,500	149,000
Total property, plant, and equipment	421,500	309,000
Less: accumulated depreciation	51,500	45,600
Net property, plant, and equipment	370,000	263,400
Total assets	493,900	391,500
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	46,900	50,400
Accrued expenses	8,000	4,100
Total current liabilities	54,900	54,500
Long-term liabilities		
Long-term debt	130,000	111,000
Long-term liabilities	130,000	111,000
Total liabilities	184,900	165,500
Shareholders' equity		
Common stock (100,000 shares)	10,000	10,000
Retained earnings	299,000	216,000
Total shareholders' equity	309,000	226,000
Total liabilities and shareholders' equity	493,900	391,500

- a) Return on assets (ROA) (4 marks)
 - b) Return on equity (ROE) (4 marks)
 - c) Profit margin (3 marks)
 - d) Current ratio (3 marks)
 - e) Quick ratio (3 marks)
 - f) Debt ratio (3 marks)
 - g) Debt to equity (3 marks)
 - h) Explain the purpose for interpreting the historical financial statements for New Venture Super Food. (2 marks)
- [Total: 25 marks]**

END OF QUESTION PAPER