



**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_

Subject Code & Name : **BCS4401 ENTREPRENERUSHIP DEVELOPMENT**  
Semester & Year : May - August 2017  
Lecturer/Examiner : Katrina Chua  
Duration : Three (3) Hours

**INSTRUCTIONS TO CANDIDATES**

1. **This question paper consists of 2 parts:**  
**PART A (30 marks) : Answer THIRTY (30) Multiple Choice Questions. Answers are to be written in the Answer Booklet provided.**  
**PART B (70 marks) : Answer all FOUR (4) short answer questions. Answers are to be written in the Answer Booklet provided.**
2. **Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.**
3. **This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.**
4. **Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.**

**WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

**PART A** : MULTIPLE CHOICE QUESTIONS (30 MARKS)

**INSTRUCTION(S)** : Questions 1-30 are multiple choice questions. Shade your answers in the Multiple Choice Answer Sheet provided. You are advised to use a 2B pencil.

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**N/A**

**END OF PART A**

**PART B** : SHORT ANSWER QUESTIONS (70 MARKS)

**INSTRUCTION(S)** : There are **FOUR (4)** questions in this section, answer all questions. Write your answers in the Answer Booklet(s) provided. Use a new page for every question.

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**QUESTION 1**

Meredith, an aspiring entrepreneur, is trying to stimulate creativity and encourage her team to be creative when it comes to problem solving. As a friend of Meredith, briefly explain **FIVE (5)** ways she can adopt to stimulate creativity amongst her team. (15 marks)

**QUESTION 2**

a) Jake owns a business that is achieving phenomenal growth. Illustrate why it is said that “*Fast-growing companies are most likely to experience cash shortages*” (10 marks)

b) Also, explain to Jake why it is beneficial for him to manage his cash. (5 marks)  
(Total 15 marks)

**QUESTION 3**

Ralph Emerson thought he'd been a librarian long enough, and when the opportunity arose to open a small tobacco, pipe, and cigar shop in the newly renovated downtown business district, he was ready to act.

Pipe Dreams is a franchiser of smoke shops, and was founded eight years ago by a noted tobacconist in New York City. The concept for the shops is simple, yet sophisticated. It is simple in the sense that the shops sell only tobacco-related products, but sophisticated in the breadth and quality of the inventory they carry. Each franchise, depending on size, is stocked with inventory selected by the company's founder. The franchiser finances the shop's initial inventory. The franchisee is expected to create a decor within predetermined standards that Pipe Dreams establishes. Each franchisee must attend a three-day workshop, outlining the fundamentals of tobacco blending, the merchandising of pipes and cigars, and the techniques of successful business operation.

The franchise contract requires the franchisee to contribute 1.5 percent of gross revenue to a national advertising campaign. According to the contract, Pipe Dreams will finance the required fixtures for the store for ten years. In addition, the franchiser supplies all inventory at very favorable prices because it purchases in large quantities.

Ralph knows he can buy tobacco products from a variety of wholesalers. He also has some ideas on what would make a tobacco shop successful in this town. Ralph also knows that Pipe Dreams franchisees have had a high success rate in the past.

Questions:

a) Assist Ralph make a decision by explaining the advantages and disadvantages of a franchise arrangement or being a franchisee. Provide examples to illustrate your points. (10 marks)

b) Given the assumption that Ralph has adequate capital, would you recommend to Ralph to invest in the franchise or open his own tobacco shop from ‘scratch’ and why? (10 marks)  
(Total 20 marks)

**QUESTION 4 (Two parts: a) and b))**

a. Bridal Shoppe sells wedding dresses. The cost of each dress is comprised of the following: Selling price of RM1,000 and variable costs of RM400. Total fixed costs for Bridal Shoppe are RM90,000.

**Required**

- i. Calculate the contribution margin per dress. (2 marks)
  - ii. Calculate how many dresses must Bridal Shoppe sell to reach the breakeven point. (2 marks)
  - iii. Calculate how many dresses must Bridal Shoppe sell to yield a profit of RM60,000. (2 marks)
- (Total 6 marks)

b. Maggie Lee, a sole proprietor prepared the following final accounts at 31 August 2016:

**Statement of Comprehensive Income for the year ended 31 August 2016**

	RM	RM
Sales		220,000
Less: Cost of goods sold		
Stock at 1 September 2015	29,600	
Add: Purchases	132,800	
	162,400	
Less: Stock at 31 August 2016	(30,400)	132,000
Gross profit		88,000
Less:		
Business expenses	10,200	
Depreciation - vehicles	3,000	13,200
<b>Net profit</b>		<b>74,800</b>

**Statement of Financial Position as at 31 August 2016**

	RM	RM	RM
<b>Fixed assets at net book value</b>			
Premises		88,000	
Vehicles		46,000	
			134,000
<b>Current assets</b>			
Stock	30,400		
Debtors	27,465		
Bank	29,135	87,000	
<b>Current liabilities</b>			
Creditors		34,800	
Working capital			52,200
			<b>186,200</b>
<b>Financed by:</b>			
Capital	153,800		
Add: Net profit	74,800	228,600	
Less: Drawings		(42,400)	
			<b>186,200</b>

**Required**

Calculate to **two decimal places**, if applicable:

- i. Gross profit margin
- ii. Net profit margin
- iii. Rate of stock turnover (times)
- iv. Acid test ratio (acid test ratio)
- v. Numbers of time that goods are carried in stock (months)
- vi. Debtors' collection period in days
- vii. Creditors' settlement period in days

(14 marks)  
(Total 20 marks)

**END OF QUESTION PAPER**