



**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.**

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**QUESTION 1**

a) Describe the **THREE (3)** primary reasons that people become entrepreneurs and start their own firms  
(12 marks)

b) Identify the **THREE (3)** types of startup firms, and discuss how they differ. Provide examples of each type of firm.

(12 marks)

**[Total: 24 marks]**

**QUESTION 2**

a) Describe the purpose of feasibility analysis. When should a feasibility analysis be conducted relative to opportunity recognition and the development of a business plan?

(3 marks)

b) Describe the purpose of industry/target market feasibility analysis. Identify the **TWO (2)** primary issues that should be considered.

(4 marks)

c) Provide the difference between a firm's industry and its target market.

(4 marks)

**[Total: 11 marks]**

**QUESTION 3**

a) Describe **TWO (2)** differences between historical and pro forma financial statements.

(4 marks)

b) Describe the purpose of the income statement, the balance sheet, and the statement of cash flows.

(6 marks)

d) List the **FOUR (4)** primary financial objectives of firms and describe each of them.

(10 marks)

**[Total: 20 marks]**

**QUESTION 4**

a) Describe the term "liability of newness" and suggest **TWO (2)** ways that a new venture can overcome this handicap.

(10 marks)

b) What is the difference between a heterogeneous and a homogeneous founding team? Which type of team has the advantage?

(5 marks)

**[TOTAL: 15 MARKS]**

**END OF QUESTION PAPER**