

SOUTH EASTERN UNIVERSITY OF SRI LANKA

FIRST EXAMINATION IN BACHELOR OF SCIENCE (INFORMATION TECHNOLOGY FOR MANAGEMENT STUDIES) – 2007/2008 SEMESTER – II, AUGUST/SEPTEMBER 2009

ITMS 1213 - ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

Answer all questions.

Time: 03 hours

Question -01

- (a). Differentiate **Artisan** entrepreneur and **Opportunistic** entrepreneur. [04 Marks]
  - (b). "**Business owners are entrepreneurs**": Discuss this statement indicating whether you agree or disagree and give reasons for your opinion. [06 Marks]
  - (c). Give three examples of how culture can affect small business in Sri Lanka. [5 Marks]
  - (d). A small business that produces marker pens pays RS. 5,000 in rent and RS. 3,000 in other fixed overheads. Its wage bill is RS. 30,000 per month. Each pen costs RS. 30 in raw materials. The pens are sold at RS. 45. How many pens do they need to sell on break even? [5 Marks]
- [Total 20 Marks]

Question-02

- (a) Briefly explain entrepreneurial challenges presented by recent Financial Crisis in Sri Lanka. [05 marks]
  - (b) Briefly explain how integrity applies to various stakeholder groups, including owners, customers, employees, the community, and the government. [05 marks]
  - (c). A hostel owner has 100 rooms rented at RS. 1,000 per month. The average occupancy 80% during 2008. She pays RS. 2,000 per month in water bills and RS. 5,000 in monthly electricity bills. Her three employees are paid RS. 5,000 per month each and she insures the hostel at 1% of its value of RS. 8 million. Construct an Income Statement for this hostel and state any assumptions you have made. [10 Marks]
- [Total 20 Marks]

Question-03

- (a) A friend has suggested that you start a cyber café. What questions would you ask to help you decide if this is a viable business opportunity for you? [5 Marks]
- (b) Briefly explain the ways to gain a potential competitive edge for your cyber café [7 Marks]

(c) Based on your experience during the past semester, compare two businesses in Kalmunai Town, one involves sale of computers the other the sale of computer spares and supplies (media, paper, cartridges).

- i) Which requires higher initial capital investment and why? [2 Marks]
  - ii) Which is likely to be more profitable and why? [2 Marks]
  - iii) Which is the more complex and why? [2 Marks]
  - iv) Which requires greater technical expertise why? [2 Marks]
- [Total 8 Marks]  
[Total 20 Marks]

#### Question-04

Mr. Perera is an owner of a small computer trading enterprise in Katubatha. He has recruited a young and dynamic IT graduate from SEUSL. Mr. Perera had an initial discussion with newly recruited IT graduate Mr. Raheem on expanding business mode by introducing E-Commerce.

You are required:

(a). Identify at least 04 challenging factors in buying and selling on the internet in Sri Lanka.

[04 Marks]

(b). Do you think that the sophisticated system of IT exist in Sri Lanka enough to go for internet business? if not advice to Mr.Perera in taking initial steps to make the business environment favour to him.

[06 Marks]

(c)Hypothetically construct a brief feasibility report on the above scenario.

[10 Marks]

[Total 20 Marks]

#### Question -05

- (a) What is a business plan? [3 Marks]
- (b) List and briefly describe the key components of a business plan. At what stage in starting a business should you develop a business plan? [6 Marks]
- (c) Why is credit financing a difficult route to financing a new business in Sri Lanka? What other options do entrepreneurs have to finance startups? [5 Marks]
- (d) Most banks use a consistent process to evaluate a request for a loan from a customer. Explain the key aspects of the 05C's model of evaluating a loan application?

[06 Marks]

[Total 20 Marks]