Package Title: Clickers

Course Title: Boone, Kurtz, Khan, Canzer, Contemporary Business, Third Canadian Edition

Chapter Number: 05

Question type: Multiple Choice

1) A business incubator:

a) Provides low-cost, shared facilities to small start-up companies

b) Is part of the Canada Small Business Financing Program

c) Is money invested in the small business by another business or group of individuals in return for an ownership share

d) Is a type of business interest-free loan

Answer: a

2) Small businesses are much more likely to fail than large businesses, especially during economic downturns because of

a) Management shortcomings.

b) Difficulty dealing with government regulations.

c) Inadequate financing.

d) All of the above.

Answer: d

3) In a typical business plan, the *Introduction* section contains which one of the following?

a) A general statement of the concept, purpose, and objectives of the business

b) The introduction of the principles

c) Information on the firm’s target market and detailed sales forecasts

d) The who, what, where, when, why, and how questions for the business

Answer: a

4) A legal organization with assets and liabilities separate from those of the owner is called

a) A sole proprietorship.

b) A partnership.

c) A corporation.

d) All of the above.

Answer: c

5. A(n) \_\_\_\_\_\_\_\_\_ consists of two or more firms combined to form one company.

a) Merger

b) Acquisition

c) Joint venture

d) Vertical merger

Answer: a

6) Which one of the following statements concerning a small business in Canada is incorrect?

a) Small businesses have fewer than 100 employees

b) Small businesses are those with revenues not exceeding $2 million

c) Small businesses account for more than two-thirds of employment in the non-institutional health care industry category

d) Small businesses are dominant in their market

Answer: d

7) When small firms need loans, the most frequent source of funding is

a) Credit cards.

b) Commercial bank loans.

c) Trade credit.

d) Home equity loans.

Answer: b

8) When a corporation is owned by only a few shareholders, and the shares are generally unavailable to outsiders, the corporation is described as:

a) Publicly held

b) Widely held

c) Diversified

d) Closely held

Answer: d

9) A written document that provides a statement of a company’s goals, methods for achieving goals, and standards for measurement is

a) A marketing plan.

b) A business plan.

c) An incorporation document.

d) A financial blueprint.

Answer: b

10) Governance of a corporation is the responsibility of:

a) Board of Directors

b) Shareholders

c) Senior Management

d) The Chief Operating Officer

Answer: a

11) Which one of the following statements concerning small business in Canada is CORRECT?

a) Small businesses generate less than 29 percent of the nation’s Gross Domestic Product (GDP)

b) Small businesses account for $83 million of Canada’s total value of exports

c) Small businesses often hire the youngest workers

d) Approximately 75 percent of small businesses operate in Canadian goods producing industries

Answer: c

12) The main purpose of the Business Development Bank of Canada is:

a) To provide interest free loans to small businesses

b) To improve the management skills of small business owners and managers

c) To broker private sector investments for small businesses

d) To introduce small business owners to angel investors and venture capitalists

Answer: b

13) Which one of the following statements concerning the Franchising Sector is INCORRECT?

a) Approximately one out of five consumer dollars is spent on goods and services at a franchise business

b) Canada has approximately 76,000 individual franchise businesses operating under approximately 2,000 different brand names

c) Franchises in Canada employ more than 1 million people

d) Most Canadian franchises are based in Ontario

Answer: b

14) The most common, oldest, and simplest form of business ownership is the:

a) Franchise

b) Corporation

c) Sole proprietorship

d) Partnership

Answer: c

15) Which one of the following statements concerning preferred shares is INCORRECT?

a) Preferred shares have the right to receive dividends or assets before common shares

b) Preferred shares have limited voting rights as common shares

c) Preferred shares have first claims on assets, once all debtors are repaid

d) Preferred shareholders have only residual claims on the firm’s assets

Answer: d