

SECTION A (50 MARKS)
ANSWER ALL QUESTIONS

Question 1

a) For each question, there are four alternatives: A, B, C and D. Choose the correct alternative and circle it. Do not circle more than ONE alternative. If there is more than one choice circled, NO score will be awarded. [20]

- i. The main objective of pitching a business idea is to
- A attract investors.
 - B create a customer base.
 - C generate a business idea.
 - D prepare a business model.
- ii. Himalayan Water Bottles Venture segregates the market based on age, sex education and income. Identify the type of market segmentation used by the firm.
- A geographic
 - B behavioral
 - C demographic
 - D psychographic
- iii. 'Exit strategy is a means of how the investors liquidate or leave the current investment after achieving a pre-determined goal of the business or to mitigate failure.' Which one of the following is **NOT** the exit strategy for liquidation of a business?
- A filing for bankruptcy
 - B persevere with the business
 - C selling of shares to the public
 - D winding up the business and selling of assets
- iv. A business center that offers working space and specialized support for a new venture is called
- A isolator.
 - B injector.
 - C integrator.
 - D incubator.

- v. Study the 'demand analysis' information given in the table.

| | Name of product | No. of buyers | Usage rate (In a year) | | Total quantity demanded | |
|---------------------|------------------|---------------|----------------------------|-------------|-------------------------|-------------|
| | | | Volume | Value (Nu.) | Volume | Value (Nu.) |
| Potential customers | Poultry products | 8500 | 36 | 850 |? |? |

The total quantity of volume and value demanded can be computed as

- A Nu.300,600 and 7,022,500.
 B Nu.360, 000 and 7,020,250.
 C Nu.306,600 and 7,020,200.
 D Nu.306,000 and 7,225,000.
- vi. The expenses incurred for the acquisition and maintenance of assets like property, plant and equipment is
- A current expenditure.
 B capital expenditure.
 C operating expenditure.
 D pre-operating expenditure.
- vii. Generating ideas, conveying interactions, documenting design and learning users interaction are the four categories of
- A ideation.
 B prototyping.
 C design thinking.
 D interaction design.
- viii. Sunshine Electronics decided to launch a new model laptop that is cost efficient using recyclable materials. Identify the two pestle analysis factors applied by the company.
- A economic and legal
 B economic and political
 C technological and legal
 D economic and ecological

- ix. Study the following revenue model of two firms.

| Bhutanese Private firm | Bhutan Telecom Ltd. |
|---|---|
| Earns revenue from customers in advance at regular intervals. | Earns revenue from customers by using its services. |

The type of revenue model adopted by the two firms is

- A leasing and licensing respectively.
 B licensing and leasing respectively.
 C subscription fees and usage fees respectively.
 D usage fees and subscription fees respectively.
- x. Study the information in the table below:

| Particulars | Amount in Nu. |
|-------------------------------------|--------------------------|
| <u>Capital Expenditure</u> | |
| Property, Plant & Equipment | 625,000 |
| <u>Pre-operating expenses</u> | |
| Training cost | 50,000 |
| <u>Working capital</u> | |
| Direct material and labour cost | 450,850 |
| Factory overhead(with depreciation) | 250,500 |

What is the 'total project cost'?

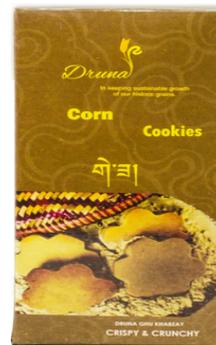
- A Nu. 1,125,850
 B Nu. 1,376,350
 C Nu. 1,367,300
 D Nu. 1,115,800
- xi. According to Deepak, compost making is a lucrative business in Bhutan. His firm sold 8MT of vermicompost to date this year. "I'd be interested to train youth who want to start their compost business. There is a future in the compost-making business because the demand grows each year," he said.

(source: Kuensel)

Which method of production would help him retain his business?

- A job method
 B lean method
 C batch method
 D flow or mass method

- xii. Which of the following non-current intangible asset is **NOT** required for operating purposes?
- A patent
 - B goodwill
 - C copyright
 - D trade mark
- xiii. Why is net present value method of financial analysis very important to entrepreneurs and investors?
- A to make income decisions
 - B to make investment decisions
 - C to measure the profitability of the firm
 - D to know the duration of an investment to reach the breakeven point
- xiv. Study the images given below.



[source-online]

Identify the intellectual property in the images.

- A patent
 - B trade mark
 - C utility model
 - D industrial design
- xv. An organization uses several strategies for the professional development of its personnel so as to gain competitive advantage. Which of the following is the best strategy?
- A training strategy
 - B selection strategy
 - C recruitment strategy
 - D compensation strategy

xvi. All the expenses categorised in the given table are correct **EXCEPT**

| Pre-operating expenses | Overhead expenses |
|-------------------------------|---------------------------------|
| A Business plan preparation | Rent for production facilities |
| B Payment of legal fees | Renewal of permits and licenses |
| C Business registration fees | Electricity and water charges |
| D Depreciation of noncurrent | Processing of loan |

xvii. Samphel Woodcraft is engaged in the production of furniture. Tshering, the production manager is responsible for maintaining the right amount of quantities to meet the demand. The production manager is an example of

- A direct labour.
- B indirect labour.
- C direct expenses.
- D indirect expenses.

xviii. The long-term sustainability of a business is not just to determine how much profit is made but also how the business

- A works towards achieving its plan.
- B answers to the need and taste of its customers.
- C fulfills its social and environmental responsibilities.
- D collaborates with its stakeholders and plans for the future.

xix. Following are the stakeholders involved in a manufacturing business.

- I entrepreneurs
- II potential partners
- III venture capitalist
- IV managers and employees

Which stakeholders are considered as internal stakeholders?

- A I only
- B I and II
- C I and III
- D I and IV

xx. All of the following leads to outflow of cash in a firm **EXCEPT**

- A taxes.
- B dividend.
- C depreciation.
- D interest payment.

b) Fill in the blanks with appropriate word(s).

[5]

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| i. | Payback period is a capital budgeting technique used to estimate the amount of time taken by an investment to reach its _____. |
| ii. | Systematic arrangement of office equipment and furniture providing adequate space for performing regular office activities is known as _____. |
| iii. | Individuals who provide capital for a business or business start-up, usually in exchange for convertible debt or ownership equity is referred as _____. |
| iv. | A service-oriented business generally determines _____ of the marketing mix. |
| v. | Inventories of the manufacturing firm includes stock of raw materials, _____, and finished goods. |

c) Match each item under column A with the most appropriate item in column B. Write the correct alphabet in the space provided under the 'answer' column.

[5]

| Answer | Column A | Column B |
|--------|---|--|
| | i. Aims to shorten product development cycles and knows the viability of the proposed business idea | a. business plan |
| | ii. A roadmap that guides the actions and activities to detect the shortcomings of the original business idea | b. projection of statement of comprehensive income |
| | iii. It helps in identifying the source and defining terms of procuring the non-current assets | c. effectuation |
| | iv. Well defined lines of reporting, less prone to mistakes and misunderstandings | d. operation plan |
| | v. Helps in estimating the future operating results of a business | e. projection of statement of financial position |
| | | f. lean startup |
| | | g. organization structure |

- ii. In comparison to brain storming, problem inventory analysis is a better strategy to generate new ideas and satisfy the targeted customers. Why? Justify your stand with **TWO** reasons. **[2]**

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- iii. Tsho Private Limited purchased a table set made of rubber wood for Nu.100,000 with a useful life of 5 years. Calculate the annual depreciation for the first year. **[1]**

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- iv. “Sustainability of business isn’t just important for the society at large but also for the business itself.” Give **TWO** justifications. **[2]**

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- v. Calculate the projected profit or loss and cost per unit from the following information: [2]

Total cost = Nu. 85,000
(excluding cost of production
Nu. 20,000)

Sales = Nu. 212,000
Total units of goods produced = 1000 units

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- vi. For the past two years, Tashi has been making a sizable profit from her salon in Mongar town. But this year, she has seen a sharp decline in her customers and is struggling to cover the shop's rent. What might be the reason? Give any **TWO**. [2]

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- vii. A company is planning for expansion that requires additional 200 employees. To recruit highly trained and motivated work force, you are instructed to create an applicable recruitment strategy. State **FOUR** strategies. [2]

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- viii. "Communication is the most important skill for success in business plan pitching". Do you agree? Give **TWO** valid justifications. [2]

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- b) “Well written and precise executive summary is an important component in a business plan to seek fund and support from different stakeholders”. Do you agree? Support with **TWO** valid points. **[2]**

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- c) Explain **TWO** differences between business advice services and technical services. **[2]**

| Business advice services | Technical services | |
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- d) Who would be your target stakeholder when you develop a business plan? Why? **[2]**

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b) Study the financial statement given below.

| Items | 2021 | 2022 |
|---------------------------------|--------------|--------------|
| 1. ASSETS | | |
| CURRENT ASSETS | | |
| Cash | Nu.50,000 | Nu.60,000 |
| Inventories | Nu.70,000 | Nu.80,000 |
| TOTAL CURRENT ASSETS | Nu.120,000 | Nu.140,000 |
| NONCURRENT ASSETS | | |
| Land | Nu.2,000,000 | Nu.2,000,000 |
| Building | Nu.1,500,000 | Nu.1.510,000 |
| Book value of noncurrent assets | Nu.3,500,000 | Nu.3,510,000 |
| TOTAL ASSETS | Nu.3,620,000 | Nu.365,000 |
| 2. A----- | | |
| B----- | | |
| Account payable | 30,000 | 20,000 |
| C----- | | |
| BOBL loan | Nu. 70,000 | Nu.50,000 |
| 3.EQUITY | | |
| Owner's equity | Nu.3,500,000 | Nu.3,500,000 |
| Retained earning | Nu.20,000 | Nu.80,000 |
| TOTAL EQUITY | Nu.3,520,000 | Nu.3,580,000 |
| D----- | ? | ? |

i. Identify the type of projected financial statement template.

[0.5]

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ii. What are A, B, C and D? Calculate the value of D for 2021 and 2022. [2.5]

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iii. Write any **ONE** difference between the identified items B and C. [1]

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c) Centre for Bhutan Studies and GNH have invited interested companies to register for GNH business certificate year 2022. Develop any **SIX** unique initiatives to be infused in the proposed business plan to qualify for the certificate. [3]

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Question 6

- a) Sonam has taken a personal loan of Nu. 500,000 for five years at the annual interest rate of 8%. The loan will be amortized over 5 years with monthly payment. What is his monthly payment? [2]

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- b) Write **ONE** advantage and **ONE** disadvantage of a borrower paying loan in regular monthly installment. [2]

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b) Write **FOUR** differences between ‘manufacturing process’ and ‘service process’. **[4]**

| Manufacturing process | Service process | |
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c) Which tool is used for the assessment of a business model? Explain any **TWO** needs for the assessment of business model. **[3]**

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