

SECTION A [50 MARKS]
ANSWER ALL QUESTIONS

Question 1

[20]

- a) For each question there are **FOUR** responses: **A, B, C** and **D**. Choose the corresponding letter of your response and **CIRCLE** it neatly. **NO** score will be awarded if you circle more than **ONE** letter.
- i. A student has an idea for a pen that can scan and translate text. She then creates a working model to test its features.
Which of the following stage of design thinking does her action represent?
- A Idea generation
 - B Prototype creation
 - C Idea implementation
 - D Problem identification
- ii. Which of the following statements best describes the concept of a business idea and a business opportunity?
- A A business idea is always more profitable than a business opportunity
 - B A business idea and a business opportunity are exactly the same if they are creative
 - C Every business idea automatically becomes a successful business opportunity with enough funding
 - D A business idea only becomes an opportunity when it is practical, needed, and has market potential
- iii. A startup decides to use an external logistics company to handle its product deliveries in order to improve efficiency. The given statement best describes about
- A channel.
 - B key resources.
 - C key partnership.
 - D customer relationship.
- iv. In a small manufacturing unit, the estimated Capital Expenditure is Nu. 1,800,000, Pre-operating Expenses are Nu. 350,000, Marketing Expenses are Nu. 90,000 and Working Capital required is Nu. 450,000. What is the Total Project Cost?
- A Nu. 2,690,000
 - B Nu. 2,600,000
 - C Nu. 2,340,000
 - D Nu. 2,140,000
- v. Which of the following tasks would **NOT** fall under the operations plan of a business?
- A Estimating the overhead costs, and computing total and unit production costs
 - B Estimating the raw material requirement, its sources, cost, and availability
 - C Estimating plant capacity utilization in case of a manufacturing business
 - D Estimating the organizational overheads and pre-operating expenses

- vi. An entrepreneur is preparing to present his startup idea to investors. He wants to keep it concise and effective by following Guy Kawasaki's pitch deck model. Based on this, the structure of his presentation should include
- A 10 well-structured slides.
 - B 20 well-structured slides.
 - C 30 well-structured slides.
 - D 40 well-structured slides.
- vii. An entrepreneur is developing a business plan for a new retail venture and has decided to include the roles and responsibilities of the sales manager, accountant, and store supervisor. In his business plan component, the given activities would be categorised under
- A marketing plan.
 - B financing plan.
 - C operations plan.
 - D organisational plan.
- viii. An entrepreneur prepares a projected cost sheet for her proposed business and determined cost of sales. What should the entrepreneur do next to determine the projected profit or loss?
- A Subtract cost of sales from factory overheads
 - B Subtract cost of sales from projected sales
 - C Add cost of sales to factory overheads
 - D Add cost of sales to projected sales
- ix. Thimphu TechPark Limited incubation centre provided various supports such as printing, photocopying, and communication services to a new start-up. The centre also assisted the firm to obtain business license and environmental clearances. What type of support did the firm receive?
- A Administrative support
 - B Workspace support
 - C Technical support
 - D Marketing support
- x. After months of developing a business idea, an entrepreneur is now ready to launch his startup. As he steps into the entrepreneurship stage, which of the following components should he adopt?
- A Focus on the problem and reframe challenges as opportunities
 - B Envision opportunities and actively engage with stakeholders
 - C Identify personal motivations and experiment with their product
 - D Demonstrate persistence and motivate others to participate
- xi. The report an entrepreneur should prepare when applying for a business loan is
- A detailed annual report.
 - B detailed project report.
 - C detailed financial report.
 - D detailed marketing report.

- xii. A startup team wants to generate ideas on clothing brand for youth. They invited a group of teenagers to share their opinions and preferences in a session led by a trained moderator. The method used by the team to generate business idea is
- A focus group.
 - B brainstorming.
 - C reverse brainstorming.
 - D problem inventory analysis.
- xiii. Several companies claim to be socially responsible, but in reality, only a few companies adopt the principles of the Triple Bottom Line. Which of the following scenarios demonstrates this approach?
- A A company raises product prices to maximize profit margins
 - B A company lowers expenses by reducing employees' benefits
 - C A company adopts sustainable business model catering to users' needs
 - D A company makes occasional charitable donations to boost its public image
- xiv. A company plans to buy a machinery at a cost of Nu. 500,000 at the beginning of the year. The machinery has an estimated useful life of 5 years and a residual value of Nu. 75,000. What is the total annual depreciation?
- A Nu. 115,000
 - B Nu. 100,000
 - C Nu. 85,000
 - D Nu. 15,000
- xv. A manufacturing firm has a plant with a maximum monthly production capacity of 12,000 units. In the month of June, the company produced 8,400 units. The plant capacity utilisation rate for the month of June is
- A 30%.
 - B 42%.
 - C 70%.
 - D 140%.
- xvi. A Travel Agent is looking for a competent manager. The team is currently conducting preliminary interviews, written tests, and document verification. The stage of Human Resource Management that the Travel Agent currently working on is
- A recruitment.
 - B selection.
 - C training.
 - D development.
- xvii. A business reports a net profit margin of 20% in its annual financial report. The given percentage indicates that the business
- A retains 20% of its sales as profit after covering all costs.
 - B covers its operating expenses with 20% of its sales.
 - C earns a 20% return on the capital invested.
 - D reduces its production cost by 20%.

xviii. The following is a list of expenses incurred to set up tailoring business prior to its commencement:

- Feasibility study: Nu. 5,000
- Business registration: Nu. 2,000
- Legal consultation: Nu. 3,000
- Employee training: Nu. 4,000
- Purchase of sewing machines: Nu. 20,000

The total pre-operating expenses from the given information is

- A Nu. 34,000.
- B Nu. 27,000.
- C Nu. 22,000.
- D Nu. 14,000.

xix. A startup pitch includes a slide with the phrase: *“Freshly brewed herbal teas delivered to your doorstep in 30 minutes.”*

The primary purpose of including this slide in the pitch deck is to

- A explain the cost model and expected profit margins.
- B demonstrate the competitive analysis behind the product or service.
- C communicate the unique value the business offers its target customers.
- D explain how the business will generate revenue and sustain its operation.

xx. Which of the following costs constitute the prime cost for Furniture Manufacturing Firm?

- A Purchase of timber, salary paid to carpenter and carriage inward
- B Purchase of timber, salary paid to manager and carriage inward
- C Purchase of timber, salary paid to supervisor and purchase of lubricants
- D Purchase of timber, salary paid to accountant and purchase of lubricants

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

[5]

i.	A popular method used to conduct the assessment of business model is known as _____ analysis.	
ii.	The _____ component of the business plan attempts to convince the investors and other stakeholders that there is a scope for the products and services of the proposed business.	
iii.	The manufacturing technique used for producing a peculiar, special, or non-standardised product as per customer orders is called the _____.	
iv.	The structure that shows clear segregation of roles and position, and well-defined lines of reporting and communication is called _____.	
v.	The period during which the entrepreneur is not required to repay the loan until the business begins its operation is called _____ period.	

- c) Match each item in column A with the most appropriate item in column B. Write the correct letter in the space provided in the 'Answer' column. [5]

Column A	Column B	Answer
i. A firm would consider knowledge, skills, attitude and competencies during recruitment and selection processes.	a. Product	i.
ii. A firm decided to adopt personal selling, public relation and direct marketing.	b. Price	ii.
iii. A firm has developed Standard Operating Procedures to enhance service delivery and aiming to provide superior user experiences.	c. Promotion	iii.
iv. A firm sought to provide customers with a wide range of high-quality services with proper packaging and warranties.	d. Place	iv.
v. A firm designs website of the business, its logo and brochures, and ambience of service delivery points.	e. People	v.
	f. Process	
	g. Physical evidence	

- d) Write TRUE or FALSE for the following statements in the space provided in the 'Answer' column. [5]

Statement	Answer
i. Innovation accounting involves defining how to measure startup progress, setting milestones, and prioritizing actions to enhance results and ensure accountability.	
ii. A trademark owned by an association or organization is referred to as a patent.	
iii. Suppliers use a business plan to assess a company's growth potential and its ability to pay bills and increase future orders.	
iv. Market analysis is conducted to examine how attractive a specific market is and to understand its behavior within an industry.	
v. In a shoe manufacturing business, staff welfare costs are treated as direct expenses.	

e) Answer the following questions briefly.

- i. How effectuation cycle helps entrepreneurs in starting a venture? Mention any **TWO** ways. **[2]**

- ii. Do you agree that conducting technical feasibilities would give a business a competitive advantage? Support your answer with **TWO** points. **[2]**

- iii. A startup aims to align its business model with the values of Gross National Happiness (GNH). Choose any **TWO** GNH domains and explain how the business can apply them to improve its sustainability. **[2]**

- iv. The accountant at Bumpa Company calculates depreciation based on estimated useful life. His assistant suggested to use depreciation rates prescribed under the Income Tax Act. Justify your stand for any method with **TWO** reasons. [2]

- v. A Transport Company reported travel and transportation expenses of Nu. 85,000 during the first quarterly meeting. The manager remarked that the expenses incurred were too high. Suggest **TWO** ways to manage and control these expenses. [2]

- vi. An entrepreneur is planning to launch a new business called Green Pulse, with a total initial investment requirement of Nu. 900,000. Which financing option, debt or equity would you suggest him to choose? Justify your choice with **TWO** reasons. [2]

SECTION B (50 MARKS)
ANSWER ANY FIVE QUESTIONS

Question 2

- a) Is it necessary to conduct industry analysis before developing a marketing plan? **[2]**
Justify your stand with **TWO** reasons.

- b) Briefly explain following principles of the Lean Startup approach in your own words **[1]**
i. Entrepreneurs are everywhere

- ii. Entrepreneurship is management **[1]**

c) At the beginning of the year, the business had an opening inventory of raw materials worth Nu. 45,000. During the year, additional raw materials costing Nu. 75,000 was purchased to meet growing customer orders.

By the end of the year, the closing inventory of raw materials was valued at Nu. 65,000.

i. From the given information, calculate the cost of materials consumed.

[2]

ii. Explain how changes in inventory levels can affect the overall profitability and efficiency of a manufacturing business. Provide at least **TWO** key points.

[2]

d) What are the **TWO** types of rights that are protected under copyright law?

[2]

c) How each of the following strengths identified in Business Model Canvas would contribute to the overall strategic position of a business? Explain in brief.

i. Well-segmented customer base: [1]

ii. Diversified sources of revenue: [1]

iii. Well-integrated channels: [1]

- d) Use the information given in the table and conduct demand analysis intended by question mark (?). [2]

Target Market Segment	Name of Product	Number of potential buyers	Usage Rate		Total Quantity Demanded	
			Volume	Value (Nu.)	Volume	Value (Nu.)
Students	Notebook	25,000	8	65	?	?
	Pen	15,000	4	12	?	?

Question 4

- a) Briefly explain how each of the following components contributes to the effectiveness of the organisational and management plan in a business proposal.

- i. Legal form of the business: [1]

- ii. Organisational structure: [1]

iii. Recruitment and training strategy: [1]

iv. Estimation of administrative personnel cost: [1]

b) The table below shows the projected indirect material costs for the first year.

Particulars	Year 1
Welfare cost (refreshment)	Nu. 17,500
Glue	Nu. 28,000
Fuel	Nu. 55,000

i. Estimate the indirect material costs for the second year, considering a 5% increase in welfare costs, a 6% increase in fuel costs, and a 4% decrease in lubricant expenses. [3]

Particulars	Year 1	Year 2	
Welfare cost (Refreshment)	Nu. 17,500		
Glue	Nu. 28,000		
Fuel	Nu. 55,000		

ii. Explain why the cost of fuel is categorised as an indirect material cost. Give **ONE** reason. [1]

- c) Differentiate between a business idea and a business opportunity on the basis of definition and commercial viability. **[2]**

Basis	Business Idea	Business Opportunity	
Definition			
Commercial viability			

Question 5

- a) You are planning to start a new eco-friendly water bottle business in Paro. You are in the process of developing marketing strategies.
- i. Prepare a slogan for your product. **[1]**

- ii. Design a trademark for the business to identify your product in the market. **[1]**

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d) Identify any **TWO** elements of the projected statement of financial position. **[2]**

Question 6

a) Explain the following common tips that helps to develop a pitch deck effectively:

i. Know your competition **[1]**

ii. Be realistic with figures **[1]**

iii. Define the exit strategy **[1]**

b) Mention any **TWO** methods used for business idea screening. **[2]**

c) A company wants to invest Nu. 80,000 in a project. The expected cash inflows over the next 5 years are: **[3]**

- Year 1: Nu. 15,000
- Year 2: Nu. 18,000
- Year 3: Nu. 20,000
- Year 4: Nu. 17,000
- Year 5: Nu. 16,000

Calculate the payback period from the given information and interpret the result.

d) You are planning to launch your new organic soap in the market. Develop any **TWO** marketing checklist questions that you would ask the early adopters to assess the market feasibility of your product. **[2]**

c) Why innovation stage is important for invention cycle? Give **ONE** reason **[1]**

d) A company is planning to recruit employees for the post of Manager, Accountant and Supervisor. The monthly salaries for each position in Year 1 are provided. For year 2, the company intends to increase the salaries by the following percentages: **[3]**

- Manager: 5% increase
- Accountant: 8% increase
- Supervisor: 10% increase

Based on this information, calculate the yearly salary for each administrative position in Year 2 and fill in the information in the table give below:

Administrative Personnel	Salary (Monthly)	Year 1	Year 2	
Manager	35,000			
Accountant	26,000			
Supervisor	14,000			