

**SECTION A [50 MARKS]**  
**ANSWER ALL QUESTION**

**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.

1. Which of the following best describes demographic segmentation in market segmentation?
  - A Dividing the market based on geographic locations.
  - B Segmenting the market based on consumer lifestyle.
  - C Targeting consumers who have similar needs and choice.
  - D Grouping consumers based on age, income, gender and education.**
  
2. “Customizing products to meet each customer's specifications or needs based on their orders, as best described by them”. Which method of production is it?
  - A Job method**
  - B Flow method
  - C Lean method
  - D Batch method
  
3. Despite having an outstanding acquisition rate, a business is having trouble with high churn rates. In line with the Lean Startup methodology, what should be its primary priority?
  - A Increase marketing spending to draw in new customers.
  - B Make the product more appealing by adding new features.
  - C Lower the product's price to motivate customers to stick around.
  - D Ensure that new users understand the value of the product by improving the product.**
  
4. Pema is launching a new company to produce reusable, environmentally friendly water bottles. She is determined that outdoor enthusiasts and those who care about the environment are her main customers. Additionally, she has developed connections with a number of online stores and distributors. Pema also intends to produce interesting social media material to advertise her goods. Which Business Model Canvas block has Pema handled based on the information provided?
  - A Revenue Stream, Customer Segments, and Channels
  - B Revenue Stream, Customer Segments, and Channels
  - C Cost Structure, Key Resources, and Value Propositions
  - D Customer Relationships, Channels, and Customer Segments**
  
5. Dawa is tasked with identifying the administrative and management personnel required for the business. He also works on estimating the pre-operating expenses as well as the management and administrative expenses. Which component of a business plan is Dawa primarily working on?
  - A Financial Plan
  - B Marketing Plan
  - C Operational Plan
  - D Organizational Plan**

6. What is the most accurate way to explain the concept of entrepreneurship?
- A The process of managing finances in a business.
  - B The study of market trends and consumer behavior.
  - Ⓒ The ability to start, organize and manage a new business venture.**
  - D The practice of maximizing profits through cost-cutting measures.
7. Sonam works as an HR officer for the Gelephu City Corporation which has branches all over the world. She has promoted employees from within the company, transferred extra personnel from the branch to the main office, and issued press releases in an effort to hire individuals. Which one of the following best describes the human resource planning stage from the above context?
- A Training
  - B Selection
  - C Appraisal
  - Ⓓ Recruitment**
8. Sam Company obtained a five-year loan of Nu. 100,000 from Bank of Bhutan. The loan has a yearly interest rate of 9.95%, and the company must make monthly payments of Nu. 2122.25. The first installment is paid by the company at each month's end. How much interest the company will pay the bank on the first installment. **(100,000 x 9.95% / 12)**
- A Nu. 817.17
  - B Nu. 819.71
  - Ⓒ Nu. 829.17**
  - D Nu. 928.71
9. Calculate the prime cost from the following information:
- Direct materials consumed Nu. 90,000  
 Direct labour Nu. 60,000  
 Direct Expenses Nu. 20,000  
 Manufacturing overheads Nu. 30,000
- A Nu. 200,000
  - B Nu. 180,000
  - Ⓒ Nu. 170,000**
  - D Nu. 110,000
10. A manufacturing plant has a maximum production capacity of 3,800 units per year. The table below shows the actual production quantities for the first three years to meet the projected sales and inventory level.

Year 1	Year 2	Year 3
2,000 units	2,600 units	2,900 units

Calculate the capacity utilization for year 1 assuming the plant has used 100 percent capacity.

- A 100%
- B 57.14%
- C 53.72 %

52.63%

11. XYZ Company wants to design its logo to better align with its brand values of sustainability and environmental friendliness. Which of the following logos will best suit their company image?
- A A sleek, minimalist design in metallic silver
  - B A vibrant, colorful design featuring abstract shapes
  - A design incorporating a green leaf and earthy tones**
  - D A retro-style logo with a bold, red and black color scheme
12. A business is thinking about getting into a different industry. They are looking at the competitive environment with the help of Porter's Five Forces framework. Which of the following characteristics should point to a low risk of new competitors?
- The industry requires high level of initial investment.**
  - B Government regulations are minimal and easy to follow.
  - C The technology required to compete in the industry is readily available.
  - D Customer have low switching cost and can easily switch to new suppliers.
13. Which of the following users of a business plan is most likely to need a thorough examination of the financial projections of the organization in order to make wise decisions?
- A Customers
  - B Employees
  - Investors**
  - D Traders
14. All of the following are examples of non-current assets **EXCEPT**
- A Property, plant and equipment
  - B Investment property
  - C Intangible assets
  - Inventory**
15. Druk Company fitness tracker aims to attract clients by offering features such as personalized coaching and seamless integration with popular fitness apps. Which option best describes the value proposition of Druk Company fitness tracker?
- A Positioning the product as the most cost-effective option in the market
  - B Customer service with focus on 24/7 support and personalized assistance
  - C Emphasizing a competitive advantage through advanced health technology
  - Offering a fitness experience through personalized coaching and app integration**
16. You have sixty seconds to make an impression on a prospective investor in an elevator. What is the best way to start your elevator pitch?
- A Start with a brief overview of your team's background and expertise.

- B Share the company's detailed financial projections and growth metrics to demonstrate its potential.
  - C Outline the competitive landscape and explain how your product compares to existing solutions in detail.
  - Ⓓ Present a compelling story or scenario that illustrates the unique value proposition of your product or service.**
17. A marketing team is conducting a session to gather new product ideas. The team is encouraged to freely share their thoughts without any criticism, and the emphasis is on generating a large number of ideas. What method is most appropriate for this session?
- A Focus group
  - B Brainwriting
  - Ⓒ Brainstorming**
  - D Reverse Brainstorming
18. The long-term success and sustainability of a business is not just determined by how much the business makes profit but it is also determined by
- A how business answers to the needs and tastes of its customers.
  - Ⓓ how business fulfils its social and environmental responsibilities.**
  - C how business makes plans and work towards achieving those plans.
  - D how business collaborates with its stakeholders and plan for the future.
19. A team of engineers has identified a problem with current battery technology as it doesn't last long enough for new portable devices. Through brainstorming and creative problem-solving, they have generated unique solutions for revolutionary new battery material which will last for longer duration. Identify which stage of invention cycle is described in the above case.
- A Creativity
  - Ⓓ Innovation**
  - C Imagination
  - D Entrepreneurship
20. The 10 slides pitch deck was propounded by
- A Brown
  - B Tina Seelig
  - Ⓒ Guy Kawasaki**
  - D Dr. Saras Sarasvathy
  - E

**b) Fill in the blanks with appropriate word(s). [5]**

- i. The two components of imagination are engagement and **Envisioning**.
- ii. Customers are conscious of their purchasing habits and are prepared to pay higher prices for environmentally friendly goods. This trend is known as **Green Trend**.
- iii. The medium through which an organization provides its value proposition to its customer segment is known as **Channel**.

- iv. The entire amount of money earned by a company's regular operations is referred to as **Revenue/Sales Revenue/Service Revenue/Income/Sales.**
- v. Presentation of business plan to potential partners to garner support is known as business plan **pitching.**

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

Answer	Column A	Column B
i. c	i. Singye Business received complaints about low-quality products. A specialist group was formed to identify negative aspects and debate solutions, ensuring issues are addressed while maintaining group morale.	a. Validated Learning
ii. e	ii. Sonam, a young entrepreneur, is analyzing the attractiveness of an industry or market by examining the needs of various market segments.	b. Indirect expense
iii. a	iii. Company Y intend to test their hypotheses through experiments and evaluate the results to confirm their assumptions are accurate.	c. reverse brainstorming
iv. b	iv. A company incurs a cost for the salary of the marketing manager responsible for overseeing the launch of a new product.	d. direct expenses
v. g	v. The Bank of Bhutan provided Sangay Company with a loan to aid in its expansion. Since the business is not growing profitably, the bank demands that the company secure the loan.	e. market analysis
		f. brainstorming
		g. collateral
		h. collateral

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

- i. In SWOT analysis, opportunities are beyond the control of the entrepreneur. ( TRUE )
- ii. The assessment of business model is not essential to test the overall relevance and appropriateness of the model. ( FALSE )
- iii. The suppliers use business plan as a reference point for reminding them of the vision, mission and objectives of the business. ( FALSE )
- iv. The name and the logo of the business should not be a replication of the existing businesses. ( TRUE )
- v. The business with higher return on investment is considered as unfavorable. ( FALSE )

e) **Answer the following questions briefly.**

- i. “Entrepreneurs are born not made”. Do you agree? Justify with **ONE** reason. [1]  
**Any One point (no explanation required and no marks for writing only yes or no)**

**Yes. They are born because the following skills are inherent to an individual.**

1. Risk taker - Entrepreneurs are typically more willing to take calculated risks, which can result in higher rewards.
2. Creativity and Innovation - Entrepreneurs often focus on creating new innovative products, services, or business models, which can lead to significant market advantages and growth opportunities. These skills in an individual comes from a young age.
3. Passion and drive- Passion can translate into greater dedication and persistence.
4. Vision and leadership - Successful entrepreneurs often have a clear vision for their business and the leadership skills which are often seen as innate and crucial for entrepreneurial success.
5. Consistency
6. Flexibility
7. Resilience

**No, Entrepreneurs are made because of following reasons:**

1. Entrepreneurial skills are developed through formal education, training, and practical experiences.
2. They acquired skills through jobs, internships and hands –on business ventures.
3. Support received from networks.

- ii. Do you agree that the duration of protection for patent should be extended from 20 years to 30 years? Give **ONE** reason. [1]  
**Any One point (no explanation required and no marks for writing only yes or no)**

**Yes.**

1. To recover investment
2. To encourage long term innovation
3. To maintain competitive advantage

**No.**

1. It can lead to monopolies on technologies
2. Due to technology advancement, innovation will become obsolete

3. Extending patent protection could create an imbalance between the benefits received by patent holders and the public's access to technological advancements.
4. Fostering innovation among new entrepreneurs

iii. As a marketing officer of ABC Ltd., a company engaged in garment production, develop **TWO** pricing strategy to gain competitive advantages over your competitors. **Any two points with explanation (1 mark each)** [2]

1. **Demand -oriented:** Monitor demand patterns in real-time and adjust prices accordingly. For example, during peak demand periods or when inventory is low, prices can be increased to capitalize on customer willingness to pay more.
2. **Cost- oriented:** By focusing on minimizing production costs, a producer can offer products at lower prices than competitors.
3. **Competitor-oriented:** lead with slightly higher prices to show quality, match competitors for convenience, charging equal price like competitors to avoid wars.
4. **Psychological pricing**
5. **Value-based pricing**
6. **Penetrating pricing**

iv. Do you think assessing the capability of proponents in an organizational plan is important? Justify with **ONE** point. [1]  
**Any One point (no explanation required and no marks for writing only yes or no)**

**Yes,**

It ensures competency and effectiveness  
 Identifies strengths and weaknesses  
 Promotes accountability and responsibility  
 Optimum utilization of resources

**No,**

To focus on results over individual capabilities  
 To foster collaborative environment  
 To minimize risk of overemphasis

v. Imagine you are the CEO of a Startup Company specializing in eco-friendly packing. You are thinking of moving your business operation to a new location. Create **TWO** plan that outlines the criteria you will use to assess the new location's viability. [2]

**Any two points of 1 mark each (no explanation required)**

1. **Proximity to market:** it will help to increase customer accessibility, enhance customer service and established stronger relationship.
2. **Proximity to suppliers:** it will help to reduce cost of resources and lost.

3. **Availability of skilled labour:** It increase productivity and foster innovation.
4. **Relevant environment regulations:** the regulation should be favorable for the business, if not it will lead to increase cost of production and lower productivity.
5. **Availability of resources/inputs/technology**
6. **Availability of infrastructural facilities**

vi. “Shorter payback periods are desired over longer ones”. Do you agree? Justify [2]  
with **TWO** points.

**Any two points of 1 mark each with explanation (no marks for writing only yes or no)**

**Yes,**

1. **Reduced Risk:** A shorter payback period results in a quicker recovery of the initial expenditure, which lowers the investment's risk. As a result, the investment is less vulnerable to fluctuations in the market.
2. **Increased Cash Flow:** By allowing the business to quickly reinvest the recovered funds into other projects or operations, a shorter payback period enhances higher profitability.
3. **Early recovery of cost of investment and return on investment**
4. **Increase in retained earning**
5. **Attract more investors**  
[award marks to any relevant point]

**No,**

1. **Long term investment** – Certain projects may take longer time to generate returns but very crucial for long-term growth and competitive advantage.
2. Project with longer payback period often has lower immediate cash flow requirement.
3. Certain project may require huge investment.
4. Charge on assets

vii. How does incubation centers help in the growth of startups in the country? [2]  
Mention **TWO** points.

**Any two points of 1 mark each.**

**Explanation not required.**

1. **Work space support:** Provide physical space with basic infrastructural facilities and facilities such as furniture, internet, hall, labs and library.
2. **Administrative supports:** Provide administrative support services for enabling the incubates to get licenses and clearances from the government agencies and regulatory authorities. They also provide services such as printing, photocopying and communication.



## SECTION B (50 MARKS)

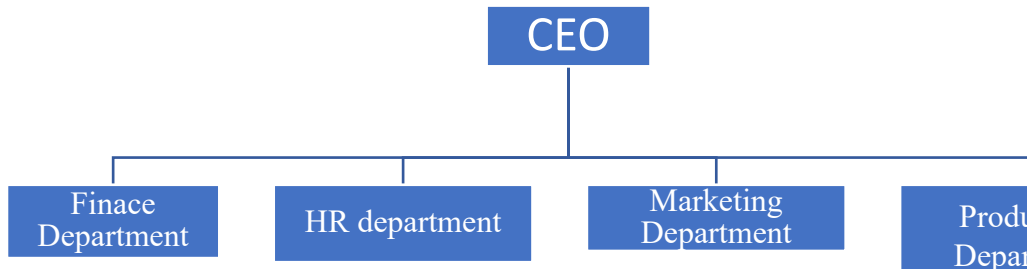
ANSWER ANY FIVE QUESTIONS

### Question 2

- a) In a startup, Pema handles marketing, sales, and customer service. Without clear role definitions, he is struggling to manage tasks effectively, leading to missed deadlines, low productivity, and frustrated team members. As an outside observer, what would you suggest Pema do to correct the lapses? Mention **TWO** suggestions. [2]

**Any two suggestions of 1 mark each.**

1. **Define Roles Clearly:** Establish specific roles and responsibilities for each function.
  2. **Prioritize Tasks:** Prioritize and delegate tasks.
  3. **Improve Communication:** Foster open communication within the team to ensure everyone understands their duties.
  4. **Seek Support:** Consider hiring additional team members to manage workload better.
  5. **Training and Development:** Invest in training to enhance skills and efficiency in each area.
- b) Design a clear and effective organizational structure for Fresh Harvest Foods, including the finance, HR, marketing, and production departments. Briefly outline **ONE** key responsibilities for Finance and HR department. **2 marks for the correct diagram and 1 mark for ONE key responsibility mentioned for Finance and HR department** [4]



1. **Finance Department:** Financial Planning and Analysis, Accounting and Bookkeeping, Cash Flow Management. **(1 mark)**
2. **Human resource department:** Recruitment and Staffing, Employee Relations, Compensation and Benefits, Training and Development/ Recruitment, selection and training/Promotion and separation **(1 mark)**

- c) "The executive summary serves as the first impression to potential investors, lenders, or stakeholders." Explain any **TWO** of its importance. [2]  
**Any two points of 1 mark each with explanation.**

1. It serves as a roadmap for the rest of the business plan.
2. It gives a brief overview of the business plan, emphasizing important details such the idea for the company, the market, the projected financials, and the strategic objectives.
3. It saves time without going through the entire document.
4. Helps in grabbing the attention of the readers.
5. Brief background, vision and mission of the proposed business.
6. The problem it intends to address and its market opportunities.
7. Brief insights of market research and marketing strategies.
8. Snapshot of the technical or operations plan.
9. Brief notes on the management and organisational plan.
10. A brief outline of the financial needs and projections.

- d) Do you agree that the success of securing investors for a business depends on how well you pitch your business plan? Justify with **TWO** points. [2]  
**Any two points of 1 mark each with explanation (no marks for writing only yes or no)**

**YES**

1. **Clarity and Persuasion:** A well-pitched business plan clearly communicates the vision, mission, and potential of the business. It persuades investors by highlighting the unique value proposition, market opportunity, and growth prospects.
2. **Confidence and Credibility:** A compelling pitch demonstrates the entrepreneur's confidence and expertise. It builds credibility, showing that the entrepreneur is knowledgeable and capable of executing the plan
3. **Engagement and Interest:** An engaging pitch captures the investor's interest and makes the business memorable. It involves storytelling, addressing potential concerns, and creating a sense of excitement about the opportunity.
4. **Effective Communication:** Good communication skills enable the entrepreneur to effectively answer questions, handle objections, and provide detailed explanations, which are crucial for gaining investor trust and confidence.

**NO**

1. **Investors often look beyond the pitch to the fundamentals of the business.** This includes market potential, competitive advantage, financial health, and the strength of the team. Even a well-pitched plan can't compensate for weak business fundamentals.
2. Investors investigate companies thoroughly before deciding. They examine operational plans, legal issues, market research, and financial statements. Pitch quality is only the first stage; the underlying business facts are just as essential.
3. Personal connections, reputation, and previous successes can significantly influence investment decisions.
4. Even the best pitch may not succeed if external conditions are unfavorable

### Question 3

- a) Prepare a comprehensive income statement from the information given below. [5]

Particulars	Amount
Revenue	45,000,000
Marketing expenses	850,000
Direct expenses	1650,000
Interest on loan	120,000
Direct labour expenses	4300,000
Organizational & management cost	3200,000
Pre-operating expenses	450,000
Depreciation	200,000

Note: 30% BIT as per the rules on Income Tax Act of Kingdom of Bhutan, 2001.

#### Projected Income Statement

Particulars	Amount	Marks
Revenue	45,000,000	0.5
Less: Direct Operating Cost		
Direct Labour expense	4,300,000	0.5
Direct Expenses	1,650,000	0.5
<b>Gross Profit</b>	<b>39,050,000</b>	
Less: Indirect Operating Cost		
Marketing Expense	850,000	0.5
Organizational & management cost	3,200,000	0.5
<b>Profit before depreciation &amp; pre-operating exp.</b>	<b>35,000,000</b>	
Depreciation	200,000	0.5
Pre-operating expenses	450,000	0.5
<b>Operating Profit</b>	<b>34,350,000</b>	
Less: Interest Expense	120,000	0.5
<b>Net Profit before Tax</b>	<b>34,230,000</b>	
Less: Tax payment	10,269,000	0.5
<b>Net Profit After Tax</b>	<b>23,961,000</b>	0.5

- b) Karma Limited plans to expand Apple Wine sales in Punakha Dzongkhag. The value per unit is Nu. 200. [3]
- i. Using the information provided, complete the volume and value columns in the table below

#### Supply Analysis

Target Market	Name of Product	Volume	Value	Mark
Punakha	Apple Wine	20,000 unit (assumed figure)	<i>(assumed volume * 200)</i> 4,000,000 or Nu. 200	<b>0.5</b>

#### Demand Analysis

Target Market	Name of Product	Volume	Value	Mark
Punakha	Apple Wine	35,000 unit (assumed figure)	(assumed volume * 200) 7,000,000 or Nu. 200	0.5

ii. Perform a GAP Analysis (Depends on Assumed figure)

Name of Product	Total Potential Demand	Total supply	GAP	Mark
Apple wine	7,000,000	4,000,000	3,000,000	1 (GAP can be either positive or negative figure)

iii. Why is it important to conduct a gap analysis? Mention **ONE** point.  
[1 mark for one point]

1. To know the potential demand and existing supply in the market
2. To project sales/revenue / Project the production volume
3. To prevent overproduction or shortage
4. To enhance strategic decision making

c) Why is design thinking also called human-centric? Give **TWO** valid justifications. [2]

**Any two points of 1 mark each with explanation**

1. **Empathize with the people.** Trying to understand the problem of the people with pointing out their problem to them. Designers engage with users, observe their behaviors, and gather insights about their experiences to ensure solutions are tailored to real human needs.
2. **Iterative:** Design thinking involves creating prototypes and testing them with users early. This iterative approach allows for rapid changes based on user feedback, leading to more user-friendly and effective solutions.
3. **Problem Definition:** Design thinking emphasizes understanding and presenting the appropriate problem from the user's perspective rather than making quick judgments. This ensures that the solutions take care of the main problems that users care about.

**Question 4**

- a) Lean Startup methodology helps reduce risks by turning ideas into commercial ventures using rapid experimentation, customer feedback, and iterative product development. Elaborate in **TWO** ways in which the Lean Startup methodology helps reduce risk. [2]

**Any two points of 1 mark each with explanation**

1. Entrepreneurs are everywhere: It promotes innovation, adaptability, and proactive risk management across the entire firm, increasing chances of success and lowering potential drawbacks.
2. Lean Startup, which views entrepreneurship as a type of management, offers a framework that improves risk management skills.
3. Validated learning in Lean Startup reduces risks by rigorously testing theories, focusing on customer needs, iterating based on user feedback, and making decisions backed by data. This process ensures entrepreneurs develop products that meet market demands, minimize costly mistakes, and adapt quickly to changes, leading to more successful ventures.
4. Build Measure Learn: The Build-Measure-Learn method in Lean Startup helps entrepreneurs reduce risks by testing ideas quickly, measuring how they perform, and learning from user feedback. This approach ensures that businesses focus on what works best, adapt to customer needs, and avoid investing in unproven concepts, leading to more successful innovations.
5. Innovation accounting in Lean Startup helps entrepreneurs reduce risks by measuring progress systematically, validating what works, and making smart adjustments. This approach ensures resources are used wisely and boosts the chances of business success.

- b) The total materials requirement for the year is given below along with cost per unit:

Material	Quantity (unit)	Cost per unit (Nu)
Material A	500	Nu. 50
Material B	600	Nu. 60
Material C	800	Nu. 55
Material D	600	Nu. 70

- i. Calculate the cost of each material. [2]

Material	Quantity (unit)	Cost per unit (Nu)	Cost of material	Mark
Material A	500	Nu. 50	25,000	<b>0.5</b>
Material B	600	Nu. 60	36,000	<b>0.5</b>
Material C	800	Nu. 55	44,000	<b>0.5</b>
Material D	600	Nu. 70	42,000	<b>0.5</b>

- ii. Calculate the total annual material cost. [1]

$$\begin{aligned}
 \text{Total Annual cost} &= \text{Material A} + \text{Material B} + \text{Material C} + \text{Material D} \\
 &= 25,000 + 36,000 + 44,000 + 42,000 \\
 &= \text{Nu. 147,000. (1 mark)}
 \end{aligned}$$

- c) Why is it important for a company to conduct financial analysis? Explain any **FIVE** reasons. [5]

[Any five points of 1 mark each with explanation]

Conducting financial analysis is crucial for a company for several reasons:

1. **Informed Decision-Making:** Financial analysis provides insights into the company's financial health, enabling management to make informed decisions about budgeting, investments, and strategy.
2. **Performance Evaluation:** It helps assess the company's performance over time by comparing financial metrics, identifying trends, and evaluating how well it meets its financial goals.
3. **Risk Management:** By analyzing financial statements, companies can identify potential risks, such as cash flow issues or high levels of debt, and develop strategies to mitigate these risks.
4. **Strategic Planning:** Financial analysis aids in developing strategic plans by projecting future financial outcomes based on current and historical data, helping to set realistic goals and objectives.
5. **Cost Control:** It helps identify areas where costs can be reduced or managed more effectively, leading to improved profitability and operational efficiency.
6. **Investment Decisions:** Investors and stakeholders use financial analysis to assess the viability and profitability of investing in the company, influencing investment decisions and funding opportunities.
7. **Creditworthiness Assessment:** Financial analysis is used to evaluate the company's ability to meet its debt obligations, which is essential for obtaining loans or credit from financial institutions.
8. **Competitive Benchmarking:** It allows companies to compare their financial performance against competitors, helping to identify strengths and weaknesses relative to industry peers.
9. **Regulatory Compliance:** Ensuring that financial practices and reporting comply with regulatory standards and accounting principles is critical to avoid legal issues and maintain trust with stakeholders.
10. **Value Determination:** Financial analysis helps determine the company's market value, which is important for mergers, acquisitions, and divestitures, providing a basis for negotiations and valuation.

[Award mark if student has written **usage of business plan by stakeholders**]

### Question 5

- a) Mention **TWO** area of assessment of Business Model Canvas. [2]  
**Any two areas of 1 mark each.**

1. Assessment of strengths
2. Assessment of weakness
3. Assessment of opportunities
4. Assessment of threats

- b) “GNH certification is important for a business”. Do you agree? Elaborate with **TWO** points. [2]  
**Any two points of 1 mark each with explanation. No marks for just writing yes or no.**

**Yes;**

1. For sustainability of the business.
2. To look after the welfare of the employees and customers.
3. To protect the environment.
4. It takes care of the nine domains of the GNH

**No;**

1. GNH certification might not be relevant in certain industries.
2. Customers and stakeholder might prioritize others certification over GNH.
3. It may lead to increase in cost
4. Business and consumers may be aware of GNH certification.

- c) Define non-current assets with **TWO** examples. [2]  
**Any two points of 1 mark each with explanation**

Non-current assets are long-term assets of the business.

**OR**

Non-current assets are those assets which will not be realized within one accounting year.

**OR**

Non-current assets are those assets which are not current assets. **(1 mark)**

Examples of non-current assets **(0.5 marks x 2 = 1 mark)**

- ✓ Building
- ✓ Land
- ✓ Machinery
- ✓ Vehicles
- ✓ Furniture and fixtures
- ✓ Computer and IT equipment.
- ✓ Intangible assets like: patent, copyright, goodwill, licenses and permit.
- ✓ Investment property
- ✓ Biological assets
- ✓ Property, Plant and Equipment

- d) Your team is considering a new business idea to launch a new product. The goal [4] is to assess the potential of this idea thoroughly before committing significant resources to its development. Which method will you prefer to evaluate this business idea: SWOT analysis or PESTLE analysis? Provide **FOUR** points to justify how the chosen method will aid in the idea screening process.

**Any Four points of 1 mark each with explanation**

#### **SWOT METHOD**

1. **Focus on Internal Factors:** SWOT analysis primarily focuses on internal factors (Strengths and Weaknesses) of an idea or a business. This inward focus can provide a clearer understanding of the current capabilities and limitations of the idea without being overly distracted by external factors.
2. **Simplicity and Clarity:** SWOT analysis is relatively straightforward and easier to understand compared to PESTLE. It involves categorizing factors into four distinct categories, making it simpler to organize and prioritize information during idea screening.
3. **By identifying specific strengths to leverage and weaknesses to mitigate,** it helps in formulating concrete strategies for idea development and implementation.
4. SWOT analysis is particularly useful for smaller-scale projects or immediate decision-making needs.
5. **Strength:** It identifies the strength of the business which we can use as an advantage
6. **Weaknesses:** What are the potential drawbacks or limitations of the idea? Where does it fall short compared to other options?
7. **Opportunities:** What external trends or factors could support the idea's success? Are there emerging opportunities that align with the idea?
8. **Threats:** What external challenges or risks could impact the idea negatively? Are there competitive threats or regulatory risks to consider?

**OR**

#### **PESTLE**

1. PESTLE analysis examines comprehensively external macro environmental factors that can impact a business.
2. Provides insights long term trends and potential changes in the environment.
3. It helps in understanding the dynamics of the market and the external forces.
4. It includes social and cultural factors which are essential for understanding the consumer behavior, preferences and societal trends
5. It helps business stay abreast with technological advancement and inspire innovation.
6. It ensures that business ideas take into account ecological impacts and sustainability trends.
7. It ensures that business comply with existing laws and regulations.

## Question 6

- a) “Finance is considered as life blood of a business organization”. Mention **TWO** [2]  
importance of financial plan.

**Any two points of 1 mark each.**

1. Estimation of fund required to conduct the proposed business.
2. Determining the source of finances.
3. Arrangement of loan and security for loan.
4. Amortization of loan and preparation of loan repayment schedule
5. Preparing projected financial statements
6. Conducting key financial analysis
7. To avail loan from the banks
8. To attract investors.

- b) Explain any **TWO** principles of effectuation. [2]  
**Any two points of 1 mark each with explanation**

1. **Bird in hand:** it refers to starting a business with the means one has at his disposal. It is determined by who the entrepreneur is, what the entrepreneur knows and whom the entrepreneur knows.
2. **Affordable loss:** it relates to limiting the risk by understanding what the entrepreneur could afford to lose while conducting business. The loss could be related to business aspects such as finance, reputation and network.
3. **Lemonade:** entrepreneurs make lemonade out of lemon which means they transform problems into opportunities.
4. **Patchwork quilt:** entrepreneurs seek commitments from stakeholders in order to co-create the enterprise and new markets.
5. **Pilot in the plane:** it is a belief that future is created and not predicted. Entrepreneurs focus on the activities within their control and understand the desired outcomes.

- c) Dawa company, a leading apple juice producer in Bumthang, relies solely on farmer Zala for raw materials. Due to increased demand and manufacturing costs, Dawa raised apple juice prices by 20% last year. This dependence on Zala has led to higher production costs, decreasing profit margins, and extended supply times, delaying production, and missing market opportunities. This supply chain dependence has consequently affected Dawa’s market share and reputations.

Based on above case, answer the following questions;

- i. How farmer Zala as a key supplier affects the bargaining power of Dawa [1]  
Company?

Farmer Zala has high bargaining power because he is only supplier of raw materials needed by Dawa company.

**(0.5 marks for mentioning high bargaining power and 0.5 marks for reason)**

- ii. How does the increase in price of raw materials impacts Dawa company profit margin? [1]

The increase in price of raw material increase the Dawa company cost of production whereby it decreases the profit margin.

**(0.5 marks for decrease in profit margin and 0.5 marks for reason)**

- d) "In today's market, understanding competitors has proven crucial for a firm's success. However, there has been criticism that it leads to a waste of time and resources". Do you agree? Support your stance with **TWO** points. [2]  
**Any two points of 1 mark each with explanation.**

**YES;**

#### **Stance supporting competitors' analysis**

1. **Product strategy:** they can try to understand what special features do the competitors' products and services have to make them sellable.
2. **Promotion strategy:** how to competitors communicate about their products and services to the customers.
3. **Pricing strategy:** what pricing strategies do the competitors adopt to set price for their products.
4. **People strategy:** how do competitors attract, train and retain the right people to deliver superior service to the customers.
5. **Process strategy:** what structures, processes, policies and systems makes the competitors' functioning efficient and effective.
6. **Physical evidence:** what makes the competitors' physical evidence unique and better?

**NO;**

#### **Stance against competitors' analysis**

1. **Wastage of resource:** Can lead to excessive time and financial resources being spent on competitive analysis rather than on core business activities.
2. **Loss of Originality:** Overemphasis on competitors might lead to imitation rather than innovation, reducing the firm's originality and uniqueness.
3. Diverts attention from internal strengths and weaknesses, potentially hindering internal growth and development.
4. Excessive focus on competitors can cause firms to overlook broader market trends and changes, leading to missed opportunities.

- e) As the owner of a company manufacturing eco-friendly water bottles, what **TWO** unique value propositions would you highlight to effectively position your product in the market? **Any two points of 1 mark each.** [2]

- |                             |                          |
|-----------------------------|--------------------------|
| 1. Environmentally friendly | 5. Cost-Effectiveness    |
| 2. Health and Safety        | 6. Social Responsibility |
| 3. Durability and Quality   | 7. Market Positioning    |
| 4. Design and Innovation    |                          |

### Question 7

- a) Mention any **TWO** global megatrends that can lead to idea generation. [2]  
**Any two points of 1 mark each.**

Global megatrends are:

1. Shift in Global Economic power
2. Climate change and resource scarcity
3. Demographic and social change
4. Technological breakthrough
5. Rapid urbanization

- b) Who would be primary audience for a business plan, and why is this audience important? [2]  
 Give **TWO** points.  
**(0.5 marks each for listing two audience and 0.5 marks each for explanation)**

The primary audience for a business plan are:

1. **Entrepreneurs:** they use it for pitching their ideas to seek support from the stakeholders. It is like a roadmap that guides their actions and activities in establishing and operating the business.
2. **Investors:** To assess the risks associated with investing in the business and growth prospects of the business. This assessment becomes the basis for their investment decisions.
3. **Bankers:** to assess debt servicing capacity of the business. They make decision to extend loan services to the businesses as per the credit worthiness as ascertained from the projected financial statements.
4. **Potential partners:** To know the ownership structure and the roles of the partner. They also assess the market, operational, organizational and financial prospects of the business.
5. **Managers and employees:** as a reference point for reminding them of the vision, mission and objectives of the business. They also use it to implement strategies, plans and activities of the business. It facilitates them to make necessary adjustments as per the changes in the business environment.
6. **Suppliers:** to know the capacity of the business to pay their bills on time and also their potential to place more orders. To understand the cash flow status, operating results and growth prospects of the business.
7. **Customers:** to gain better insights about the business.
8. **Advisors and consultants:** to gain better understanding of the business and accordingly provide their expert opinions and advises to the business.

- c) Why is it not advisable to depend on a single source of revenue stream? Mention **TWO** reasons. [2]

[Award 1 mark for each reason/point]

1. **Risk of Income Loss:** if the sole revenue stream fails or is disrupted due to unforeseen circumstances (e.g., economic downturns, market shifts, changes in customer preferences), it can result in a significant financial crisis for the business.
  2. **Market Dependency:** Relying on one source can make the business overly dependent on a specific market or customer segment. If this market faces challenges, the business will struggle to adapt and find alternative revenue sources quickly.
  3. **Lack of Flexibility:** A single revenue stream limits a business's ability to diversify and explore new opportunities. Diversification allows businesses to tap into different markets, products, or services, which can help spread risk and increase growth potential.
  4. **Investor Concerns:** Investors typically prefer businesses with diversified revenue streams as they perceive them to be more stable and less risky. A single revenue stream might deter potential investors or result in less favorable financing terms.
  5. **Bankruptcy/insolvency**
- d) Write down **TWO** differences between manufacturing process and service process. **2 marks for two differences. Marks will be awarded only if both differences are correct.** [2]

Manufacturing Process	Service Process
Physical and durable product	Intangible and perishable output
Output can be inventoried	Output cannot be inventoried
Low customer contact	High customer contact
Long response time	Short response time
Capital intensive	Labour intensive
Quality can be easily measured	Quality cannot be easily measured

- e) Imagine that you are going to pitch your business plan at the Young Entrepreneurs Meet. How will you design your marketing strategy? Mention **TWO** key elements. **Any two key elements of 1 mark each** [2]

The following are expected answers but are not limited to these

1. **Product:** Describe your product or service, its features, benefits, and how it meets customer needs.
2. **Price:** outline your pricing strategy, including how it compares to competitors and its justification based on value delivered.
3. **Place:** explain your distribution channels and how you plan to make your product or service accessible to your target market.
4. **Promotion:** detail your promotional strategies, including advertising, public relations, social media, content marketing, and sales promotions.
5. He can include your distribution channels (e.g., online, retail, partnerships), marketing channels (e.g., social media, content marketing, influencer partnerships), and sales strategy.
6. Establishing a powerful online presence and utilizing user-generated content to increase brand loyalty.