

# FINAL EXAMINATION

December 2024

P-20C(ENTS)

Syllabus 2022

## ENTREPRENEURSHIP AND START-UP

Time Allowed: 3 Hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.*

*All Sections are compulsory. Each Section contains instructions regarding the number of questions to be answered within the Section.*

*All working notes must form part of the answer.*

*Where considered necessary, suitable assumptions may be made and clearly indicated in the respective answer.*

### Section-A

*This Section contain Question No. 1. All parts of this question are compulsory.*

1. (a) **Choose the correct answer from the given four alternatives.** 2×10=20
- (i) The Global Entrepreneurship Monitor (GEM), Adult Population Survey (APS) specifies four motivations for starting a business. Which of the following is not a specific motivation under GEM APS?
- (A) To make difference in the world
  - (B) To build great wealth
  - (C) To develop strong leadership
  - (D) To earn living as jobs are scarce
- (ii) There are \_\_\_\_\_ principles of Entrepreneurial ecosystem suggested by Isenberg.
- (A) 14
  - (B) 9
  - (C) 3
  - (D) 7
- (iii) Find the odd one out with regard to the Term Bootstrapping:
- (A) To pull oneself up
  - (B) Impossible task
  - (C) Out of nothing
  - (D) Innovation

- (iv) Companies like Netflix, Microsoft have been using a \_\_\_\_\_ for years with much success.
- (A) Subscription based Revenue Model
  - (B) Freemium Model
  - (C) Reseller Model
  - (D) Virtual Good Model
- (v) Which of the following is a pillar of start-up in India ?
- (A) Handholding
  - (B) Funding Support
  - (C) Industry – Academia Partnership
  - (D) All of the above options
- (vi) What is a benefit of endorsing products on Social Media platforms?
- (A) Higher Costs for Advertisements
  - (B) Limited reach to Potential Customers
  - (C) Reduction in Marketing Costs
  - (D) Increased dependence on Traditional Marketing Methods
- (vii) Which of the following is one of the branches of Sustainability ?
- (A) Marketing
  - (B) Human Resources
  - (C) The Economy
  - (D) Customer Service
- (viii) \_\_\_\_\_ views that moral or ethical Systems may vary from Culture to Culture, but no one System is better than other.
- (A) Cross Culture
  - (B) Cultural Relativism
  - (C) Consumerism
  - (D) Corporate Culture

(ix) Which of the following is not a type of Market Risk ?

- (A) Interest Rate Risk
- (B) Equity Price Risk
- (C) Foreign Exchange Risk
- (D) Credit Risk.

(x) Which of the following is not a type of innovation as specified by Organization for Economic Co-operation and Development?

- (A) Marketing Innovation
- (B) Product Innovation
- (C) Personnel Innovation
- (D) Process Innovation

(b) Read the following Scenario and answer the following questions:

2×5=10

The present decade has seen many successful start-ups across the world. With the help of state-of-the-art technology and innovative product and service delivery ideas start-ups have not only redefined the business environment but also have challenged the Traditional Business firms. However, the most important factor behind their success is the business models they have come up with. These models are extremely innovative and ensure greater customer engagement than any traditional business model. While e-retailers are found to adopt business models such as marketplace model and reseller model, service industry firms are adopting on-demand model. Software and hardware companies are adopting disintermediation model and social media firms are using virtual good model. Similarly, firms such as LinkedIn are using freemium model while streaming companies are using subscription model.

**Choose the Correct option from the given four alternatives based on the above Scenario:**

(xi) In a \_\_\_\_\_, a customer must pay a recurring price at regular intervals for access to a product or service.

- (A) Marketplace Model
- (B) On Demand Model
- (C) Subscription Model
- (D) Freemium Model

- (xii) The Business Model Commonly used by Video Game Developers is known as \_\_\_\_\_.
- (A) Reseller Model
  - (B) Virtual Good Model
  - (C) On Demand Model
  - (D) Disintermediation Model
- (xiii) Under \_\_\_\_\_ basic services are offered at free of cost while customers need to bear significant cost for availing customized and advanced features of a service.
- (A) Reseller Model
  - (B) On Demand Model
  - (C) Subscription Model
  - (D) Freemium Model
- (xiv) The main benefit of \_\_\_\_\_ is lowering the cost to end-user.
- (A) On Demand Model
  - (B) Disintermediation Model
  - (C) Marketplace Model
  - (D) Reseller Model
- (xv) The idea behind \_\_\_\_\_ is to provide the service to the customer at their request.
- (A) On Demand Model
  - (B) Subscription Model
  - (C) Freemium Model
  - (D) Marketplace Model

**Section-B**

Answer any five questions from Question No. 2 to Question No. 8.

Each question carries 14 marks.

14×5=70

2. (a) Suggest any seven psychological traits that a successful entrepreneur should process. 7
- (b) (i) "IT with its different features and capabilities have contributed significantly towards flexibility in the field of entrepreneurship."— **In the light of the above statement, append** how IT features and capabilities have improved flexibility in the field of entrepreneurship.
- (ii) **Justify** the development of deep tech start-ups citing appropriate reasons.

5+2=7

3. (a) **Examine** the concept of Entrepreneurial Eco System. **Align** the Nine Principles of Entrepreneurial Eco System as suggested by Isenberg. 7
- (b) The Management of ZENTOX Ltd. is planning to expand its business and consult you to prepare an estimated working Capital Statement. The Company has applied to HDF Bank for financing its working capital requirements. The records of the Company reveals the following Annual information :

(₹ in Thousand)

Sales – Domestic at One month's Credit	24,000
Export at Three month's Credit	12,000
Materials used (suppliers extend two months Credit)	9,000
Lag in payment of wages – 1/2 month	7,200
Lag in payment of Manufacturing expenses (cash) – 1 Month	10,800
Lag in payment of Adm. Expenses – 1 month	1,800
Sales promotion expenses payable quarterly in Advance	1,500
Income tax payable in four instalments of which one falls in the next financial year	2,250
Rate of Gross profit is 20%.	
Ignore work-in-progress and depreciation.	

The Company keeps one month's stock of raw materials and finished goods (each) and believes in keeping ₹ 25,00,000 available to it including the overdraft limit of ₹ 7,50,000 not yet utilized by the Company.

The Management is also of the opinion to make 10% margin for contingencies on computed figure.

Assume that the Production and Sales are carried on evenly throughout the year (12 Months) and wages and other expenses accrue similarly.

All Sales are on Credit Basis.

The following are the holding norms accepted by the bank for the particular Industry.

Stock of Materials (used)	2 Months
Finished Goods	1½ Months
Receivable (Debtors) in terms of Cash Costs	1½ Months
Payable (Trade Creditors)	2 Months

**Required :**

- (i) **Assess** the requirements of estimated working capital (in terms of Cash Costs) for the next year.
  - (ii) **Analyze** and Assess the Maximum permissible bank borrowing considering 25% of Current Assets as Margin Money. 7
4. (a) "Project Report is an essential tool available with Management for smooth monitoring of operations".—**In this context, advice** your company about the needs and objectives of the project report. (Any Seven) 7
- (b) "There are two sides to every coin and so it is with Crowd funding"—**In this context, assess** the various disadvantages of crowd funding for entrepreneurs. 7
5. (a) **Demonstrate** the 5 Stage Process of Design Thinking for Start-up. 7
- (b) **Suggest** the Key Strategies of Product Positioning for a Business with brief explanation. 7
6. (a) "Scalability is one of the very Critical growth parameters for Start-ups" — **In this context, summarize** the various Tools for Scaling up of any organization. 7
- (b) **Critically assess** the situations in which an Audit for a Start-up may be required. 7
7. (a) **What** do you mean by Forecasting ? **Assess** the various Techniques of Forecasting. 7
- (b) **What** is a family run Business ? **Evaluate** the advantages of a Family run Business. 7

8. MOON JOHAN LTD. (MJL) is a large multinational in FMCG segment and operates in more than 50 countries around the world, MJL believes that ethical foundation affects how it is viewed by both consumers and competitors, MJL realized the importance of sustainable business practices and wants to implement them across all its operations. MJL also wants to take business initiative to ethical operation of the company as it is directly related to profitability in the both short and long term. Further MJL wants to reduce the company's environmental impact, improve social responsibility and enhance long term profitability. MJL believes that ethical commercial partnership is more frequently a matter of purposeful self-governance on the part of both individuals and company.

**Based on the Case Study stated Supra you are required to :**

- (i) **Align** what are the main sustainability challenges faced by MJL.
- (ii) **Append** some Strategies that MJL can use to overcome these Challenges.
- (iii) As a Management Accountant, **Advice** Moon Johan Ltd., on how matching Business Ethics with Best Practices makes a World Class Company in the Corporate World.

