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Grade 6.00 out of 20.00 (30%)

Question **1**

Correct

Mark 1.00 out of 1.00

Which of the following statements is most appropriate?

- ☐ A business model describes the rationale of how an organization builds a team, identifies opportunities, and goes-to-market.
- ☒ A business model describes the rationale of how an organization creates, delivers, and captures value, in economic, social, cultural, or other contexts. ✓
- ☐ A business model describes the rationale of how an organization develops products or services using modern cutting-edge and futuristic technologies.
- ☐ A business model is mostly a written document or slide deck delineating the process of execution, marketing and growth plan, and the projected financial performance.

The correct answer is: A business model describes the rationale of how an organization creates, delivers, and captures value, in economic, social, cultural, or other contexts.

Question **2**

Incorrect

Mark 0.00 out of 1.00

- A. Amortization
- B. Increase in inventory
- C. Sale of the old machine
- D. Increase in trade receivables
- E. Increase in long-term loan
- F. A decrease in trade payables

Which of the above are cash inflows?

- ☒ B, C & D
- ☐ A, C & E
- ☐ A, B & E
- ☐ B, D & F

✗

The correct answer is: A, C & E

Question **3**

Correct

Mark 1.00 out of 1.00

A company has procured an asset for ₹ 150 at the beginning of the financial year 2017-18. The asset has useful life of 5 years and the salvage value of the asset has been estimated at ₹ 50. The company follows a policy of 10% depreciation wherever applicable. Estimate the depreciation for the year 2017-18 using declining value (reducing value) method and determine the book value of the said asset as on 31.03.2018?

- ☐ a. 80
- ☐ b. 130
- ☒ c. 135
- ☐ d. 140



The correct answer is: 135

Question **4**

Incorrect

Mark 0.00 out of 1.00

A new venture raises ₹ 10 million at a pre-money valuation of ₹ 10 million in the form of 1x liquidation participating preference shares. The venture has a liquidation event for ₹ 20 million. How much money the founders receive?

- ☒ a. ₹ 20 million
- ☐ b. ₹ 10 million
- ☐ c. ₹ 0 million
- ☐ d. ₹ 5 million



The correct answer is: ₹ 5 million

Question 5

Incorrect

Mark 0.00 out of 1.00

An enterprise makes profit of ₹ 10,00,000/- in the year 2018-19 where you are one of the owners. Your personal income is ₹ 4,00,000/- from all other sources. Assume flat income tax rate for individual @25% (assuming that no deduction is allowed) and for businesses @30%.

Which of the following is correct?

- ☐ a. If the enterprise is a partnership firm, your personal income tax is ₹ 4,00,000/-.
- ☐ b. If the enterprise is a partnership firm, your personal income tax is ₹ 1,00,000/-.
- ☒ c. If the enterprise is a proprietorship firm, your personal income tax is ₹ 1,00,000/-.
- ☐ d. If the enterprise is a private limited company, your personal income tax is ₹ 4,00,000/-.

✗

The correct answer is: If the enterprise is a partnership firm, your personal income tax is ₹ 1,00,000/-.

Question 6

Correct

Mark 1.00 out of 1.00

Which of the following is definitely not an assumption in break-even point analysis?

- ☐ Change in volume of sales does not change in fixed cost.
- ☐ The cost can be divided into fixed and variable.
- ☐ Change in volume of sales does not affect the price of the product.
- ☒ Closing stock is equal to opening stock plus purchase minus stock sold during the year.

✓

The correct answer is: Closing stock is equal to opening stock plus purchase minus stock sold during the year.

Question **7**

Not answered

Marked out of 1.00

In the life-cycle of a new enterprise, when is 'marketing research' relevant?

- ☐ The company should do marketing when it reaches to the saturation stage so that they can find new customers to achieve further growth.
- ☐ Beginning from the idea to the time when the company is in the growth phase.
- ☐ When the company finds it difficult to find customers they should do marketing to reach out to acquire new customers and grow the business.
- ☐ When the enterprise is ready with their product and is ready to go to market and it is relevant till the product find acceptance to the customers.
- ☐ Starting from the idea stage till the end of the company.

The correct answer is: Starting from the idea stage till the end of the company.

Question **8**

Not answered

Marked out of 1.00

In the early 1900s, General Electric (GE) of Thomas Edison disciplined the chaotic process of scientific discovery into a systematic process of innovation. Results: over the next 70 years, won more patents than any other company in the US. Much of GE's competitive prowess during the century following can be traced to that extraordinary accomplishment. Which of the following describes the above revolutionary act of GE?

- ☐ This is an innovation that gave GE enormous competitive advantages.
- ☐ This is an example of management innovation.
- ☐ This is a technological invention that gave General Electric many patents.
- ☐ This is an innovation that gave the end-beneficiary enormous advantages and thus GE enjoyed competitive advantages for many years to come.

The correct answer is: This is an example of management innovation.

Question **9**

Not answered

Marked out of 1.00

The following data are related to a company for the financial year 2016-2017.

Gross profit: Rs.800

Interest payment: Rs.50

Depreciation: Rs.50

Other operating expenses: Rs.400

Dividend: Rs.100

Assume that the company doesn't pay any income tax, what is the retained profit?

- ☐ 300
- ☐ 100
- ☐ 150
- ☐ 200

The correct answer is: 200

Question **10**

Correct

Mark 1.00 out of 1.00

Which of the following is one of the causes of the chasm? Choose the best answer.

- ☐ Running out of cash and not being able to continue to operate.
- ☐ Customers do not buy the products due to the lack of product-market-fit.
- ☐ A company fails in successfully validating its products by the customers in the respective market.
- ☒ Product not gaining acceptance by the early majority of the customers and lack of organizational preparedness to manage growth. ✓

The correct answer is: Product not gaining acceptance by the early majority of the customers and lack of organizational preparedness to manage growth.

Question **11**

Not answered

Marked out of 1.00

The following data are related to a company for the financial year 2019-2020.

Gross profit: Rs.500

Interest payment: Rs.50

Depreciation: Rs.50

Other operating expenses: Rs.200

Dividend: Rs.100

Reserves and surplus as of 31-3-2019: 1000

The company pays income tax @30%

What are the reserves and surplus of the company as of 31-3-2020?

- ☐ 1040
- ☐ 1070
- ☐ 1140
- ☐ 970

The correct answer is: 1040

Question **12**

Not answered

Marked out of 1.00

The following data are related to a company for the financial year 2016-2017.

Gross profit: ₹ 800

Interest payment: ₹ 50

Depreciation: ₹ 50

Other operating expenses: ₹ 400

Dividend: ₹ 100

Assume that the company doesn't pay any income tax, what is the retained profit based on the above data?

- ☐ a. ₹ 200
- ☐ b. ₹ 150
- ☐ c. ₹ 300
- ☐ d. ₹ 100

The correct answer is: ₹ 200

Question **13**

Not answered

Marked out of 1.00

The cash balance of a company as of 31-03-2019: ₹ 350.

During the financial year 2019-2020,

Cash flow from operating activity: ₹ 300

Reserves and surplus as of 31.03.2020: ₹ 50

Cash flow from investment activity: (–) ₹ 150

Cash flow from financing activity: (–) ₹ 70

What is the cash balance of the company as of 31-03-2020?

- ☐ ₹ 530
- ☐ ₹ 430
- ☐ ₹ 450
- ☐ ₹ 500

The correct answer is: ₹ 430

Question **14**

Correct

Mark 1.00 out of 1.00

The following data pertain to a company for the year 2017-18:

Sales: 2000

Closing stock as on 31.03.2018: 500

Closing stock as on 31.03.2017: 600

Purchase of goods during the current year: 1500

Payment of dividend during the year: 100

Estimate the Gross Profit. (be mindful of excess data than necessary).

- ☐ a. 550
- ☐ b. 600
- ☐ c. 500
- ☒ d. 400



The correct answer is: 400

Question **15**

Correct

Mark 1.00 out of 1.00

Arrange the following in the order of importance in the context of the success of a startup as suggested by Bill Gross (most important first)

- ☐ Team, Timing, Business model, Team
- ☒ Timing, Team, execution, Idea
- ☐ Timing, Team, Idea, execution
- ☐ Team, Timing, idea, execution



The correct answer is: Timing, Team, execution, Idea

Question **16**

Not answered

Marked out of 1.00

For a particular company:

The unit price of a product: ₹ 300

Total variable cost per unit: ₹ 200

Total fixed cost per year: ₹ 2,00,000

Raw material cost per unit: ₹ 80

Depreciation: ₹ 10,000

If a company wants to make a profit of ₹ 20,000, how many units it should produce and sell? (be mindful of redundant data)

- ☐ 2,200
- ☐ 1,223
- ☐ 200
- ☐ 11,000

The correct answer is: 2,200

Question **17**

Not answered

Marked out of 1.00

Which of the following statements concerning marketing research is **correct**?

- ☐ Data obtainable from secondary sources are used for in-depth analysis of market acceptance of a product.
- ☐ Secondary data can be organized in-house through a questionnaire survey.
- ☐ Secondary market research (gathering secondary data) is quicker than primary research.
- ☐ The primary market research (primary data collection) is often a useful precursor to secondary research.
- ☐ Secondary research (gathering secondary data) involves personal interviews with the potential customers, and thus, is costlier than primary data collection.

The correct answer is: Secondary market research (gathering secondary data) is quicker than primary research.

Question **18**

Not answered

Marked out of 1.00

Identify the correct statement

- ☐ Both the balance sheet and profit & loss account pertains to a financial year.
- ☐ The cash flow statement pertains to a period
- ☐ The balance sheet of a company pertains to a period such as a financial year
- ☐ The cash flow statement pertains to a particular date
- ☐ The profit & loss account pertains to a particular date

The correct answer is: The cash flow statement pertains to a period

Question **19**

Not answered

Marked out of 1.00

The following data pertain to a company for the year 2017-18.

Gross profit: 700

Operating expenses: 300

Interest payment: 50

Payment of dividend: 30

Income tax payment: 20

Estimate the profit before tax. (be mindful of excess data than necessary).

Options:

- ☐ a. 200
- ☐ b. 350
- ☐ c. 230
- ☐ d. 180

The correct answer is: 350

Question **20**

Not answered

Marked out of 1.00

Guy Kawasaki recommended

- ☐ Ten-minute presentation, twenty slides, and minimum thirty font size
- ☐ Thirty-minute presentation, twenty slides, and minimum ten font size
- ☐ Twenty-minute presentation, ten slides, and minimum thirty font size
- ☐ Twenty-minute presentation, thirty slides, and minimum ten font size

The correct answer is: Twenty-minute presentation, ten slides, and minimum thirty font size