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FOR CMA FINAL EXAM PREPARATION

CMA Final 2024 Question Paper · Paper 20C Entrepreneurship and Startup

EXAM	YEAR	TYPE
CMA Final	2024	Question Paper

SUBJECT	DATE
Paper 20C Entrepreneurship and Startup	June 2024

FINAL EXAMINATION

June 2024

P–20(C)[ENTS]
Syllabus 2022

ENTREPRENEURSHIP AND STARTUP

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.

Wherever necessary, candidates may make appropriate assumptions and clearly state them in the respective answer.

Section-A

This section contains Question No. 1. All parts of this question are compulsory.

1. (a) Choose the correct answer from the given alternatives: 2×10=20

(i) _____ invest in high-growth start-ups in preferred sectors.

(A) Crowdfunding

(B) Equity financing

(C) Venture capital funds

(D) Angel investors

(ii) In _____ method of start-up valuation, start-ups are compared to those already funded.

(A) Scorecard valuation

(B) Comparable transactions

(C) Market multiple

(D) Risk factor summation

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(iii) In _____ model, wholesalers and manufacturers perform direct sales of products to consumers.

(A) On demand

(B) Disintermediation

(C) Reseller

(D) Marketplace

(iv) A fast-food chain pays a movie company to show their food enjoyed by the actors in the film. Identify the type of marketing strategy followed here.

(A) Brand marketing

(B) Stealth marketing

(C) Partner marketing

(D) Relationship marketing

(v) In _____ the goal is to attempt to discover hidden trends that would otherwise have been difficult to see.

(A) Regression analysis

(B) Factor analysis

(C) Cohort analysis

(D) Time series analysis

(vi) Which of the following is not a risk involved in Govt. Securities?

(A) Interest rate risk

(B) Re-investment risk

(C) Default risk

(D) Maturity risk

(vii) Which of the following is not an element of a good Mission Statement?

(A) It should mention the primary purpose of the business.

(B) It should reflect the capabilities of the business.

(C) It should reflect the weaknesses of the business.

(D) It should capture the spirit and essence of the business's legacy.

(viii) Which of the following is not a generic competitive strategy?

(A) Cost leadership strategy

(B) Differential strategy

(C) Focus strategy

(D) Alliance strategy

(ix) _____ business model sells social services.

(A) Entrepreneur support

(B) Low-income client

(C) Employment

(D) Free for service

(x) Which of the following is risk transfer strategy?

(A) Internal netting processes to manage currency exposures

(B) Joint venture

(C) Insurance

(D) Future contract

(b) Read the following scenario (case study) and answer the following questions: 2×5=10

MR KAYON is a startup that has developed a new mobile application for managing personal finance - Mutual Funds, Pension Funds, Insurance and Retirement Planning. The Startup is in operation for last 10 months but has a small growing user base for its App. However company is struggling to generate market traction and increase its customer acquisition rate. The initial progress of startup and the momentum it builds as it grows clearly indicates that product is viable and getting attention from target audience. Traction is proof that somebody wants their product and communicate momentum in market adoption. The more market traction you can demonstrate the less risk there is in the investment.

Choose the correct option from the given alternatives based on the above scenario:

(i) The term traction refers to the

(A) clear indicator of demand.

(B) getting attention.

(C) demonstrate risk.

(D) initial progress.

(ii) Which of the following is not a effective strategy for MR KAYON to generate market traction?

(A) Value Proposition

(B) Leveraging influencer

(C) Word of mouth marketing

(D) Behavioral pattern of target audience.

(iii) MR KAYON can identify and target its ideal customer segment by

(A) analyzing to indentify the key demographics, psychographics.

(B) building a strong brand identity.

(C) targeting digital marketing

(D) customer engagement .

(iv) Traction is important to all the startup stockholder. It is particularly important to:

(A) Employees

(B) Entrepreneurs

(C) Society

(D) Investors

(v) When MR KAYON raising capital from friends and family the amount of market traction that you can demonstrate is

(A) strong

(B) steady

(C) limited

(D) viable

Section B

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

Each question carries 14 Marks. **14×5=70**

2. (a) Evaluate the different barriers to entrepreneurship with brief explanation. 7

(b) Critically assess any seven new age marketing strategies. 7

3. (a) Briefly demonstrate the various steps involved in order-to-cash process. 7

(b) **BOXIN Ltd.**, a newly formed company has applied to the Private Bank for the first time for financing it's Working Capital Requirements. The following informations are available about the projections for the current year:

Estimated Level of Activity:	Completed units of production 31200 plus Works in Progress 2600 units
Raw Material Cost:	₹ 40 per unit
Direct Wages Cost:	₹ 15 per unit
Overhead:	₹ 40 per unit (inclusive of Depreciation ₹ 10 per unit)
Selling Price:	₹ 130 per unit
Raw Material in Stock:	Average 30 days consumption
Work-in-Progress Stock:	Material 100% and conversion cost 50%
Finished Goods Stocks:	5200 units
Credit Allowed by the Suppliers:	30 days
Credit Allowed to the Purchasers:	60 days
Direct Wages (Lag in payment):	15 days
Expected Cash Balance:	₹ 200000

Assume that production is carried on evenly throughout the year (360 days) and wages and overheads accrue similarly. All sales are on the credit basis.

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

Stock of Raw Materials	45 days
Work-in-Progress	30 days
Finished Goods	45 days
Receivable (Debtors) (on cash cost basis)	45 days
Payable (Trade Creditors)	60 days

Required:

(i) **Assess** the requirements of working capital (on Cash Cost Basis)

(ii) **Analyze** and **evaluate** the permissible bank borrowing considering 25% of current Assets as Margin Money. 7

4. (a) **Suggest** the contents of a project report. 7

(b) **Assess** the advantages of data analytics in business operations. 7

5. (a) **Critically assess** the different types of business innovation. 7

(b) **Briefly demonstrate** the various steps of a product positioning process. 7

6. (a) Briefly demonstrate the various exit strategies used by entrepreneurs to exit from the company that they have founded. 7

(b) Prepare a list of the various types of market risks with brief explanation. 7

7. (a) Examine the various ethical issues in human resource management domain. 7

(b) Suggest the various government schemes for promoting Agri-business in India. 7

8. Mr. AUSH is a software engineer with ten years of experience in software development in a reputed company. In spite of having a secure job with lucrative salary, he is not happy with whatever he is doing now. He rather wants to start his own venture based on the skill he has developed over these years. He has an idea of building an app which will link remotely the students and educators. The app will have all the features including

a one-to-one communication through online meeting integrated with online sharing of resources, presentation and a digital whiteboard to be used on real time basis. Educational resources will remain in cloud and may be accessed by the registered users at any time through secured login. The idea is innovative if not unique. Mr. AUSH wants your advice in designing an appropriate business model for this venture.

Based on the scenario (case study) stated supra

You are required to:

(i) **Design** a business model for the start-up Mr. AUSH is going to launch.

(ii) **Suggest** possible funding strategies for the startup.

(iii) **Recommend** a possible marketing solutions for this innovative business. 14