

MARKING SCHEME

Subject: Business and Entrepreneurship

Subject Code: 68

Paper Code: 6801

Year: 2025

Maximum Mark: 100

Section A (50 marks)

Question	Answer	Marks
1a (i)	B	1
1a (ii)	D	1
1a (iii)	C	1
1a (iv)	B	1
1a (v)	D	1
1a (vi)	A	1
1a (vii)	D	1
1a (viii)	B	1
1a (ix)	A	1
1a (x)	D	1
1a (xi)	B	1
1a (xii)	A	1
1a (xiii)	C	1
1a (xiv)	C	1
1a (xv)	C	1
1a (xvi)	B	1
1a (xvii)	A	1
1a (xviii)	D	1
1a (xix)	C	1
1a (xx)	A	1

Question	Answer	Marks
1b (i)	SWOT	1
1b (ii)	Marketing	1
1b (iii)	Job method	1
1b (iv)	Organogram/Organisational Hierarchy/Organisational Structure	1
1b (v)	Grace	1

Question	Answer	Marks
1c (i)	e (People)	1
1c (ii)	c (Promotion)	1
1c (iii)	f (Process)	1
1c (iv)	a (Product)	1
1c (v)	g (Physical evidence)	1

Question	Answer	Marks
1d (i)	True	1
1d (ii)	False	1
1d (iii)	True	1
1d (iv)	True	1
1d (v)	False	1

Question	Answer	Marks
1e (i)	<p>Award 1 mark each for any Two of the following valid points:</p> <ul style="list-style-type: none"> • Starts with available resources to set achievable goals. • Helps in setting realistic goals based on available resources • Encourages collaboration with stakeholders to co-create the venture. • Allows flexibility and adaptation in uncertain environments. • Helps turn ideas into sellable products or services through continuous feedback and commitment. <p>→ Accept any other correct and relevant effectuation-based explanation</p>	2
1e (ii)	<p>Award 1 mark each for any Two valid points supporting either 'yes' or 'no'</p> <p>If the candidate agrees (YES), points may include:</p> <ul style="list-style-type: none"> • Risk reduction • Resource optimization • Increase efficiency • Better decision making <p>If the candidate disagrees (NO), points may include:</p> <ul style="list-style-type: none"> • Costly process • Time consuming • Limited knowledge <p>→ Accept any other valid and relevant justification. → No marks awarded for writing only Yes or No.</p>	2
1e (iii)	<p>Award 1 mark each for any TWO correctly selected elements with brief and relevant explanations.</p> <ul style="list-style-type: none"> • Psychological Wellbeing: Focuses on mental health and emotional balance. Treat employees fairly, support their emotional needs, and create a positive work culture. • Health: Refers to physical health and access to healthcare. Ensure a safe and healthy work environment; offer basic health support or awareness. • Time Use: Balances work, rest, and personal time. Avoid overworking employees; encourage work-life balance. • Education: Lifelong learning, knowledge, and skills development. Provide training or learning opportunities for staff and support education in the community. • Community Vitality: Strong relationships, support, and care within the community. Engage in community activities, build local partnerships, and support social causes. • Cultural Diversity and Resilience: Respecting and preserving local culture, values, and traditions. Use and promote local products, art, language, or traditional knowledge. 	2

	<ul style="list-style-type: none"> • Good Governance: Transparent, fair, and responsible leadership. Make ethical decisions, be accountable, and include stakeholder voices. • Ecological Diversity and Resilience: Caring for the environment and using resources responsibly. Reduce waste, save energy, avoid pollution, and support green practices. • Living Standards: Basic financial security and quality of life. Provide fair wages, job security, and decent working conditions. <p>→ Accept any other correct and relevant explanation.</p>	
1e (iv)	<p>Award 1 mark each for any TWO relevant reasons either in favour of accountant or in favour of assistant.</p> <p>Answers in favour of accountant (Estimated life)</p> <ul style="list-style-type: none"> • Compliance with Accounting Standard • Gives true and fair view of financial statement. • Better decision making for management. <p>Answers in favour of assistant (Tax rates)</p> <ul style="list-style-type: none"> • Tax compliance and audit readiness • Simplification of calculations • Easier record keeping <p>→ Accept any other correct and relevant justification.</p>	2

1e (v)	<p>Award 1 mark each for any Two relevant and practical suggestion.</p> <ul style="list-style-type: none"> • Introduce a clear travel policy that sets spending limits. • Defines approved modes of transportation, and requires prior approval for all business trips. • Invest in or switch to fuel-efficient or electric vehicles to reduce fuel consumption and lower transportation costs over time. • Use expense-tracking software or maintain detailed logs to monitor travel costs closely. • Identify unnecessary spending, and take corrective actions. <p>→ Accept any other correct and relevant suggestion</p>	2
1e (vi)	<p>Award 1 mark each for any Two valid points supporting either 'debt financing' or 'equity financing'.</p> <p>Answers (In favour of debt financing):</p> <ul style="list-style-type: none"> • Retain full ownership and control of the business. • It has fixed repayment terms as repayment will be done as per the schedule. • Interest payments on business loans are often tax-deductible. <p>Answers (In favour of equity financing):</p> <ul style="list-style-type: none"> • Equity financing doesn't require fixed monthly repayments. • Share risks of the business. • Access to expertise and networks of equity investors. <p>→ Accept any other correct and relevant justification.</p> <p>→ Consider if students have written disadvantages of equity financing and debt financing</p>	2
1e (vii)	<p>Students may choose any TWO slides from the list and present brief, relevant content. Award 1 marks each for clarity, relevance, and appropriateness to the business idea.</p> <ul style="list-style-type: none"> • Title – Provide company name, name of the proponent, address and contact details. • Problem / Opportunity – Consumers want fresh, chemical-free chocolate, Lack of locally produced premium homemade chocolates. • Value Proposition – Offering natural, preservative-free, handcrafted chocolates with unique Bhutanese flavours. • Underlying Magic – Secret homemade recipe, organic local ingredients (e.g., honey, herbs, Unique flavour combinations). • Business Model – Revenue through direct sales, online orders, gift packages and event-based bulk orders. • Go-to-Market Plan – Sell at local fairs, cafes, social media platforms and through partnerships with souvenir shops. • Competitive Analysis - Fewer local competitors offering fully homemade chocolates, Differentiation through freshness and customization. • Management Team – Founder with skills in baking; marketer for branding; partner for distribution. 	2

	<ul style="list-style-type: none"> • Financial Projections – Estimate monthly sales, cost of ingredients, expected profit margins. • Current Status / Accomplishments/Timeline / Use of Funds – Prototype chocolates developed; positive customer feedback; initial small-batch sales. Example: Purchase equipment → scale production → marketing → distribution partnerships. <p>→ Accept any other valid slide content appropriate to a Homemade Chocolate business idea</p>	
1e (viii)	<p>Total Factory Cost = Prime Cost + Factory Overhead $45,000 + 65,000 = 110,000$</p> <p>Unit Factory Cost = Total Factory Cost ÷ Production Volume $110,000 \div 25,000 = 4.4$ (1 mark)</p>	1

Section B (50 Marks)

Question	Answer	Marks
2a	<p>Award 1 mark each for any Two valid reasons supporting either 'yes' or 'no'.</p> <p>If YES, it is necessary:</p> <ul style="list-style-type: none"> • It helps assess market attractiveness. • It helps identify whether there is real demand for the product or service. • It helps the entrepreneur understand competitors and plan strategies accordingly. • It reduces risk by helping anticipate changes or challenges in the industry environment. <p>If NO, it may not always be necessary:</p> <ul style="list-style-type: none"> • Small businesses or local startups may already understand their market through direct experience. • Time and resources can be better used in testing the product with real customers (e.g., trial sales or feedback). • In fast-moving or niche markets, customer feedback is often more useful than formal analysis. <p>→ Accept any other correct and relevant justification. → No mark will be awarded for writing only YES or NO</p>	2
2b (i)	<p>Award 1 mark for a clear, relevant explanation of the principle</p> <p>Entrepreneurs are everywhere:</p> <ul style="list-style-type: none"> • Entrepreneurship is not limited to certain people or places. • Anyone developing a product or service in uncertain conditions can be an entrepreneur. • Lean Startup methods can be applied in organizations of any size or type. 	1
2b (ii)	<p>Award 1 mark for a clear, relevant explanation of the principle</p> <p>Entrepreneurship is management:</p> <ul style="list-style-type: none"> • A startup is an institution, not just a product. • Requires a new type of management suited for extreme uncertainty. • Management in startups focuses on experimentation, learning, and adapting rather than traditional planning. 	1
2c (i)	<p>Step 1: Apply the formula [1 mark]</p> $\begin{aligned} \text{Cost of Material Consumed} \\ &= \text{Opening Inventory} + \text{Purchases} - \text{Closing Inventory} \\ &= 45,000 + 75,000 - 65,000 \end{aligned}$ <p>Step 2: Perform the calculation [1 mark]</p> $\text{Cost of Material Consumed} = 55,000$	2

2c (ii)	<p>Award 1 mark each for any TWO relevant explanations</p> <ul style="list-style-type: none"> • Impact on Cash Flow: Holding too much inventory ties up cash that could be used elsewhere in the business. • Storage and Holding Costs: Excess inventory increases storage costs, including warehousing, insurance, and maintenance. • Risk of Obsolescence or Waste: If inventory levels are too high, there's a risk that materials may become outdated, damaged, or expire. • Production Delays from Stockouts: On the other hand, if inventory is too low, the business may face stockouts, which can halt production, delay deliveries, and damage customer satisfaction. <p>→ Accept other valid explanations that clearly show the effect of inventory changes on profitability or efficiency.</p>	2
2d	<p>Award 1 mark each for Two types</p> <ul style="list-style-type: none"> • Economic rights – Rights that allow the creator to earn from their work (e.g., reproduction, distribution, performance). • Moral rights – Rights that protect the personal and reputational relationship of the creator with the work (e.g., right to attribution, right to object to modifications). <p>→ Accept any answer that correctly identifies economic rights and moral rights.</p>	2

Question	Answer	Marks
3a	<p>Award 1 mark each for any Three valid reasons supporting either 'yes' or 'no'.</p> <p>If YES (Location is critical)</p> <ul style="list-style-type: none"> • Cost efficiency and time saving as the best location would offer lower rent or better supply access on time. • Right location would offer easy access to the market, suppliers, or skilled labour. • The right location can offer government incentives and support future expansion. • Makes it easier for customers to find and visit the business. <p>If NO (other factors matter more than location)</p> <ul style="list-style-type: none"> • Online or digital businesses can operate virtually from anywhere. • Some business may reach to their customer even without having physical setup (location). • Other factors like product quality, branding, pricing, product innovation and customer service may be more important than location. • In the beginning, it may be more important for startups to stay flexible and adjust quickly than to have a permanent setup. <p>→ Accept any other correct and relevant justification. → No mark will be awarded for writing only YES or NO</p>	3
3b	<p>Award 1 mark each for any TWO relevant reasons</p> <ul style="list-style-type: none"> • It proves the entrepreneur's commitment to stakeholders. • It helps set business milestones and provides direction. • It provides insights into market competition. • It helps in understanding customer needs. • It determines the feasibility of the business. • It documents the business model clearly. • It helps estimate financial needs. • It attracts lenders and investors. • It helps attract business partners and employees. • It is needed for registration and legal formalities. <p>→ Accept other valid reasons if they clearly explain the importance of a business plan</p>	2
3c (i)	<p>Well-segmented customer base:</p> <ul style="list-style-type: none"> • Enables better customer focus by tailoring products/services to specific segments. • Helps gain competitive advantage by understanding and serving customer needs more effectively. 	1

3c (ii)	<p>Diversified sources of revenue:</p> <ul style="list-style-type: none"> • Provides financial stability by reducing dependence on a single income stream. • Ensures market stability by spreading risk across products, services, or markets. 	1
3c (iii)	<p>Well-integrated channels:</p> <ul style="list-style-type: none"> • Improves customer experiences by providing seamless interaction and service delivery. • Enhances operational efficiency by streamlining distribution and communication channels. 	1
3d	<p>Notebook (1 mark)</p> <ul style="list-style-type: none"> • Volume: $25,000 \times 8 = \mathbf{200,000 \text{ units}}$ • Value: $200,000 \times 65 = \mathbf{Nu 13,000,000}$ <p>Pen (1 mark)</p> <ul style="list-style-type: none"> • Volume: $15,000 \times 4 = \mathbf{60,000 \text{ units}}$ • Value: $60,000 \times 12 = \mathbf{Nu 720,000}$ <p>→ No mark if only one component (volume or value) is correct for a product.</p>	2

Question	Answer	Marks									
4a (i)	Legal Form of the Business: Define ownership, liability, taxation, and decision-making, ensuring legal clarity.	1									
4a (ii)	Organisational Structure: Clarifies roles and reporting lines for smooth communication and accountability.	1									
4a (iii)	Recruitment and Training Strategy: Helps attract, select, and train suitable staff, improving performance, productivity, and retention.	1									
4a (iv)	Estimation of Administrative Personnel Cost: Assists in budgeting for salaries and benefits, ensuring the business can sustain its workforce financially.	1									
4b (i)	<p>Welfare cost (5% increase) [1 mark] $17,500 + (17,500 \times 5\%) = 17,500 + 875 = \mathbf{18,375}$</p> <p>Glue cost (6% increase) [1 mark] $28,000 + (28,000 \times 6\%) = 28,000 + 1,680$ $= \mathbf{29,680}$</p> <p>Fuel cost (4% decrease) [1 mark] $55,000 - (55,000 \times 4\%) = 55,000 - 2,200$ $= \mathbf{52,800.}$</p>	3									
4b (ii)	<p>Award 1 mark for any one correct and relevant reason</p> <ul style="list-style-type: none"> • Cost incurred on lubricants cannot be identified easily to allocate in cost unit. • It is not easily traced to a single unit of output. • It does not directly relate to the production of a specific product or service. Instead, lubricants are used to support the overall functioning of machinery and equipment used in different operations. <p>→ Accept other valid reasons</p>	1									
4c	<table border="1"> <thead> <tr> <th>Basis of difference</th> <th>Business Idea</th> <th>Business Opportunity</th> </tr> </thead> <tbody> <tr> <td>1. Definition</td> <td>A concept or thought that can solve a problem or meet a need.</td> <td>A situation or idea that can be converted into a viable business with commercial value.</td> </tr> <tr> <td>2. Commercial viability</td> <td>May or may not lead to profit; not all ideas are commercially feasible.</td> <td>Has potential to generate profit and be turned into a successful business.</td> </tr> </tbody> </table> <p>→ 1 mark each for differences. → No marks if only one aspect of difference is correct</p>	Basis of difference	Business Idea	Business Opportunity	1. Definition	A concept or thought that can solve a problem or meet a need.	A situation or idea that can be converted into a viable business with commercial value.	2. Commercial viability	May or may not lead to profit; not all ideas are commercially feasible.	Has potential to generate profit and be turned into a successful business.	2
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5a (i)	<ul style="list-style-type: none"> • Example: “Save Water, Save Life” or “Drink Green, Live Clean.” • Award 1 mark for any creative, relevant slogan related to eco-friendly water bottles. • No marks if the slogan is irrelevant or unrelated to the product. 	1																								
5a (ii)	<ul style="list-style-type: none"> • Award 1 mark for a relevant and creative trademark that identifies the product in the market. • Can be a logo, symbol, or distinctive brand design reflecting eco-friendliness. • No marks if the trademark is unrelated or not original. 	1																								
5b	<table border="1" data-bbox="352 792 1310 1072"> <thead> <tr> <th>Year</th> <th>Beginning balance (A)</th> <th>Annual Interest Amount (B)</th> <th>Annual Principal Amount (C)</th> <th>Total Annual Installment (B+C)</th> <th>Ending Balance (A-C)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>600,000</td> <td>48,000</td> <td>97,990</td> <td>145,990</td> <td>502,010</td> </tr> <tr> <td>2</td> <td>502,010</td> <td>40,160.8</td> <td>105,829.2</td> <td>145,990</td> <td>396,180.8</td> </tr> <tr> <td>3</td> <td>396,180.8</td> <td>31,694.5</td> <td>114,295.5</td> <td>145,990</td> <td>281,885.3</td> </tr> </tbody> </table> <p data-bbox="336 1144 1302 1335"> → 1 mark each for correctly calculated figure (Year 1, 2, and 3). → Accept nearest whole number rounding for ending balances. → No marks will be awarded if there is any error in any of beginning balance, annual interest amount, annual principal amount, total annual installment and ending balance. </p>	Year	Beginning balance (A)	Annual Interest Amount (B)	Annual Principal Amount (C)	Total Annual Installment (B+C)	Ending Balance (A-C)	1	600,000	48,000	97,990	145,990	502,010	2	502,010	40,160.8	105,829.2	145,990	396,180.8	3	396,180.8	31,694.5	114,295.5	145,990	281,885.3	3
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5c	<p>Award 1 mark each for any Three valid reasons supporting either 'yes' or 'no'.</p> <p>If Yes (passion is enough)</p> <ul style="list-style-type: none"> • Drives persistence – Passion motivates entrepreneurs to keep going even during tough times. • Encourages learning – A passionate entrepreneur actively seeks knowledge and skills to improve the business. • Fuels creativity and innovation – Passion often leads to unique product ideas or services that stand out in the market. • Attracts support and trust – Investors and customers are more likely to support someone who is genuinely passionate. <p>If No (passion alone is not enough)</p> <ul style="list-style-type: none"> • Needs financial resources – Without capital, it's difficult to launch, operate, or grow a startup regardless of passion. • Requires market understanding – Identifying a real customer need and market gap is essential for commercial success. • Depends on planning and strategy – A solid business model, pricing, and marketing strategies are critical for success. • Needs external support – Mentorship, networking, and guidance from experts can play a major role in scaling a startup. <p>→ Accept other logically explained reasons consistent with the chosen stance.</p> <p>→ No mark will be awarded for writing only YES or NO</p>	3
5d	<p>Award 1 mark each for any Two correctly identified element.</p> <ul style="list-style-type: none"> • Assets • Liabilities • Owner's Equity/Capital/Shareholder's Equity/Equity <p>→ No marks for sub-elements (current assets/liabilities, cash, loan, retained earnings, profit, etc)</p>	2

Question	Answer	Marks
6a (i)	Know your competition: Helps prove how your business is better than others in the market.	1
6a (ii)	Be realistic with figures: Use practical and believable numbers in financial projections.	1
6a (iii)	Define the exit strategy: Let investors know how they can get returns on their investment and what options they have, to exit or liquidate their current investment.	1
6b	Award 1 mark each for any Two methods listed. <ul style="list-style-type: none"> • PESTLE Analysis • SWOT Analysis • CEFE's Criterion Analysis • Idea Evaluation Matrix by BCITSA. <p>→ No marks for incorrectly named methods or sub-components.</p>	2
6c	Formula of Payback Period (1 mark) $\text{PBP} = \text{Completed number of years} + \frac{\text{Balance to be recovered}}{\text{Cash flow of that year}}$ Calculation (1 mark) Year 1: 15,000 → cumulative 15,000 Year 2: 18,000 → cumulative 33,000 Year 3: 20,000 → cumulative 53,000 Year 4: 17,000 → cumulative 70,000 Balance to be recovered: 80,000 – 70,000 = 10,000 Cash flow in 4th year: 16,000 $\text{PBP} = 4 + \frac{10,000}{16,000} = \mathbf{4.63 \text{ years}}$ Interpretation (1 mark) The company will recover its initial investment in approximately 4 years and 8 months . → Accept any reasonable interpretation that conveys time to recover the investment	3
6d	Award 1 mark each for any Two marketing checklist <ul style="list-style-type: none"> • Do you feel there is a real need for an organic, chemical-free soap in your daily skincare routine? • Are there currently few or no similar organic soap brands easily available in your area? • Would you consider switching to our organic soap if it offered better quality or health benefits than your current soap? • Which marketing channels (social media, local shops, word of mouth, etc.) would make it easiest for you to learn about and try our product? <p>→ No marks if the question is unrelated to market feasibility or the product. → Accept other logically framed questions consistent with assessing market feasibility.</p>	2

Question	Answer	Marks
7a	<p>Award 1 mark each for any Three reasons:</p> <ul style="list-style-type: none"> • Attracting Investment – Helps secure funds from investors by showing the potential return on investment. • Building Partnerships – Encourages collaboration with key partners by explaining how the business can create mutual value. • To Gain Business Support – It helps build trust and interest among key stakeholders such as customers, employees, or partners, encouraging them to support or join the business. • Clarifying the Business Model – Helps the entrepreneur refine and clearly communicate key components like value proposition, customer segments, and revenue streams. <p>→ Accept other valid reasons.</p>	3
7b	<p>Award 1 mark each for the descriptions of Three components:</p> <ul style="list-style-type: none"> • People (Corporate Social Responsibility): This refers to the impact an organization has on people such as employees, communities, and society. It involves fair labor practices, community development, and ensuring health, safety, and human rights. • Planet (Environmental Protection): This focuses on reducing environmental harm. It includes practices like minimizing waste, conserving energy and water, reducing emissions, and protecting natural resources. • Profit (Sustainable Business Earnings): This involves generating financial returns in a responsible way. It includes long-term economic growth, ethical business practices, and creating value for shareholders and stakeholders. <p>→ No marks if only the terms (People, Planet, Profit) are mentioned without explanation.</p> <p>→ Accept other valid descriptions consistent with the Triple Bottom Line concept.</p>	3
7c	<p>Award 1 mark for any one valid reason:</p> <ul style="list-style-type: none"> • It transforms creative ideas into practical and valuable solutions. • To develop unique solutions, products, or methods that create real-world value. • Through innovation, inventions are refined, tested, and adapted to meet user needs or solve existing problems. <p>→ Accept other valid reasons.</p>	1

7d

3

Administrative personnel	Salary (Monthly)	Year 1	Year 2
Manager	35,000	420,000	441,000 [1 mark]
Accountant	26,000	312,000	336,960 [1 mark]
Supervisor	14,000	168,000	184,800 [1 mark]

- **Do not award marks** for Year 1 figures.
- Accept **nearest whole number rounding**.
- **No marks** for incorrect calculations even if the method is partially correct.