

# Past paper 2022

## Short Questions Answers

Q1: Three ways of opportunity identification?

Ans: 1) Observing Trends.

2) Solving problem

3) Finding Gaps in the market

1) Observing Trends: The foremost approach to identify the opportunity is to look for trends that may cover political, economic, social, technological, environmental and legal forces (PESTEL).

2) Solving Problem: The second approach of identifying opportunity covers the recognition of problems and finding ways to solve them.



3) Finding Gaps In The Market: The gap may be identified when people are frustrated as they cannot find the desired product or have to travel to get something. It is commonly used approach to identify the opportunity.

Q2: IPO?

Ans: IPO - Initial Public Offering is the offering is called the first invitation made to the general public to purchase company shares. All other invitations following the IPO are called subsequent public offerings.

Q3:- Franchising Vs Licensing:-

Ans: Franchising: Franchising is a form of business where a business allows an individual, party or business to use its trademark, business model, products, marketing and pricing strategies in a



market or location.

Licensing: Licensing is yet another form of business where business organization allows other organization to manufacture a product against a specific payment.

Q4) Partnership deed?

Ans: A partnership deed is like a rulebook for partners in a business. It's lay out who's involved, what each person contributes, how profits and responsibilities are divided, and how decisions are made. It's important for avoiding conflicts and making sure everyone's on the same page.

Q5: Holding Vs Subsidiary Company.

Ans: A holding company typically owns assets, such as stocks, in other companies, while a subsidiary company is controlled by another company, known as the parent company. The main difference lies in the level of control and ownership. A holding company primarily holds investments in other



companies and doesn't engage in operational activities, while a subsidiary <sup>is</sup> an ~~identity~~ independent identity controlled by another company.

Q6: Issued Vs Capital (Called Up)

Ans: Issued capital

Called Up Capital

1) Issued capital refers to the total number of share a company has authorized and issued to shareholders.

Called-up capital refers to the portion of the issued capital that shareholders have been asked to pay for.

2) In essence, issued capital is the total potential ownership of the company.

Called-up capital represents the amount shareholders are obligated to pay.



# Past paper 2021

## Short Questions Answers

Q1: SWOT.

Ans: Both internal and external factors are collectively called SWOT and analysis of such factor is called SWOT Analysis.

Strengths: are the positive and favorable internal factor

Weaknesses: are the negative or unfavorable internal factors

Opportunities: are the positive and favorable external factors.

Weaknesses: are the negative or unfavorable external factors.

Q2: Primary, Secondary and Tertiary activities.

Ans: Primary Activities: Aimed at extracting factors of productions, thus covers the extraction, agriculture, fisheries and mining industries.



Secondary Activities: Use the output primary business activities use raw material to produce finished / semi finished goods.

Tertiary Activities: deliver the finished / semi finished products of secondary ~~activities~~ industry to customers.

Example:

~~Example~~ Retailing and services industries

Q3: Crowd funding

Ans: Crowd funding is a source of arranging small capital for large number of contributors. It is often done at internet where one floats an idea and invites investors at crowd funding platforms.

Q4: Prospectus

Ans: A prospectus is a document that is aimed to invite the general public to purchase shares or debentures of the company. It is worth mentioning



that only a public limited company can issue a prospectus to raise capital.

### Q.5: Three major features Of Company

Ans: Created by law: A company created and operated by law (which is Company Act 2017). A business that is not formed under this law would not be considered as the company.

2) Separate legal entity: <sup>the</sup> A company is considered an artificial person, the legal entity on the company and its shareholders are separate. This also reduces the burden of liability on shareholders.

3) Perpetual succession: A company is assumed to have permanent or indefinite life when compared with sole proprietorship and partnership.



## Q6: Public Vs Private sector

Ans: Public Sector

Private Sector

Public sector companies are owned and controlled by the federal or <sup>provincial</sup> governments and aim at serving society along with profit generation. Such companies are often subsidized by the government to give relief to the public.

The private sector is the economic segment that is owned by private owners instead of the government.