



INDIAN SCHOOL SOHAR
PRE BOARD I EXAMINATION (2023-2024)
ENTREPRENEURSHIP (066)- SET 1

Class: XII
Date: 02/12/2023

MaxMarks:70
Time: 3 Hrs

General Instructions:

1. This question paper contains 34 questions.
2. The question paper contains 4 sections - A, B, C and D
 - 2.1. Section A contains multiple choice questions
 - 2.2. Section B - 2 marks; Answers to these questions may be from 30-40 words.
 - 2.3. Section C - 3 marks; Answers to these questions may be from 50-75 words.
 - 2.4. Section D - 5 marks; Answers to these questions may be from 120-150
3. Internal choice is given in the paper, there is no overall choice.

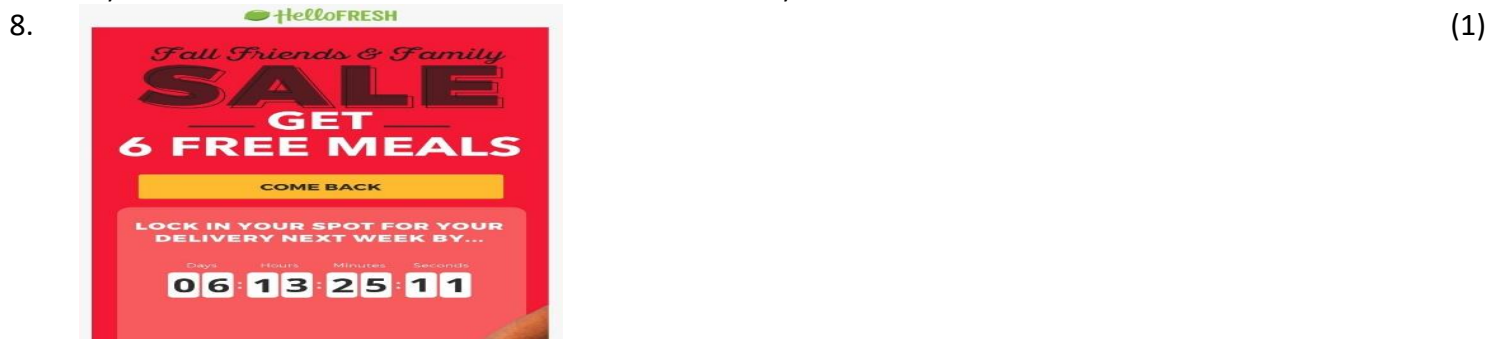
SECTION: A

1. Manish requires finance for the product development and initial marketing of his new idea – “a prototype of a gas stove that runs on Nano fuel”. Identify the stage of business development funding. (1)
 - a) Second round financing
 - b) Early stage financing
 - c) Third stage
 - d) Fourth stage
2. Evaluate the statements given below and choose the most appropriate option from the following: (1)

Assertion (A): Finance is like a lubricant to the process of production.
Reason (R): Finance assists in the formation of new businesses, and allows businesses to take advantage of opportunities to grow and expand.

 - (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
 - (c) Assertion (A) is true, but Reason (R) is false.
 - (d) Assertion (A) is false, but Reason (R) is true.
3. How is 'Unit of Sale' determined in a restaurant providing dinner? (1)
 - (a) Unit offered. of sale will be the number of diners.
 - (b) Unit of sale will be the average amount billed per diner.
 - (c) Both (A) and (B)
 - (d) None of the above
4. In the drive to make the world 'plastic free', Midhun designed a machine to convert single-use plastic into very small granules that could be used for making low cost roads. His machine worked with the help of solar energy. He put his idea before the venture capitalists by making an entertaining slide show and oral narration. He also presented the executive summary of her proposed venture and a few key graphs. The format of business plan used by Midhun is: (1)
 - a) Elevator Pitch
 - b) A pitch deck with oral narrative
 - c) A written presentation for external stakeholders
 - d) An internal operational plan
5. Sarabjeet Singh was living in a small village near Nainital. He had a car that could run on solar energy. The car would not be generally charged due to non-availability of sunlight. The petrol was too costly and he could not afford petrol-run car. He thought of an idea and identified a chemical which when mixed with an oil would work like petrol. The cost of this chemical mixture was very low. He tested this idea, verified it and found it valuable. Identify the concept discussed in the above para. (1)
 - a) Creativity
 - b) Innovation

- c) Market research d) Idea fields
6. "According to a Market study conducted by Kantar, 9% of shoppers make more online purchases than before; 60% say they will continue to shop online after the outbreak; and 80% say they will shop online again for non-essential items. Which way of trend spotting does this indicate? (1)
- a) Read trend b) Think trend
- c) Talk trend d) None of these
7. 'Maharaja' of Air India is an example of: - (1)
- a) Brand name b) Brand mark
- c) Trade mark d) None of these



Identify the promotion strategy shown in the image above:

- a) Below the line b) Above the line
- c) Through the line d) None of these
9. A stationery shop sells 30,000 pens per year. Purchase cost is ₹12 per pen, holding cost is 20% of the purchase cost, ordering cost is ₹15. Calculate EOQ from the details for the stationery shop. (1)
- a) 2000 units b) 1000 units
- c) 1500 units d) 500 units

10. Evaluate the statements given below and choose the most appropriate option from the following: (1)

Assertion (A): The focus of calculation of working capital revolves around managing the operating cycle of the business.

Reason (R): It is because the concept of operating cycle is required to ascertain the liquidity of assets and urgency of payment of liabilities.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true, but Reason (R) is false.
- (d) Assertion (A) is false, but Reason (R) is true.

Read the following text and answer the questions from 11 to 14

Amaga private Ltd. is a steel manufacturing company having its headquarters at Delhi. They are a leading integrated steel manufacturer. Currently, one of the fastest growing companies in India and the tenth largest steel manufacturing company of the world. It is also the first company of the world to manufacture high strength and advanced high end steel products for its automotive segment. Beeta Public Ltd. are also steel manufacturers with their headquarters in New York. For a long period, the company Beeta Public Ltd. had been facing workers unrest and it decided to sell its business to an international bidder. The highest bid for this was made by Amaga Private Ltd. is ₹ 20 crores. Afterwards Amaga Private Ltd. realised that the assets of Beeta Public Ltd. were overvalued and liabilities were under assessed and hence the price paid by them was higher. The employees of the two entities have different corporate cultures and styles of leadership which led to the problem of co-ordination. Ultimately Amaga Private Ltd. had to close its business.

11. Identify the growth strategy adopted by Amaga Pvt.Ltd.? (1)
 - a) Franchising
 - b) Merger
 - c) Acquisition
 - d) None of these
12. Which of the following is the reason for the failure of Amaga Private Ltd. after it took over the business of Beeta Public Ltd.? (1)
 - a) Unrealistic price paid
 - b) Difficulty in cultural integration
 - c) Both a&b
 - d) None of these
13. Which of the following type of acquisition is mentioned in the above text? (1)
 - a) Friendly acquisition
 - b) Reverse acquisition
 - c) Back flip acquisition
 - d) Hostile acquisition
14.refers to the cost savings that come through economies of scale. (1)
 - a) Operating synergy
 - b) Financial synergy
 - c) Both a&b
 - d) None of these
15. When the product is very costly, it is best to use adistribution channel? (1)
 - a) Small
 - b) Large
 - c) Medium
 - d) Very large
16. Which of the following statements is incorrect with respect to skimming pricing method? (1)
 - a) Skimming is usually employed to reimburse the cost of investment.
 - b) Skimming is a viable option when there are strict legal and government regulations.
 - c) Skimming is often used to target early adopters of a product or service.
 - d) None of the above
17. Match the following: (1)

S.No	COLUMN I	S.No.	COLUMN II
1.	Partnership	i)	Artificial person
2.	Sole trader	ii)	Sole beneficiary
3.	Joint stock company	iii)	Mutual agency
4.	Co-operative organizations	iv)	Voluntary organization

- a) 1. (iv), 2. (ii), 3. (iii), 4. (i)
 - b) 1. (iii), 2. (ii), 3. (i), 4. (iv)
 - c) 1. (ii), 2. (iv), 3. (iii), 4. (i)
 - d) 1. (ii), 2. (iv), 3. (i), 4. (iii)
18. Sohan is planning to expand the business to earn more profits in order to increase the salary of his workforce. He is considering the demographics, most importantly, to prepare a growth plan. He is noticing the income distribution of people in his area, their lifestyle, the level of education and the attitudes of people towards work. Identify which environmental factor Sohan is looking into prior to any other factor. (1)
 - a) Legal
 - b) Political
 - c) Social
 - d) Ecological

SECTION: B

19. Rani finished her graduation from Bangalore University. Along with her friends she decided to travel the European countries for 20 days. She faced a lot of problems before and during her visit. While applying for visa, she found the process to be too tedious so she approached a travel agent who helped her but still it turned out to be expensive. After that she visited various websites to book hotels and transportation. It was a long process. After leaving India, she found that language in every European country was different even though English was spoken widely. She could not find a single app which would cover everything from obtaining a visa, places to stay, eat and visit in every city. This roadblock inspired her to come up with a solution. When she came back to India, she developed an app that can be downloaded on any phone. The app acts as a virtual guide for every traveler who wants to visit European countries. (2)

- a) Identify the concept mentioned in the above paragraph.
b) State any two objectives of developing this app.
20. Gopal is a young man of 23 years. He has completed a tailoring course from an industrial training institute. He wants to start a big size tailoring shop in a posh colony where young men and women working in various multinational companies. He went to one of his friends who had completed a B.Tech. course in textile designing to discuss about the opening of the tailoring shop. His friend advised him to prepare a written document describing formally all the relevant external and internal elements involved in starting a new venture. It will not only help in understanding the feasibility and viability of the proposed venture but also facilitate in assessing and making provisions for the bottlenecks in the progress and implementation of the idea. State any four points of importance of the concept discussed by Gopal with his friend. (2)
21. "The product was to be packed in a corrugated box with an extension cord as free gift". Which element of marketing is highlighted in the above line. Explain. (2)
22. What is synergy? In what forms can it take place? (2)
23. From the information given below, calculate the circulating capital of a company: (2)

Assets	Amount	Liabilities	Amount
Stock	₹ 60,000	Trade payables	₹ 20,000
Debtors	₹ 55,000	Short-term loans	₹ 10,000
Cash	₹ 65,000	Outstanding expenses	₹ 50,000
Short-term investment	₹ 20,000		

24. Pradeep and Paras were not being able to agree on the method they would like to choose for issuing their shares. Pradeep said that they should issue their shares to the existing employees as this will lead to higher efficiency. On the other hand, Paras wanted to issue shares to the smaller number of sophisticated investors as this will not let the management slip from their hands. Identify and explain the method of issue suggested by Paras. (2)

OR

Vikas, the managing director of Bobo Tea Ltd., wanted to raise capital to expand his business. He saw that there are a lot of employees who were very efficient but due to lack of incentives were looking for another job. He didn't want to lose them. So, he decided to ask those employees to buy the shares of the company and become a shareholder of the company. As the company was well known for their high returns, the employees agreed to the offer. Identify and explain the method of issue suggested by Vikas.

SECTION: C

25. Suraya wanted the younger generation to understand the nutritional value of traditional food and wants to capitalize this opportunity at the earliest. Keeping this in mind, she started an 'Eat To Fit- ETF' restaurant and it was a successful venture. She opened many branches all over the state. Seeing her success, other restaurants followed the same model but ETF always had the major market share. (3)
- a) Which point of importance of the environment does this case imply?
b) Explain any two more importance of the environment scanning.
26. Sanjeev was developing a business plan for his organization. While working on the financial plan, he realised that his financial requirements will be for fixed assets and their installations, preliminary expenses, working capital, expenses on research and development and investment in short-term assets viz. raw material, level of cash, etc. To decide on the sources of funds for the venture, he tried to ensure the selection of the best overall mix of financing for the enterprise. (3)

- a) Identify and explain the elements of financial plan discussed here.
- b) Why is it important for an entrepreneur to ensure the selection of the best overall mix of financing for the enterprise?

OR

Hemant's grandfather owned a huge agricultural firm in the name of 'Organica'. The company had huge acres of land in Kerala where it grew spices. The company planned to expand and was planning to buy land in Coorg, Karnataka where it will grow coffee. While visiting the place, Hemant saw that the villagers had to walk more than 10 kms of hilly terrain to reach the hospital and he also felt that the villagers did not have any work in the evening apart from doing agricultural work in the morning. So Hemant also decided to open a hospital and a skill development center for the villagers in the evening wherein they can learn a lot of new skills. For expansion purposes he required money and the chief financial officer of his company suggested that they raise the required funds directly from the public.

- a) Which method of raising capital is mentioned in the above paragraph?
 - b) Explain any four advantages of the identified method of raising capital.
27. 'Pure Neer India Ltd.' is the manufacturer of water purifiers. The company has developed a new water purifier that not only converts the hard water into soft water but also kills the bacteria and other harmful microorganisms present in it. The company has named this water purifier as 'Nirmal Neer' and for its marketing, appointed salesman throughout the country. The company also trained the salesmen to provide information about the information about the usefulness of the 'Nirmal Neer' water purifiers to the customers and motivate them to buy the same. (3)
- a) Name and explain the type of promotional tool adopted by the company.
 - b) Explain any one more promotional mix other than the one specified in the above question.
 - c) Identify and explain the channel of distribution used by the company.
28. Identify and explain the type of Franchising stated in following cases: (3)
- a) The manufacturer grants the retailer or owner of the shop the authority to distribute the goods to use the name and trademark owned by the manufacturer.
 - b) When an organisation gets the right to manufacture a product and sell it to the public using Franchisors name.
 - c) When a company provides a business owner with proven method for operating a business using the name and trademark of the company.
29. Raman started a gym named as 'Strong Body'. He installed large number of machines and equipment of different types and appointed qualified trainers to help the customers in the use of machines. Initially he kept a low fee per hour so that boys and girls belonging to the poor families may also avail the facilities of the gym. Very soon his gym became popular and he started operating in three shifts. For this, he appointed additional trainers. He also installed extra machines so that more customers could be enrolled. In one year, he started earning good profit. He took a nearby building on rent and started a 'Recreation and Health Club' for the senior citizens of the locality on very nominal charges. He also encouraged young boys and girls to participate in the cleanliness drive started by Prime Minister. They agreed and started giving one hour daily for cleanliness of the nearby areas before opening of the 'Strong Body gym and Recreation Club'. (3)
- a) Identify and explain the type of expansion that took place under the entrepreneurship of Raman.
 - b) Explain another method other than the one specified in the above paragraph.

SECTION: D

30. "One of the most critical resources or enablers for start-ups is funding. As founders develop their idea into a proposition, they must have early endorsement from customers, either with some successful pilots or assurance to buy. This proposition now needs to quickly convert to a product or service embedding the early user/customer feedback. The founders have to start building a business with a sales (5)

and delivery team, vendor network, and operational and logistic processes, and build the requisite infrastructure for seamless delivery, which will all together should build the revenues. But to get all of this done, the company requires funding. Most entrepreneurs have by this time consumed the "FFF" (family, friends and faith) monies. It is then that they approach early investors."

Source: The New Indian Express, 28h October, 2020

- a) Identify and explain the source of investment stated in the above article.
 - b) Give any four features of the source of investment identified in (i).
31. 'Golden Sweets' was a partnership firm, owned by Swati and Sushma. 'Assam Sweets' was another partnership firm owned by Vipin and Pranav. Swati and Sushma were sharing profits in 1:2 ratio and Vipin and Pranav were sharing profits in 2:3 ratio. Both the firms were situated in a famous market of Guwahati and were doing competitive business. Pranav, the partner of 'Assam Sweets' observed that many of their customers were from far off areas and if branches of Assam Sweets' are opened in other parts of the city, the firm may earn huge profits. Similar was the situation of 'Golden Sweets'. One day in a function at a common friend's house, the partners of both the firms knew that the internal expansion of their respective firms will be costly. Hence, they decided about the merger of the two firms. For this purpose, they decided to meet again to finalise the conditions of merger. Finally, on 1.1.2016 their respective firms were merged and a new firm 'Assam Golden Sweets' was formed with all the four partners, Swati, Sushma, Vipin and Pranav. Their new profit sharing ratio was 1:2:2:3. During the year ended 31.12.2016 the new firm opened four new branches in different parts of the city and earned a profit of 30% on sales.
- a) Identify and explain the type of merger adopted by the two firms and also give its meaning.
 - b) Also explain any three other types of mergers.
32. Mohan is planning to start his own bakery business named 'The Cake Shop' after doing a diploma in entrepreneurship. He estimates an investment of ₹10 crores to set up the business. He started doing a lot of hard work and used to learn the recipes of various preparations. He also learnt many recipes to bake different types of cakes and pastries from online sites. He decided to keep the price of the products low initially to attract customers and also informed his customers about the goodness of the items sold by them. He also decided to make the packaging of the cakes attractive and unique, so that customers are persuaded to buy his cakes. However, he didn't mention on the packets of cakes whether it is veg or non-veg. As a result, vegetarian people became hesitant in buying things from his shop as they had to verbally inquire from him about the inclusion of eggs in the preparation of various items.
- a) Which method of pricing strategy is mentioned in the above paragraph?
 - b) Explain any two advantages and disadvantages of the identified pricing strategy.
 - c) Identify and explain the other marketing mix mentioned in the above paragraph.
33. Naveen, after completing his M.Tech in Nano Technology wanted to start his own business. He thought to manufacture sophisticated instruments used in surgery. He knew that his knowledge of Nano Technology will help the surgeons to operate upon the patients with accuracy, with minimum blood loss and quick post operation recovery. Such types of instruments are used in advanced countries only and there was a risk in marketing the same. The cost price of machinery required for manufacturing such instruments was very high and more research was required in this field of Nano Technology. For seed funding, Naveen approached, 'Himani Capital Ltd.' who finance such types of projects. 'Himani Capital Ltd.' after analysing the proposal agreed to provide seed capital to Naveen.
- a) Identify the type of sources of finance stated in the above paragraph.
 - b) Explain different stages of financing assisted by the above identified source of finance.
34. Yashshree has opened a small shop selling shell jewellery and handicrafts, in Bengaluru in the name 'ShipOshell' by spending ₹6,00,000. She invested ₹2,00,000 of her own money and took a loan of ₹4,00,000 from State Bank of India @8% per annum. Her monthly sales revenue is ₹3,00,000 and monthly

cost of goods sold is ₹75,000. She pays monthly salary of ₹25,000 to her employees. Advertisement cost per month is ₹15000. Electricity and miscellaneous charges per month is ₹10,000. The goods and services tax rate is 12%. Calculate:

- a) Return on Investment
- b) Return on Equity

OR

Donk Pvt. Ltd. started a business of making three varieties of portable air purifiers for vehicles - Vincent Banish and Exclusive. From the following information calculate breakeven point in units and in rupees for the company and suggest which variety is most revenue generating. Fixed costs are ₹15,20,00.

	Vincent	Banish	Exclusive
Sales price	₹ 800	₹ 450	₹ 600
Variable cost	₹ 400	₹ 150	₹ 200
Sales mix	50%	20%	30%