INDIAN SCHOOL SOHAR PRE BOARD I EXAMINATION (2023-2024) **ENTREPRENEURSHIP (066) - SET:2**

Class: XII Max Marks:70 Date:02/12/2023 Time: 3 Hrs

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-anara	Instructions:
uenera	

c) Branding

- 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 from50-75 words.2.4. Section D - 5 marks; Answers to these questions may be from120-150					
	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.				
		SECTI			
1.	mer to e mar in m	Ltd. is planning to expand their business and ger is completed and all the formalities have been expand and meet the manufacturing costs. In or agement has decided to offer its securities to the indicate the above step taken by the management,	they en pe der t neir e	have decided to merge with ARX Ltd. After the erformed, SPS Ltd. will need some additional funds he meet the need for these additional funds, the existing shareholders on a pro-rata basis. Keeping step of raising funds with shareholders is known	(1)
		Dublic terre	I _n \	Drivete alexande	
	,	Public issue	b)	Private placement	
2		Offer to employees	d)	Right issue	(1)
2.		at does total cost include?	h۱	Only fixed cost	(1)
	•	Only variable cost	p)	Only fixed cost	
2	•		,		(1)
3.				(1)	
		Both variable and fixed cost d) None of these electronic shop sells 6,000 water heaters per year. The demand is uniform throughout the year. (1) rchase cost per water heater is ₹ 120. Holding cost per annum is 20% of purchase cost. Ordering cost is 0 per order. Calculate 'Economic-Order Quantity''. 200 b) 500 800 d) 250			
		•		500	
	a)		,		
4	c)		,		(1)
4.		•		turing biscuits. They are planning to merge with a	(1)
	namkeen manutacturing company in order to increase the sales and can earn more profit. They decided				
	to adopt merger as their strategy for growth. Mention which two ways are available for them to select to				
	i)	way to the merger. Amalgamation	ii)	Absorption	
	יי iii)	_	iv)	Acquisition	
	1117	Consolidation	IV)	Acquisition	
	a)	i ⅈ	b)	i &iii	
	c)	iii & iv	•	i &iv	
5.	'Tim	ne Success' is a watch manufacturing company	. It p	produces and sells different types of watches. It	(1)
			-	ng, packaging, warehousing, branding, pricing,	` ,
	promotion and selling. The company also maintains good relations with the customers and follow up with				
	•		_	rders because of this practice. Which strategy is	
	related to the activities mentioned in the paragraph above.				
	_	Selling		Labelling	

d) Marketing

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

 Assertion (A): A brand name is that part of a brand which can be recognized but cannot be vocalized.

 Reason (R): A brand or part of a brand that is given legal protection against its use by other firms is called a trade mark.
 - (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
- 7. Deepa after graduating from IIM, wanted to become an entrepreneur. She identified and analysed the (1) market need, market size and competition and realised that there is an untapped demand for 'Almond milk'. She started supplying 'Almond milk' in different flavours. She used to get feedback from her customers. Over a period of time 'Almond milk' became popular. Identify from the following the source of idea field chosen by Deepa.
 - a) Natural resource

b) Market driven

c) Creative efforts

- d) Existing product or services
- 8. Lakshmi Menon was troubled to see the huge waste generated by the scrap material left behind after (1) stitching Personal Protective Equipment (PPE) gowns. These scrap materials could not be recycled easily When she saw this problem, she thought of a solution also. It was to make lightweight bedrolls made from the scraps of the material. The bedrolls were cheap and durable and within a short span of time, demand for these bed rolls increased tremendously. What concept is involved in the above case study?
 - a) Environment scanning

b) Problem identification

c) Trend spotting

- d) Market assessment
- 9. Partnership form of a business is an ideal choice for starting a new venture, if the entrepreneur's:
- eneur's: (1)

(1)

- a) Capital and managerial requirements are higher.
- b) Enterprise falls in the category of either being a small or a medium scale enterprise.
- c) Direct contact with the customers is essential.
- d) All of the above
- 10. Which of the following statement is incorrect with regards to Private Ltd. company?
 - a) It is not compulsory for a private company to maintain index of its members.
 - b) It is also not compulsory for a private company to hold a statutory meeting.
 - c) It is necessary for a private company to issue a prospectus.
 - d) None of the above

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

In 1954 a man named Ray Kroc visited a small restaurant in San Bernardino, California, where he admired a good and quick service, which dealt with a large number of customers. The restaurant belonged to the brothers, Maurice and Richard McDonald, who, thanks to a small number of meals, low prices and streamlining of activities in the kitchen, increased the speed of customer service. Ray Kroc contacted the brothers, from whom he got the permission to use their sales system and name. These events caused that in 1955 in Des Plains, Illinois the first restaurant was opened, which gave rise to the entire chains of McDonald's restaurants. Nowadays, it is the largest chain of fast-food restaurants today with a very established and valuable trademark.

The main drive behind this success and rapid expansion was the franchising strategy, which helped them easily penetrate new markets and enlarge their target markets. Around 70% of the current McDonalds restaurants are run as independent franchisees. The first franchised outlet was opened in the UK in 1986; however, there are now over 31,000 McDonald's restaurants in over 119 countries.

The major marketing movement for McDonald's was provided by Ray Krok, and the brand continues to be a major success by the hard work of its family of employees, suppliers, and franchisees. McDonald's for years have continued with an extensive advertising campaign targeting children, healthy food, and convenience.

- 11. Identify the growth strategy adopted by McDonald.
 - a) Franchising
 - c) Acquisition

b) Merger

d) None of these

12. The...... is the section of the franchise agreement that details the guidelines that the franchisee must legally follow.

a) Contract explanation

b) Operation manual

c) Both a& b

d) None of these

- 13. Which of the following types of franchising provide an organization with the right to manufacture a product (1) and sell it to the public?
 - a) Product franchise business opportunity
- b) Manufacturing franchise opportunity
- c) Product franchise business opportunity
- d) Business franchise business opportunity
- 14. Which of the following is an advantage of franchising to the franchisor?

(1)

a) Cost advantage

b) Quick expansion

c) Both a&b

d) None of these

15. Evaluate the statements given below and choose the most appropriate option from the following:

(1)

(1)

(1)

(1)

Assertion (A): For a trading organization, the operating cycle will be shorter.

Reasoning (R): There is no manufacturing in a trading organization.

- (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.
- 16. Ashwin was working as Director of finance in Ambur Metal Works. Managing Director of the Company (1) Kailash asked Ashwin to draft a proforma investment decision plan enlisting the funds which should be invested in different assets so that the company can get the highest possible returns. From the following identify the reason(s) that would help Ambur Metal Works.
 - (i) It will help the company to understand the total amount of funds required.
 - (ii) It will also help the company to assess the situation as to whether they have excess or inadequate funds.
 - (iii) It helps the company to understand the various sources of funds.
 - (iv) It helps the company to reflect the position of the business at the end of every year.

a) I only

b) I&ii only

c) I&iii only

d) I,ii &iii only

17. Match the following:

	5 · 5 · · · · · · · · · · · · · · · · ·			
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.



Identify the components of a brand shown in the given image.

a) Brand name

b) Brand mark

c) Logo

d) Trade mark

SECTION: B

- "The product was to be packed in a corrugated box with an extension cord as free gift". Which element of (2) marketing is highlighted in the above line. Explain.
- 20. 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.

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.

- Heena 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.
 - a) Identify the concept mentioned in the above paragraph.
 - b) State any two objectives of developing this app.
- From the information given below, calculate the circulating capital of a company:

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	₹ 20,000		
investment			

23. What is synergy? In what forms can it take place?

24. 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

(2)

Page 4 of 7

(2)

(1)

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.

SECTION: C

- 25. 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'.
 - 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.
- 26. '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.
 - 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.
- 27. Coal Ltd. is a public company and running its business on the terms defined by government. Stones Ltd. is a private firm owned by Sunny Stone and his brother, Rocky Stone. Stone brothers planning to expand the business. For that, Sunny wants to merge the company with another private company in order to increase production and earn more profits. But, Rocky wants to acquire a public limited company in order to expand their business to the government market as well.
 - a) Considering Rocky's strategy, which type of acquisition is mentioned in the given paragraph.
 - b) Explain any two other types of acquisitions
- 28. 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.
 - 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

(3)

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.
- 29. 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.
 - a) Which point of importance of the environment does this case imply?
 - b) Explain any two more importance of the environment scanning.

SECTION: D

30. "One of the most critical resources or enablers for start-ups is funding. As founders develop their idea into (5) 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 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 Vipan and Pranav. Swati and Sushma were sharing profits in 1:2 ratio and Vipan 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 partrner 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, Vipan 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. 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%. From the given information calculate:
 - a) Return on Investment
 - b) Return on Equity

(5)

Donk Pvt. Ltd. started a business of making three varieties of portable air purifiers for vehicles - Vincent Banish. and Exclusive. From the following intormation calculate breakeven point in units 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%

- 33. Naveen after completing his M.Tech in Nano Technology wanted to start his own business. He thought to (5 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. 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 weather it is veg or nonveg. 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.