



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

Class: XII
Date:02/12/2023

Max Marks: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. SPS Ltd. is planning to expand their business and they have decided to merge with ARX Ltd. After the merger is completed and all the formalities have been performed, SPS Ltd. will need some additional funds to expand and meet the manufacturing costs. In order to meet the need for these additional funds, the management has decided to offer its securities to their existing shareholders on a pro-rata basis. Keeping in mind the above step taken by the management, this step of raising funds with shareholders is known as.....
 - a) Public issue
 - b) Private placement
 - c) Offer to employees
 - d) Right issue
2. What does total cost include? (1)
 - a) Only variable cost
 - b) Only fixed cost
 - c) Both variable and fixed cost
 - d) None of these
3. An electronic shop sells 6,000 water heaters per year. The demand is uniform throughout the year. Purchase cost per water heater is ₹ 120. Holding cost per annum is 20% of purchase cost. Ordering cost is 500 per order. Calculate 'Economic-Order Quantity'. (1)
 - a) 200
 - b) 500
 - c) 800
 - d) 250
4. Sohan and Shyam are partners in a business of manufacturing biscuits. They are planning to merge with a namkeen manufacturing 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 give way to the merger. (1)
 - i) Amalgamation
 - ii) Absorption
 - iii) Consolidation
 - iv) Acquisition
 - a) i & ii
 - b) i & iii
 - c) iii & iv
 - d) i & iv
5. 'Time Success' is a watch manufacturing company. It produces and sells different types of watches. It performs various activities such as product designing, packaging, warehousing, branding, pricing, promotion and selling. The company also maintains good relations with the customers and follow up with them to provide after sale services. They get repeat orders because of this practice. Which strategy is related to the activities mentioned in the paragraph above. (1)
 - a) Selling
 - b) Labelling
 - c) Branding
 - d) Marketing

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'. (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.
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. (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.
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. (3)
- 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. (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.

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. (3)
- 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 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." (5)

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 Vipran and Pranav. Swati and Sushma were sharing profits in 1:2 ratio and Vipran 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, Vipran 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. (5)

- 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: (5)

- 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 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 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. (5)
- Identify the type of sources of finance stated in the above paragraph.
 - 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 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. (5)
- Which method of pricing strategy is mentioned in the above paragraph?
 - Explain any two advantages and disadvantages of the identified pricing strategy.
 - Identify and explain the other marketing mix mentioned in the above paragraph.