



# INDIAN SCHOOL AL WADI AL KABIR

## ENTREPRENEURSHIP SAMPLE PAPER 2 (2023-2024)

**Time Allowed: 3 Hours**

**Marks: 70**

### ***General Instructions:***

1. The question paper contains 4 sections - A, B, C and D
1. Section A contains Multiple choice questions
2. Section B - 2 marks
3. Section C - 3 marks
4. Section D - 5 marks
2. Internal choice is given in the paper, there is no overall choice.

| <b>SECTION A</b> |   |   |
|------------------|---|---|
| 1.               | Given below are the reasons why a business decides to improve its existing products or services. Identify the correct reason:<br>(A) Keep up with competition and increase sales<br>(B) Increase sales and capture market share<br>(C) Gain goodwill and earn profit<br>(D) Meet demand and keep up with competition  | 1 |
| 2.               | In 2019, 'Bright-N-smile Ltd.' started manufacturing toothpaste. They wanted to enter the market in an aggressive manner and want to capture as much market share as possible as well as be relieved of the problem of distribution. They wanted to make their product available to everyone, everywhere. Finance was not a concern. They are willing to spend a generous amount and higher intermediaries so they can reach as many customers as possible. In 2020, due to the pandemic they were forced to control their finances and therefore, could afford only one intermediary to help them.<br>Identify their channel of distribution in 2019 and 2020 respectively.<br><br>i. Zero level<br>ii. One level<br>iii. Two levels<br>iv. Three levels<br><br>(A) i and iii<br>(B) iv and ii<br>(C) ii and iii<br>(D) iv and i | 1 |
| 3.               | Which amongst the following items would help an entrepreneur to calculate net working capital for his/her enterprise?<br>1. Fixed assets<br>2. Current assets<br>3. Non-current liabilities<br>4. Current liabilities   | 1 |

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|    | (A)1,3<br>(B)1,4<br>(C)2,4<br>(D)3,4  |   |
| 4. | <p>Smartfit Ltd. are textile manufacturers, having their plant in Bihar. IndiaFab Ltd. are manufacturers of readymade garments and sell their products throughout the country. They also export their products to European countries. IndiaFab Ltd. sources their textiles from Smartfit Ltd. The management of the two companies decided to merge to achieve economies of large scale production.</p> <p>Identify the type of merger entered into by Smartfit Ltd. and IndiaFab Ltd.</p> <p>(A)Horizontal Merger<br/>(B)Vertical Merger<br/>(C)Conglomerate<br/>(D)Market extension</p>  | 1 |
| 5. | <p>Shipping tycoon Aristotle Onassis, was one of the richest men in the world in the 1960s. As a youngster, Onassis had immigrated to Argentina from Greece. He learned Spanish at night and sold burgers by day. At merely 15, he landed a big burger order and reinvested in his petty business. As he accumulated more money, his small business was eventually built into his great financial empire. In 1957, Onassis engaged in airlines business and established Olympic Airways, the first Greek air company.</p> <p>What are the two form of organization described above?</p> <p>1.Sole proprietorship<br/>2.Partnership<br/>3.Joint Stock Company<br/>4.Co-operative organization</p> <p>(A) 1,3<br/>(B) 1,2<br/>(C) 3,4<br/>(D) 2,3</p>   | 1 |
| 6. | <p>‘Tinytots Ltd’. is a leading company for manufacturing of plush for children. The company is in process of developing a prototype for a talking pillow, ‘Cuddle Talk’, which would enable parents to convey their message to children when they are away at work. The mechanism is such that the message is recorded in the device in the pillow and the moment the child touches the pillow; the speaker sensors would repeat the message recorded by the parents for their children. Though an innovation for India, imported versions of this product are already available in the market. The management wants to devise a pricing strategy to target the ‘switchers’ present in the market.</p> <p>Identify the pricing strategy that the management is planning to adopt.</p> <p>(A) Variable pricing<br/>(B) Skimming pricing<br/>(C) Penetration pricing<br/>(D) Cost plus pricing</p> | 1 |
| 7. | <p>Which of the below is not a component of Brand?</p> <p>(A)Logo<br/>(B)Brand name<br/>(C)Trade mark<br/>(D)Brand mark</p>   | 1 |

|                                 |   |            |         |            |                               |     |     |                                 |     |     |             |    |    |   |
|---------------------------------|---|------------|---------|------------|-------------------------------|-----|-----|---------------------------------|-----|-----|-------------|----|----|---|
| 8.                              | <p>Oven fresh is a confectionary and its two most selling cakes are Vanilla are and Blue Berry. The fixed expenses of his shop are Rs.75,000.</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">Vanilla</td> <td style="text-align: center;">Blue Berry</td> </tr> <tr> <td>Sales price per unit (in Rs.)</td> <td style="text-align: center;">210</td> <td style="text-align: center;">360</td> </tr> <tr> <td>Variable cost per unit (in Rs.)</td> <td style="text-align: center;">140</td> <td style="text-align: center;">190</td> </tr> <tr> <td>Sales mix %</td> <td style="text-align: center;">40</td> <td style="text-align: center;">60</td> </tr> </table> <p>The total weighted contribution for the both the items<br/> (A) Rs.90.<br/> (B) Rs.100.<br/> (C) Rs.110.<br/> (D) Rs.130.</p> |            | Vanilla | Blue Berry | Sales price per unit (in Rs.) | 210 | 360 | Variable cost per unit (in Rs.) | 140 | 190 | Sales mix % | 40 | 60 | 1 |
|                                 | Vanilla   | Blue Berry |         |            |                               |     |     |                                 |     |     |             |    |    |   |
| Sales price per unit (in Rs.)   | 210   | 360        |         |            |                               |     |     |                                 |     |     |             |    |    |   |
| Variable cost per unit (in Rs.) | 140   | 190        |         |            |                               |     |     |                                 |     |     |             |    |    |   |
| Sales mix %                     | 40  | 60         |         |            |                               |     |     |                                 |     |     |             |    |    |   |
| 9.                              | <p>Sushil Kumar runs an online business for gym equipment. Annual demand for the Cross trainers is 16,000. The annual holding cost per unit is Rs.48 and the cost to place an order is Rs. 1,500.<br/> What will be the Economic order quantity of Cross trainers?<br/> (A) 500units<br/> (B) 750units<br/> (C) 1000units<br/> (D) 1500units</p>  | 1          |         |            |                               |     |     |                                 |     |     |             |    |    |   |
| 10.                             | <p>Assertion (A): The initial spotting of ideas (basic idea) is of random nature, the development of ideas after scanning the environment (i.e. post scanning) idea is a more purposeful activity.<br/> Reason (R): Initial spotting of ideas (basic idea) is an experiential process whereas, after postscanning idea is a strategic process.<br/> (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)<br/> (B) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)<br/> (C) Assertion (A) is true but Reason (R) is false<br/> (D) Assertion (A) is false but Reason (R) is true</p>  | 1          |         |            |                               |     |     |                                 |     |     |             |    |    |   |
| 11.                             | <p>If an entrepreneur wants to borrow funds but at the same time does not wish to dilute the ownership of the company then the most preferred option would be:<br/> (A) Public issue<br/> (B) Rights issue<br/> (C) Private placement<br/> (D) Offer to employees</p>   | 1          |         |            |                               |     |     |                                 |     |     |             |    |    |   |
| 12.                             | <p>Assertion (A): Mergers and Acquisitions (M&amp;A) is a potential strategy for ensuring the accelerated growth of a business<br/> Reason (R): Merger is consensual, whereas acquisition is forced.<br/> (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)<br/> (B) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)<br/> (C) Assertion (A) is true but Reason (R) is false<br/> (D) Assertion (A) is false but Reason (R) is true</p>  | 1          |         |            |                               |     |     |                                 |     |     |             |    |    |   |

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| 13. | <p>Assertion (A): Money needed to fund the normal, day to day operations of a business is known as the Working Capital.</p> <p>Reason (R): Working capital requirement is more in trading organizations than manufacturing organizations.</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>(B) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)</p> <p>(C) Assertion (A) is true but Reason (R) is false</p> <p>(D) Both Assertion (A) and Reason (R) are false</p>   | 1 |
|     | <p><b>Read the following article and answer from question 14 – question 18</b></p> <p>Using Trendspotting To Propel Your Business Forward</p> <p>Finding out what’s trending is more than checking an instantaneous ranking on Twitter about hashtags and topics. Blending art and science, trendspotting has become the latest must-have skill for everyone from small business owners to Wall Street CEOs.</p> <p>Trendspotting is the ability to identify trends before they take off in the marketplace—an obvious advantage to a business of any size. A successful trendspotter will be able to identify an emerging shift before others, therefore giving ample opportunity to capitalize on the nascent trend. And just as importantly, the successful trendspotter can pinpoint when a trend will fade so businesses can smartly withdraw.</p> <p>Be aware that not all trends are the same. Trends vary in lifecycle and impact; short-cycle trends might be called "fads" in societal or recreational contexts. In other industries, trends might have a far longer foothold. And fads can develop into longer surviving trends: In the 1930s, many pundits <u>dismissed television</u> as a passing fad that would never overtake radio, a prediction that obviously was way off the mark.</p> <p>Become a trendspotter.</p> <p>You can use services such as Google Trends, Topsy and Trendhunter to get quality data to analyze so you’re not relying on inaccurate, incomplete or out-of-date information. When looking through the data, put your personal biases and expectations aside. They can skew your findings as much as bad data. If you have an expectation that the data will show a specific outcome, you’re more likely to get trapped by confirmation bias or find data that matches your expectation rather than acknowledging data that contradicts it.</p> <p>Today’s analytic engines can do a lot of the heavy lifting for you when it comes to data aggregation and analysis, but your skills at locating and correctly interpreting the signs of a new trend are honed by repeatedly exercising them. This is a good thing because you should be looking at information on a regular basis to recognize shifts and changes in the marketplace.</p> <p>The more you’re able to review information from data houses and your company’s own interactions in the marketplace, the better you’ll be at identifying emerging short- and long-term trends that will impact your industry and create opportunities for your business. Examine your information, and look for pattern changes and anomalies.</p> <p>Use your experience to identify commonalities among these anomalies. Are they driven by a specific demographic? Is there a likelihood that the behaviors will repeat? What</p> | 1 |

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|     | <p>outside influences could have caused this blip? Then, use these shared characteristics to identify where the trend is leading and how long it will last. Verify your hypothesis by examining more inputs from other sources, such as customer interviews, industry publications, media outlets and deeperdives into more data.</p> <p>Source: Forbes Business Council, Council Post, June 6, 2022</p>   |   |
| 14. | <p>You can use services such as Google Trends, Topsy and Trendhunter to get quality data to analyze so you're not relying on inaccurate, incomplete or out-of-date information. When lookingthrough the data, put your personal biases and expectations aside.</p> <p>Which way of trendspotting is indicated here?</p> <p>(A)Read Trend<br/>(B)Watch Trend<br/>(C)Talk Trend<br/>(D)Think Trend</p>   |   |
| 15. | <p>The more you're able to review information from data houses and your company's own interactions in the marketplace, the better you'll be at identifying emerging short- and long-termtrends that will impact your industry and create opportunities for your business.</p> <p>Which way of trendspotting is indicated here?</p> <p>(A)Read Trend<br/>(B)Watch Trend<br/>(C)Talk Trend<br/>(D)Think Trend</p>  | 1 |
| 16. | <p>Use your experience to identify commonalities among these anomalies. Are they driven by a specific demographic? Is there a likelihood that the behaviors will repeat? What outside influences could have caused this blip? Then, use these shared characteristics to identify where the trend is leading and how long it will last. Verify your hypothesis by examining more inputs from other sources, such as customer interviews, industry publications, media outlets and deeperdives into more data.</p> <p>Which way of trendspotting is indicated here?</p> <p>(A)Read Trend<br/>(B)Watch Trend<br/>(C)Talk Trend<br/>(D)Think Trend</p> | 1 |
| 17. | <p>"looking at information on a regular basis to recognize shifts and changes in the marketplace". Bygoing through industry publications.</p> <p>Which way of trendspotting would you be using?</p> <p>(A)Read Trend<br/>(B)Watch Trend<br/>(C)Talk Trend<br/>(D)Think Trend</p>   | 1 |
| 18. | <p>Today's analytic engines can do a lot of the heavy lifting for you when it comes to data aggregation and analysis, but your skills at locating and correctly interpreting the signs of a new trend. Which way of trendspotting is indicated here?</p> <p>(A)Read Trend<br/>(B)Watch Trend<br/>(C)Talk Trend<br/>(D)Think Trend</p>  | 1 |

**SECTION B**

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| 19. | <p>State the elements of Operational plan.</p> <p align="center"><b>OR</b></p> <p>State any four components an Organizational Plan describes.</p>   | 2 |
| 20. | <p>Blue look Pvt Ltd. produces gel pens and Splash Ltd produces ink. Both the companies decided to merge together, in which it was decided that company Splash will lose identity and exist as a part of Blue look Pvt. Ltd.</p> <p>Identify and explain the type of merger described above.</p>  | 2 |
| 21. | <p><b>Read the following newspaper article and identify and the element of PESTEL and quote the lines which is present in this article.</b></p> <p>South Africa's inflation hits a 13-year high of 7.8 percent</p> <p>South Africa's inflation hit a new record high of 7.8 percent year-on-year in July, its highest level in 13 years, driven mainly by rising food, transport, and electricity prices, official figures showed Wednesday.</p> <p>"Year-on-year consumer price inflation reached a new 13-year high, rising to 7.8 percent in July from 7.4 percent in June," the national statistics agency, StatsSA, said in a statement.</p> <p>Inflation has reached its highest level in decades in many countries, fueled in particular by the war in Ukraine and the economic recovery following the easing of restrictions related to the global Covid pandemic.</p> <p>The continent's leading industrial power had already seen consumer price inflation accelerate in June to 7.4% year-on-year.</p> <p>Commodities such as food, beverages, electricity, and medicine are the most affected: "annual inflation for non-durable goods is in double digits, at 14.4%", StatsSA points out.</p> <p>The price of bread has risen by 13.7% and now costs 17.84 Rands (1.05 euro) compared to 15.57 rand (0.92 euro) at the same time last year. Oil rose by 36.2 percent.</p> <p>South Africans, with nearly 34% of the workforce unemployed, are also facing a 56.2 increase in fuel prices.</p> <p>On Wednesday, the country's two largest unions called for demonstrations against the high cost of living.</p> <p>In July, the South African central bank tried to stabilize inflation by raising its key rate by 75 basis points to 5.5 percent, the biggest increase in a decade.</p> <p>The institution has revised its growth estimates downwards, expecting a slowdown to 1.3% in 2023, before a slight rebound to 1.5% in 2024.</p> <p>Source: afrcannews.com, July 24, 2022</p> | 2 |
| 22. | <p>"Planning and creating an effective sales strategy requires looking at long-term sales goals and analyzing the business sales cycle, as well as meeting with sales people about their personal career goals."</p>  | 2 |

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|                  | <p>Support the above statement by commenting on two ways in which firm's employee their sales strategy.</p> <p style="text-align: center;"><b>OR</b></p> <p>During mergers and acquisitions, the value of the combined entity is expected to be greater than the sum of the independent values of the merging firms. Analyse and explain the concept in the above statement.</p>  |   |
| 23.              | <p>State any four drawbacks of offering shares to public in capital market by a public company..</p> <p style="text-align: center;"><b>OR</b></p> <p>State any four advantages of offering shares to employees.</p>   | 2 |
| 24.              | <p>To sense an entrepreneurial opportunity, an entrepreneur employs his/her sharpened skills of observation, analysis and synthesis to identify an opening. Spotting an idea often triggers the process of sensing an opportunity.</p> <p>Comment on any two sources which lead to emergence of basic ideas.</p>  | 2 |
| <b>SECTION C</b> |   |   |
| 25.              | <p>Suresh a small entrepreneur is manufacturing portable fans with the brand name 'P-AIR'. These fans are in great demand. He finds that the cost of production of per unit of the fan is Rs.800 and he can sell the same at Rs.1000 per fan. The competitors in the market are selling this type of fan at the rate of Rs.1200. Suresh is not greedy for profits but rather would like to provide the community with good quality products at a reasonable price. His main concern is it earn enough to cover up his production cost.</p> <p>a.) Explain the pricing strategy described above<br/>b.) Give one advantage and one disadvantage of the identified pricing strategy.</p>  | 3 |
| 26.              | <p>Being a foodie herself, Swetha decided to venture into the food sector and started an outlet, taking the franchise of 'Goli Vada Pav', market leaders in this segment. She had to convince her parents regarding her choice and she did so by quoting the importance of franchise for the franchisee. State three of the benefits which she would have shared with her parents.</p>  | 3 |
| 27.              | <p>The marketing plan represents a significant element in the business plan for a new venture as it effectively establishes how the entrepreneur will complete and operate in the market place.</p> <p>In the light of the above statement, examine the questions that need to be addressed in a Marketing plan.</p>  | 3 |
| 28.              | <p>Calculate gross and net working capital of Raja and Co who has the following items in its balance sheet. Stock Rs.50,000; trade creditors Rs.32,000; debtors Rs.75,000; cash Rs.1,00,000; dividend payable Rs.50,000; tax Rs.44,000; short term loan Rs.61,000; short term investments Rs.76,000.</p> <p style="text-align: center;"><b>OR</b></p> <p>A venture capital is invested in exchange for an equity stake in the business. Because of the strict requirements venture capitalists have for potential investments, entrepreneurs should seek funding from this source after a careful evaluation. Venture capitalists are typically very selective in deciding what to invest in. Justify the above statement about VC.</p> | 3 |
| 29.              | <p>Production plan is highly complex and tedious; therefore, the manufacturing operation needs to be well planned. What are the situations before a venture while preparing production plan?</p> <p style="text-align: center;"><b>OR</b></p> <p>Why is private company more desirable than public company? State any three points.</p>   | 3 |

**SECTION D**

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| 30. | Vijay is a gym owner, instructor and personal trainer at 'Maxo Gym'. He trains variety of people ranging from housewives, working professionals, obese, bodybuilders etc. His work timings are 8am to 8pm which keeps him occupied the whole day and therefore, doesn't allow him to have a social life. Considering that he is an experienced trainer and has a set client base, he decided to open up his own gym, wherein, he can employ people and go to work himself only on appointment basis. This way, he can work less and earn more.<br>Explain any five characteristics of the form of organization owned by Vijay. | 5 |
| 31. | Radhika started a coffee shop in Bengaluru with a capital of Rs.9,00,000. She took a loan of Rs.5,00,000 from Bank of Baroda at 9% interest per annum. During the year ended 31 <sup>st</sup> March 2023 her sales were Rs.20,90,000 and the cost of goods sold was Rs.15,30,000. She paid monthly rent of the shop Rs.11,000 and a monthly salary of Rs.25,000 the employees. The tax rate is 30%.<br>Calculate Return on Equity and Return on Investment.  | 5 |
| 32. | Explain the benefits of understanding the relevant environment of business for an entrepreneur.<br><b>OR</b><br>Discuss the importance of a business plan?   | 5 |
| 33. | The job of an angel investor is invaluable. They fill the gap in start-up or early stage financing between "friends and family", by providing seed funding and formal venture capital. Angel investments is a common second round of financing for high-growth start-ups or early stage companies.<br>State the features of the source of finance described above.   | 5 |
| 34. | The foundation of a relationship between the franchisee and franchisor and laid in a Franchise agreement. Define Franchise agreement and explain its main ingredients.<br><b>OR</b><br>Define Advertising. State the rules that need to be considered when planning any advertising activity.  | 5 |