



INDIAN SCHOOL AL WADI AL KABIR

ENTREPRENEURSHIP SAMPLE PAPER 1

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.

SECTION A		
1.	The seeding stage of a new idea is called _____. (A) Incubation (B) Preparation (C) Verification (D) Idea Germination	1
2.	Stay Safe Co. started manufacturing multilayer face-mask and face-shield which had a great demand during the time of COVID 19 for domestic use and also otherwise it is an item in great demand in urban areas having high level of pollution. Marketing consultants advised him to fix the price initially at a lower rate to attract new customers. The price will be raised later once this market share is gained. Identify the pricing technique suggested: (A) Cost-plus pricing (B) Penetration pricing (C) Price skimming (D) Variable price method	1
3.	Glow Electronics Ltd. sold a Bluetooth head-set for ₹ 5,000. The cost price of the item for Glow Electronics is 80% of its selling price. What is the profit earned by Glow Electronics? (A) ₹ 1,000 (B) ₹ 4,000 (C) ₹ 9,000 (D) ₹ 2,000	1
4.	Comfort Car Accessories has set up their small manufacturing unit producing leather items like seat covers, steering covers, windshield wipers. An automobile company, Kizushu, market leaders in luxury car manufacturing planned to join with Comfort Car Accessories. Such a deal will allow Kizushu to obtain better pricing and control over the manufacturing process. Identify this type of merger that took place between the two business. (A) Horizontal merger	1

	(B)Market extension mergers (C)Product extension mergers (D)Vertical merger	
5.	Arshdip is preparing a business plan for his new venture electronic cycles which will be battery operated with guidance from his uncle who is a mechanical engineer. But his uncle is presently not keeping well and hence Arshdip does not know under which heading to put the information regarding Transport & communication, Machinery & Equipment and Production Process. He approaches his elder brother, Arunark, a lawyer for help. Arunark guides him and helps to prepare the plan. Identify the component of Business Plan, under which the above items to be mentioned. (A) Operational Plan. (B) Organisational Plan (C) Financial Plan. (D) Description of Venture.	1
6.	Sachin is planning to set up a unit for manufacturing biodegradable bags of different sizes by processing the sugarcane bagasse. He performs all the marketing activities himself and has full control over distribution. He sells to consumers through his own retail stores. The channel of distribution used by Sachin is: (A) Zero level (B) One level (C) Two level (D) Three level	1
7.	Polar Ltd. sells ceiling fans and exhaust fans. The selling price per unit is ₹500 and ₹400 respectively. The variable cost per unit is ₹200 and ₹160 respectively. The company sells 10,000 ceiling fans and 6,000 exhaust fans per year. The total contribution margin will be: (A) ₹30,00,000 (B) ₹14,40,000 (C) ₹44,40,000 (D) ₹5,56,000	1
8.	Sulekha, after graduating from IIM, wanted to become an entrepreneur. She identified and analysed the market need, market size and competition and realized that there is untapped demand for Almond Milk. She started supplying Almond Milk in different flavours and choose distinct names for each of her offering based on flavour. Identify the type of brand name used by Sulekha (A) Individual Brand name (B) Family brand name (C) Corporate names (D) Alpha-numeric names	1
9.	Nivea Ltd., has been manufacturing and selling home and office furniture since 2010. Their market share in this field is 60%. They decided to introduce new furniture which can be easily assembled by the customer at their place and is also to easy to dismantle and carry in case of house shifting in 2020. For the same they estimated their financial requirements to be ₹40 lakhs. Nivea Ltd. decided to raise the finance through prospectus. Identify the methods of flotation of new issue. (A) Public issue (B) Private placement	1

	(C) Offer to employees (D) Right issue	
10.	Assertion (A): A company which is suffering huge losses can be shut down only by following the procedures laid down in Companies Act. Reason (R): A company can be born as well as liquidated only by law. Choose the correct option: (A) A is true but R is false. (B) Both A and R are true, but R is not the correct explanation of A (C) Both A and R are true and R is the correct explanation of A (D) Both A and R are false.	1
11.	At times, we have people that have money that they don't want to spend rather save for the future use. On the other hand. There are people who want to spend money to undertake some economic activities but don't have the required amount of finance. Thus, the role of transferring financial resources from the surplus units to the deficit units is called as _____. (A) diversification (B) floatation (C) capital market (D) financial Intermediation	1
12.	Laxmi started her business of manufacturing designer furniture in Gurgaon. Her business was a huge success and she thought of selling her product in Delhi as well as in Noida. Laxmi grants a store owner, Harish the authority to distribute the furniture and allows him to use the name and trademark owned by the her. Harish must pay a fee or purchase a minimum inventory of stock in return for these rights. Identify the type of franchise discussed above. (A) Manufacturing franchise opportunity (B) Product franchise business opportunity (C) Business format franchise opportunity (D) Business franchise opportunity ventures	1
13.	Assertion(A): Money needed to fund the normal, day to day operations of a business is known as the Working Capital. Reason(R): The cash conversion cycle (CCC or Operating Cycle) is the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable. It represents the number of days a firm's cash remains tied up within the operations of the business. Choose the correct option: (A) Both Assertion and Reason are correct and R is a correct explanation of A (B) Both Assertion and Reason are correct but R is not a correct explanation A (C) Assertion is correct, but Reason is incorrect. (D) Assertion is incorrect, but Reason is correct.	1
14.	Which of the following is not a disadvantage of sole proprietorship form of business organization? (A) Limited Capital (B) Quick decision making (C) Limited managerial ability (C) Limited continuity	1

15.	Which of the following is not an economic environment factor? (A)Increase in oil price because of increase in crude oil price in the international market. (B)Increase in unemployment. (C)Increase in pollution because of use of old machinery. (D)Increase in interest rate by the banks.	1
16.	The firm stands bound by the acts of the partners; indicates which of the following characteristics of partnership? (A)Mutual Agency (B)Agreement (C)Implied Authority (D)Utmost good faith	1
17.	Which of the following forms of business organisations require minimum two persons to start? (i)Sole proprietorship (ii)Partnership (iii)Private Company (iv)Public Company (A)(i) and (ii) (B)(ii) and (iii) (C)(ii); (iii) and (iv) (D)(i) and (iv)	1
18.	Rashmi is a teacher of Entrepreneurship, was teaching the steps in the creative process. By the time she was able to explain the first two steps of the process with a number of examples from day-today life, the period was over. She asked the students to read the sequence of the remaining steps to be discussed in the next period. The remaining steps and their correct sequencing is: (A)Verification; Illumination; Incubation (B)Incubation; Verification; Illumination (C)Illumination; Incubation; Verification (D)Incubation; Illumination; Verification	1
SECTION B		
19.	Sarthak wants to start a new business. Before deciding the type of business, he started identifying the new trends in retail business. He became a member of a trade association. He attended its events both online and offline. He also took advantage of the social networking tools. (i)Which way of trend spotting is used by Sarthak? (ii)Define a way of trend spotting other than identified in (i)	2
20.	Samar started a Super Specialty Store, 'Samapada'. It's products are sourced from hand-picked suppliers. These products are sold under Sampada's own brand. Its promotion strategy is very specific and focuses on targeted groups of customers. The purpose of this promotions strategy is to develop the brand 'Sampada' by creating awareness among the customers. To do this, Sampada's Facebook and Twitter pages encourage two-way communication with customers. These social media channels provide a platform through	2

	<p>which Sampada can interact with customers. It can then assess their opinions about the brand.</p> <p>Name and define the promotion mix used by Samar to promote his store.</p>	
21.	<p>Opel Ltd. decided to manufacture mobile phones with a new feature. It will have an inbuilt button which when pressed will extend into a selfie stick enabling the customers to click selfies easily without the need to carry a separate selfie stick.</p> <p>Identify two PESTEL factors which enabled Opel Ltd., to bring out this new feature.</p> <p style="text-align: center;">OR</p> <p>Ayush started a small business of manufacturing and marketing pickles and named it Desi Achar. He supplied the pickle in the whole city and now he wants to expand in other cities. His father suggested him to look into those conditions and forces which are external to a business and find strategies to capitalize on the opportunities at the earliest. It is necessary to take timely action to deal with threats and avail opportunities for the purpose of improvement in the performance of the firm.</p> <p>State two importance of business environment highlighted in the above case.</p>	2
22.	<p>It is the simplest and shortest channel, which is also the fast and economical channel of distribution.</p> <p>(a) Name the distribution channel defined above.</p> <p>(b) Why do big firms adopt this channel?</p> <p style="text-align: center;">OR</p> <p>Differentiate between the two types of sales strategy.</p>	2
23.	<p>Anwar started a packing factory in the small plot of land inherited from his father. Anwar is very enthusiastic and concerned about environmental issues and health has planned to sale food grade plastics for packing edible oils and tetra pack for dairy industries. He contributed ₹2,00,000 from his personal fund and obtained a loan of ₹3,00,000 from the bank by mortgaging the land.</p> <p>(i) Name the section of the financial plan that summarises the projected source of funds.</p> <p>(ii) Why is it important for Anwar to ensure the selection of the best overall mix of financing?</p>	2
24.	<p>The average daily usage is 800 units per month and the lead time is 3 months. Calculate the reorder level.</p> <p style="text-align: center;">OR</p> <p>From the following information obtained from the financial statements of Bites Ltd., calculate Return on Equity. Net Income earned - ₹ 10,00,000 Equity- ₹ 5,00,000.</p>	2
SECTION C		
25.	<p>Explain the three components of a Brand.</p> <p style="text-align: center;">OR</p> <p>Write three differences between above the line (ATL) and below the line (BTL).</p>	3
26.	<p>Arvind is in the process of developing the business plan of a shoes manufacturing unit which he wants to start in in an industrial area of Kanpur. He is in the process of developing a component of business plan wherein he has to detail the kinds of people required, their number and the process of their selection.</p> <p>(i) Which component of business plan is being referred here?</p> <p>(ii) State any two reasons that will affect the number of people required for various positions.</p>	3

	(iii)Arvind, is also preparing a marketing plan for his business, state the first two steps involved in preparing such plan.	
27.	Explain Synergy as a reason for merger and acquisition. OR Define: Merger. Explain its two forms.	3
28.	InstaMix is a fast food chain, selling burgers, sandwich, rolls, pizzas with an Indian touch. Now, they want to sell ice creams with flavours like Rasmalai, Gulab jamun in their outlets. Ice-cream has been an item in their menu earlier also but was withdrawn because of higher price as compared to the price of established brands. Therefore, this time they decided to initially price the ice4 cream at cost. It was done with the objective of increasing market share. Management of Instant food is of view that once their ice-cream is established in the market they will increase the price to a level that will help them in earning reasonable profit on their product. Discuss three advantages of the current pricing strategy adopted by the business.	3
29.	(i)What is the primary advantage for a company/entrepreneur of public issue of shares? (ii)Mr. Kapoor, an investor could not get shares allotted when the offer was made to the public. He wishes to invest in the company. State the option available to for him to buy the shares and how will it benefit Mr. Kapoor?	3
SECTION D		
30.	Ice n Roll is renowned name in naturally flavoured ice-creams made from fresh fruits and edible vegetables. The company has its presence in Maharashtra and Goa. Its ice-creams sell under the strong foothold in Maharashtra but is struggling for success in the Goa market. The reason is the presence of the local brand Flavours ice-creams which is selling natural ice-creams with locally preferred flavours. Ice n Roll tried to negotiate its way but because of the goodwill of the Flavours Ice-creams Ltd. , it could not succeed in its efforts. Frustrated Ice n Roll started buying the shares of Flavours Ice-creams Ltd. to gain control over the management. (a) Identify and define the type of business expansion adopted by Ice n Roll as its growth strategy in the Goa market. (b) Define the type of acquisition discussed above, quote the lines in support of your answer. (c)Explain any two other types of acquisition.	5
31.	Veer Singh wants to start a dairy products business in his village in Gurdaspur district of Punjab. One day he was discussing this with his friend Surjit Singh. Surjit Singh told him that to start a business, first, he should prepare a good business plan so that he may not face any problem in the future. Veer Singh requested him to explain the importance of a business plan. State any five points of importance that Surjit Singh might have explained to Veer Singh.	5
32.	Belkin Stores sells 4000 units of power banks annually. Demand for the product is uniform. Purchase cost per power bank is ₹400. Holding cost per annum is 10% of the purchase cost. Ordering cost is ₹ 200 per order. (i)Calculate the Economic Ordering Quantity for Belkin Stores for the power banks. (ii)Mention the assumptions of Economic Ordering Quantity (EOQ) Model.	5

33.	<p>Discuss the various sources which lead to emergence of basic ideas.</p> <p style="text-align: center;">OR</p> <p>Explain the various factors involved in assessing the market while selecting a product or service?</p>	5																
34.	<p>From the following information related to sales mix of products Alpha, Beta and Gamma, calculate breakeven point in units:</p> <table border="1" data-bbox="224 365 1070 518"> <thead> <tr> <th>Particulars</th> <th>Alpha</th> <th>Beta</th> <th>Gamma</th> </tr> </thead> <tbody> <tr> <td>Sale Price Per unit</td> <td>₹30</td> <td>₹42</td> <td>₹72</td> </tr> <tr> <td>Variable cost per unit</td> <td>₹18</td> <td>₹14</td> <td>₹19</td> </tr> <tr> <td>Sales Mix percentage</td> <td>60%</td> <td>15%</td> <td>25%</td> </tr> </tbody> </table> <p>Total fixed cost is ₹2,46,500.</p> <p style="text-align: center;">OR</p> <p>Calculate the Return on Investment (ROI) and Return on Equity (ROE) for Surya International, for the year 2022-2023 from the details given below :</p> <p>Total Investments ₹10,00,000. The company obtained 12% Loan from HCDF Bank Ltd ₹2,00,000 and also issued 10% Debentures ₹2,00,000.</p> <p>Fixed expenses for the year are as follows:</p> <p>Salary: ₹1,50,000 Rent: ₹50,000 Electricity & Utilities: ₹10,000 Depreciation: ₹40,000 Tax Rate: 50%</p> <p>Annual Sales revenue: ₹10,00,000 Cost of goods sold: ₹4,00,000.</p>	Particulars	Alpha	Beta	Gamma	Sale Price Per unit	₹30	₹42	₹72	Variable cost per unit	₹18	₹14	₹19	Sales Mix percentage	60%	15%	25%	5
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