



## INDIAN SCHOOL AL WADI AL KABIR

### SAMPLE PAPER-1 2020-21

CLASS XII

SUB: ENTREPRENEURSHIP

MAX. MARKS: 70

**Instructions:**

- (i) All the questions are compulsory. There is no overall choice, though internal choice is given.
- (ii) Read the questions carefully before attempting.
- (iii) Questions No. 1 to 21 are very short answer type questions, carrying 1 mark each consisting of MCQs, Fill in the blanks, One-word answer, True/False.
- (iv) Questions No. 22 to 26 are short answer type questions, carrying 2 marks each. Answer to each of these should not exceed 50 words.
- (v) Questions No. 27 to 29 are short answer type questions, carrying 3 marks each. Answer to each of these should not exceed 75 words.
- (vi) Questions No. 30 to 32 are short answer type questions, carrying 4 marks each. Answer to each of these should not exceed 150 words.
- (vii) Questions No. 33 to 35 are long answer type questions, carrying 6 marks each. Answer to each of these should not exceed 250 words.

Q. No.	QUESTIONS	Marks
1.	_____ feature of partnership states that any partner can act on behalf of the firm.	1
2.	“Excel Motor Corp’s electric vehicles with zero tail pipe emission are emerging as a good alternative to two major problems;  (i) reduces pollution thus reduces greenhouse gases. (ii) reduces the health problems related to pollution  This Act of ‘Excel Moto Corp’s has taken care of _____ and _____ elements of macro environment.	1
3.	If selling price of a hair dryer is ₹10,000 and variable cost in ₹3,000. Calculate break-even point if fixed cost is ₹35,000.	1
4.	Idea generation can be described as 'Convenient frames of reference for streamlining the process of generation of ideas'. State True or false.	1

5.	<p>Arshia, Aishwarya, Rinzia and Cathy are all good friends in the age group of 13-16 years of age. All of them decided together to start a business along with Cathy's Twin sisters Andrea and Angela, who are 25 years old. They wanted to make handmade papers for gift wrapping, packing, drawing, painting, binding and for other purposes. They decided to name their venture as Botanical paper works. They spoke about their venture to their parents and asked them if their business could be registered so that it will be easy to divide the profits. Andrea suggested that they should register it as a Partnership firm. Can they form a partnership firm?</p> <p>A. No, they cannot form a partnership firm since most of them are minors  B. Yes, they can form a partnership firm.  C. No, since minimum number of people required to form a partnership is 10  D. None of the above</p>	1
6.	<p>Sonia was selling fruits and vegetables in her Cart along with her mother. They were able to earn a profit of around Rs.200 every day. Even though the amount was not substantial it was sufficient for a decent living. Sonia often noticed that nuclear families where both husband and wife go to work find it difficult to cook as cleaning and cutting vegetables took a lot of time, so an entrepreneur, she started gathering information regularly and developed a new product line of selling cut vegetables and fruits in hygienic packaging. Mallika used .....trend to spot this idea.</p>	1
7.	<p>Sole proprietorship is subjected to minimum legal formalities and regulations both at the time of commencing and/or closing.  The above given details pertain to one of the features of sole proprietorship-Identify</p>	1
8.	<p>_____is the process of monitoring the economic and non-economic environment, to determine the opportunities and threats to an organization.</p>	1
9.	<p>_____strategy, is also known as negative selling where sales people attack the competition head on when talking to the customer. They talk about each feature of the competition's product and compare it to theirs.</p>	1
10.	<div data-bbox="321 1255 1015 1675" data-label="Image"> </div> <p>The above given image shows two out of the three promotional strategies adopted by different organisation. Name the third approach of promotional strategy.</p>	1

11.	<p>_____ involves expand its present production capacity by adding more machines or by replacing old machines with the new machines with higher productive capacity. It may be financed by the issue of more share capital, generating funds from old profits or by issuing long-term securities.</p> <ul style="list-style-type: none"> <li>a) External expansion</li> <li>b) Internal expansion</li> <li>c) Franchising</li> <li>d) Merger</li> </ul>	1
12.	<p>_____ outline how the franchise name is to be used, as well as the marketing and advertising procedures in place that the franchisee will be required to follow.</p> <ul style="list-style-type: none"> <li>a) Contract Explanation</li> <li>b) Operations Manual</li> <li>c) Proprietary Statements</li> <li>d) Ongoing Site Maintenance</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p>_____ is another item that is outlined in the agreement which includes the types and timeframes regarding various maintenance items and upgrades that must be made to the franchisee's location.</p> <ul style="list-style-type: none"> <li>e) Contract Explanation</li> <li>f) Operations Manual</li> <li>g) Proprietary Statements</li> <li>h) Ongoing Site Maintenance</li> </ul>	1
13.	<p>_____ is a paid form of communication designed to persuade potential customers to choose the product or service over that of a competitor.</p> <ul style="list-style-type: none"> <li>a) Sales promotion</li> <li>b) Personal selling</li> <li>c) Public relations</li> <li>d) Advertising</li> </ul>	1
14.	<p>_____ type of franchise is found most often in the food and beverage industry. Most bottlers of soft drinks receive a franchise from a company and must use its ingredients to produce, bottle and distribute the soft drinks.</p>	1

15.	<p>_____ relates to short-term incentives or activities that encourage the purchase or sale of a product or service. Its initiatives are often referred to as —below the line activities.</p> <p>a) Sales promotion b) Personal selling c) Public relations d) Advertising</p> <p style="text-align: center;"><b>OR</b></p> <p>_____ is about building good relations with the stakeholders of the business by obtaining favourable publicity, building a good corporate image and handling or heading off unfavourable rumours, stories and events.</p> <p>a) Sales promotion b) Personal selling c) Public relations d) Advertising</p>	1										
16.	<p>It is a method of raising additional finance from existing shareholders by offering securities to them on pro-rata basis i.e. giving them a right to a certain number of shares in proportion to the shares they are holding. Identify the method of flotation of new issues.</p> <p style="text-align: center;"><b>OR</b></p> <p>_____ means the direct sale by a company of its securities to a limited number of sophisticated investors.</p>	1										
17.	<p>If gross margin is ₹7,000/unit and fixed cost is ₹49,000. Calculate break-even point per unit.</p>	1										
18.	<p>They may invest in one in four hundred opportunities presented to it and looks for an "exit" in the time frame of typically 3-7 years. Identify the source of fund.</p>	1										
19.	<p>The average daily usage is 800 units per month and the lead time is 3 months. Calculate the reorder point or level.</p>	1										
20.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"><b>COLUMN A – Meaning</b></th> <th style="width: 50%;"><b>COLUMN B- Terms</b></th> </tr> </thead> <tbody> <tr> <td>i. uses the word 'Ltd.' at the end of its name.</td> <td>(a) Public company.</td> </tr> <tr> <td>ii. has a minimum of two and a maximum of two hundred members excluding its past and present employees.</td> <td>(b) Continuity</td> </tr> <tr> <td>iii. A company is created by law. Though, it has no body and no conscience, it still exists as a person, having a distinct personality of its own.</td> <td>(c) Private company.</td> </tr> <tr> <td>iv. Legally, a firm dissolve on the retirement, death, bankruptcy lunacy, or disability of a partner if not otherwise provided for in the partnership deed.</td> <td>(d) Artificial person</td> </tr> </tbody> </table>	<b>COLUMN A – Meaning</b>	<b>COLUMN B- Terms</b>	i. uses the word 'Ltd.' at the end of its name.	(a) Public company.	ii. has a minimum of two and a maximum of two hundred members excluding its past and present employees.	(b) Continuity	iii. A company is created by law. Though, it has no body and no conscience, it still exists as a person, having a distinct personality of its own.	(c) Private company.	iv. Legally, a firm dissolve on the retirement, death, bankruptcy lunacy, or disability of a partner if not otherwise provided for in the partnership deed.	(d) Artificial person	1
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	<p>Identify the correct option to match the above columns:</p> <p>A. i– b; ii – d; iii – a; iv – c</p> <p>B. i– c; ii – a; iii – d; iv - b</p> <p>C. i– a; ii – c; iii – d; iv - b</p> <p>D. i– c; ii – a; iii – b; iv – d</p>	
21.	What is break-even point?	1
22.	<p>Delicious foods ltd., has been well known for its products throughout India. They started manufacturing Dairy products in the year 1995 and slowly built their brand. The company occupied the top position in terms of sales and it increased its product range also. By 2010 they were the undisputed leader in the field of dairy products. Their annual general meeting was held wherein the Board of directors wanted to expand their business and start a new business. They decided to use new technologically advanced recycled paper for all their products which would retain the freshness of their products as well as contribute towards the saving of our planet. For this the business had to prepare a formal statement of a set of business goals, the reasons they are believed attainable and the plan for reaching those goals along with the background information about the organization or/and team attempting to reach those goals.so to start with the preparation of business plan, they are working on the title or cover page that provides a brief summary of business plan's contents. The information of general nature is contained in the introductory profile. State the contents in product details.</p>	2
23.	<p>Source Based -<a href="https://en.wikipedia.org/wiki/Market_environment">https://en.wikipedia.org/wiki/Market_environment</a></p> <p>Environmental scanning can be defined as 'the study and interpretation of the political, economic, social and technological events and trends which influence a business, an industry or even a total market'. The factors which need to be considered for environmental scanning are events, trends, issues and expectations of the different interest groups. Issues are often forerunners of trend breaks. A trend break could be a value shift in society, a technological innovation that might be permanent or a paradigm change. Issues are less deep-seated and can be 'a temporary short-lived reaction to a social phenomenon'. A trend can be defined as an 'environmental phenomenon that has adopted a structural character'. Environmental scanning is an ongoing process and organizations are always refining the way their particular company or business goes through the process. Environmental scanning reinforces productive strategic plans and policies that can be implemented to make the organization get the maximum use of the business environment they are in. Environmental scanning not only helps the business find its strengths in its current environment but it also finds the weakness of competitors, identifies new markets, potential customers and up and coming technological platforms and devices that can be best used to sell/market the product or service. Environmental scanning helps a business improve their decision-making process in times of risk to the external and internal environments the business is in.</p> <p>In the light of the above given information, state any other four sources of collecting information for scanning the environment, Apart from verbal information from the customers, wholesalers, retailers, distributors and consultants,</p>	2
24.	<p>Define franchising and franchise agreement.</p> <p style="text-align: center;"><b>OR</b></p> <p>Explain any two disadvantages of franchising to franchisee.</p>	2

25.	This method enables employees to become shareholders and share the profits of the company. What are the benefits of offering shares to the employees.	2																					
26.	Naresh had an ice cream factory and was selling them locally. He has been doing good business for the past ten years. But with the entry of competitors, his business declined and he had to close down his business. Naresh is an enterprising person, he realized the barriers he faced and has come up with the plan of franchising to overcome the barriers he faced a. Identified the concept of entrepreneurial opportunity discussed above b. What are the objectives of the identified concept.	2																					
27.	In spite of certain restrictions imposed on a private company, it enjoys certain privileges under the Companies Act. A substantial number of entrepreneurs prefer to form a private company because of the certain important privileges. State at least three such privileges enjoyed by a private company.	3																					
28.	What are the various sources which lead to the emergence of basic ideas? <b>OR</b> What are the steps involved in opportunity assessment?	3																					
29.	A hotel had varying number of guests during five weeks. The information regarding the number of guests and the average weekly billing is presented in the following table. (a) What is the 'Unit of Sale' and "Unit Price" in this case? If the cost of goods sold or variable cost is 60% of the sales price, calculate the 'unit cost' and the gross profit'. <table border="1" data-bbox="284 1010 1328 1276"> <thead> <tr> <th>week</th> <th>No. of guest</th> <th>Average Billed Amount ₹</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>240</td> <td>300</td> </tr> <tr> <td>2</td> <td>120</td> <td>410</td> </tr> <tr> <td>3</td> <td>140</td> <td>292</td> </tr> <tr> <td>4</td> <td>160</td> <td>442</td> </tr> <tr> <td>5</td> <td>180</td> <td>480</td> </tr> <tr> <td>Total</td> <td>840</td> <td></td> </tr> </tbody> </table>	week	No. of guest	Average Billed Amount ₹	1	240	300	2	120	410	3	140	292	4	160	442	5	180	480	Total	840		3
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30.	In our everyday lives, we face a number of problems for which we wish sometimes for instant solutions. If we look carefully, there is an array of instant food products flooding the market on a daily basis. Some of them are very successful, the reason being that, the younger generation is highly career-oriented and does not have time to cook. In the light of the above given information, list the uses of problem identification to an entrepreneur.	4																					
31.	Perfect engineering Ltd, are the manufacturers of Forgings, an automobile component, for truck as well as bus. Their fixed cost is ₹6,40,000 per year. The selling price and variable cost per unit of forgings for 'truck' and 'bus' are given below: <table border="1" data-bbox="284 1703 1317 1822"> <thead> <tr> <th>Particulars</th> <th>Truck</th> <th>Bus</th> </tr> </thead> <tbody> <tr> <td>Selling Price/Unit</td> <td>₹10,000</td> <td>₹8,000</td> </tr> <tr> <td>Variable Cost/Unit</td> <td>₹6,000</td> <td>₹4,000</td> </tr> </tbody> </table> The Forgings for Truck and Bus were sold in the percentage 40% and 60% respectively throughout the year.	Particulars	Truck	Bus	Selling Price/Unit	₹10,000	₹8,000	Variable Cost/Unit	₹6,000	₹4,000	4												
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	Calculate break even for both the product in units and in Rupees.	
32.	<p>A channel of distribution or trade channel is defined as the path or route along which goods move from producers or manufacturers to ultimate consumers or industrial users. In other words, it is a distribution network through which the producer puts his products in the market and passes it to the actual users. This channel consists of: producers, consumers or users and the various middlemen like wholesalers, selling agents and retailers (dealers) who intervene between the producers and consumers. Therefore, the channel serves to bridge the gap between the point of production and the point of consumption thereby creating time, place and possession utilities.</p> <p>What are the factors taken into consideration relating to product while selecting the channels of distribution?</p> <p style="text-align: center;"><b>OR</b></p> <p>An entrepreneur has to choose a suitable channel of distribution for his/her product such that the channel chosen is flexible, effective and consistent with the declared marketing policies and programmes of the firm. While selecting a distribution channel, the entrepreneur should compare the costs, sales volume and profits expected from alternative channels of distribution and consider various other factors too.</p> <p>In the light of the above given information, what are the various factors taken into consideration related to market while selecting channels of distribution?</p>	4
33.	<p>After passing his 12th class with entrepreneurship as an elective subject 'Guru' started his own business. He invested ₹ 2,00,000 as capital which was given to him by his father. He obtained a loan of ₹1,00,000 from his elder brother Ravi, who was working as an assistant manager in Bank of Baroda. In the first year he incurred a loss of ₹50,000 and had to pay to his suppliers their outstanding bills. This created a financial problem for him and he had to take a loan of ₹1,00,000 from the Bank of Baroda on the personal guarantee of his brother, He started doing hard work, lowered the prices and informed his customers about the qualities of goods sold by him. Because of this the sales increased four times and he earned a net profit of ₹ 75,000 in the second year.</p> <p>(a) Identify the form of business organization started by "Guru". (b) State any five features of such a form of business organization</p> <p style="text-align: center;"><b>OR</b></p> <p>Brijesh started a printing press business along with his brother. He was working hard and meticulously planned everything. This helped them to achieve the sale of ₹.3,40,000 in the first year where they total revenue is equal to total cost. Both of them are happy to reach this level in the first year of business. They are moving towards achieving the target of earning profit of ₹.6,80,000.</p> <p>a. Identify the component of financial plan discussed above. b. Identify the uses of the component identified above. c. Explain the assumption made in the identified concept.</p>	6
34.	<p>Aptech Private limited decided to raising of funds directly from the public through the issue of prospectus, therefore had to undergo the process of preparing a prospectus. When Aptech offers shares to the public for subscription, they are required to comply with all the restrictions and formalities pertaining to the initial issues, prospectus drafting and launch. One of the most difficult problems in the new venture creation process is obtaining finance. When an organization decides to go public and become a public company, it tends to be in advantageous positions because of reaping certain benefits. Explain the benefits that Aptech will enjoy by using the above method of floatation of new issues. [Any six points]</p>	6

35. Source based <https://en.wikipedia.org/wiki/McDonald>

6

McDonald's Corporation is an American fast food company, founded in 1940 as a restaurant operated by Richard and Maurice McDonald, in San Bernardino, California, United States. They rechristened their business as a hamburger stand, and later turned the company into a franchise, with the Golden Arches mark being introduced in 1953 at a location in Phoenix, Arizona. In 1955, Ray Kroc, a businessman, joined the company as a franchise agent and proceeded to purchase the chain from the McDonald brothers. McDonald's had its original headquarters in Oak Brook, Illinois, but moved its global headquarters to Chicago in June 2018. McDonald's golden arch (M) is a famous. When people see the golden (yellowish) arches, they expect fast service, inexpensive prices, and a specific type of food around the corner. This gives McDonald's restaurants a competitive advantage over less recognizable restaurants. Customers head for the golden arches because they know what to expect there. By September 13, McDonald's, under the guidance of Ray Kroc, filed for a registration of an overlapping, double-arched "M" symbol. But before the double arches, McDonald's used a single arch for the architecture of their buildings.

They have a very attractive statements "*I 'm lovin' it*" – McDonald



- What is the above identifying symbol of McDonald called? Explain.
- List any two purposes of the above identified concept.
- Name the statement given in the above given image and Explain
- What is the growth strategy adopted by them in order to establish business across the world?