

**INDIAN SCHOOL AL WADI AL KABIR
FIRST PRELIMINARY EXAMINATION 2020-21**

CLASS XII

SUB: ENTREPRENEURSHIP

MAX. MARKS: 70

DATE: 30.11.2020.

TIME ALLOWED: 3 HOURS


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.	<p>Rehan and Nishant got jobs in IT sector and were based in Bangalore. Rehan was from Delhi and Nishant was from Gujarat. Both were missing home food. The canteen food was highly unappetizing. They checked out several tiffin services but did not find them satisfactory.</p> <p>The foods were not apt for their taste buds. So, they decided to quit their jobs and start a professionally managed tiffin service by the name of "Sanjha Chulha". They not only offered chapatis and North Indian curries, but also started with Gujarati thali, Bengali thali as regional meals.</p> <p>What was the source of perceiving the basic idea?</p> <p>A. Problem B. Invention C. Innovation D. Change</p>	1
2.	<p>A young man, Vipul wants to start a business. He is not sure of the type of business he should start. His friends suggested him to seek the help of professionals. He contacted a professional who asked Vipul to pay a big amount for consultancy. Therefore, he decided to search for the reports and industry</p>	1

	<p>updates himself. He started looking for the required information on different websites regularly. Identify the way Vipul spotted the trend.</p> <p>A. Watch trend B. Think Trend C. Talk trend D. Read Trend</p>	
3.	<p>A company uses 300 units of an item per day and the order lead time is 5 days. What should be the level of inventory when a new order is to be placed?</p> <p>A. 1800 units B. 2,100 units C. 1,500 units D. 1,200 units</p>	1
4.	<p>Yagnesh is into the business of manufacturing low cost diesel cars in Germany. He is earning good profits and ambitiously considering overseas expansion. He scans the environment for finding out the opportunities and threats that may influence his current and future plans. He zeroes down on India as a potential place for his business expansion as Indian Government has announced favourable trade regulations. Identify the macro environment factor that played a major role for such decision by Yagnesh.</p> <p>A. Political B. Legal C. Economical D. Technological</p>	1
5.	<p>Safe Wheelers' is an upcoming cab service. The promoters knew that they are entering a highly competitive market. They gathered information on existing cab services and changing customer preferences and incorporated those observations into their operations. In order to reach the customers promptly, they developed an app to book, track and trace the cab 24*7. To create an environment of trust all drivers were divided into two shifts, 6am – 6pm for female drivers and 6pm-6am for male drivers. GPS systems were installed in order to monitor their movements. The fare payment was either by an e-wallet or through the 'Safe Wheelers' Smart Card. As soon as the services were launched, they were a grand success. Name the concept that helped the company to succeed.</p>	1
6.	<p>Anil and Ankit were partners in a web based home delivery service in Kolkata. Their business was doing well. They thought of expanding and also reduce their personal risk. They wanted to protect their own possessions from business creditors in the event of failure. So, they thought of changing the form of business</p>	1

	<p>where the liability will be limited. For this they wanted to sell shares to friends and family members.</p> <p>Identify the new form of business to be adopted.</p> <p>A. Sole proprietorship B. Partnership C. Private Limited Company D. Public Limited Company</p>	
7.	<p>Asha and Jyoti, two friends after completing beautician course, they decided to provide open a beauty parlour as partners. They were ready to offer salon service at customers place at a premium rate during COVID 19 with all necessary precautions being taken. They decided to share profit equally and that each of them will be liable for acts performed by the other.</p> <p>Two features of partnership cited above are _____ and _____.</p>	1
8.	<p>Ravi created a portable incinerator to be installed in the houses. The dry waste generated at homes can be converted by it into ash that can be used as manure for plants. He has installed five prototypes of this incinerator in his society to test its working and to prove its value. Ravi is in the _____ stage of creative process for his product.</p> <p>Choose the correct option:</p> <p>A. Illumination. B. Incubation C. Verification D. Preparation</p>	1
9.	<p>In the drive to make the world 'plastic free', Aruna designed a machine to convert single-use plastic into very small granules that could be used for making low cost roads. Her machine worked with the help of solar energy. She put her idea before the venture capitalists by making an entertaining slide show and oral narration. She also presented the executive summary of her proposed venture and a few key graphs.</p> <p>The format of business plan used by Aruna to convince the investors is :</p> <p>A. Elevator pitch B. A pitch deck with oral narrative C. A written presentation for external stakeholders D. An internal operational plan</p>	1
10.	<p>Jeet is preparing a business plan for his new venture power saving LED bulbs with guidance from his uncle who is a lawyer. But his uncle is presently not keeping well and hence Jeet does not know under which heading to put the information regarding Transport & communication, Machinery & Equipment and Production Process. He approaches his elder brother Jeevan, an engineer for help.</p> <p>Identify the component of Business Plan , under which the above items to be mentioned.</p> <p>A. Operational Plan.</p>	1

	<p>B. Organisational Plan C. Financial Plan. D. Description of Venture.</p>	
11.	<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 Rs.2,00,000 from his personal fund and obtained a loan of Rs.3,00,000 from the bank by mortgaging the land. Advise him, where he must disclose the source of his fund, under Financial Plan while preparing the Business Plan.</p> <p>A. Proforma investment decisions B. Proforma financing decisions C. Proforma income statements D. Proforma balance sheet</p>	1
12.	<p>Name the type of brand name depicted in the picture:</p>  <p>A. Corporate name B. Alpha-numeric name C. Family brand name D. Individual brand name</p>	1
13.	<p>A 'tagline' is a small amount of text which serves to clarify a thought and is designed with a dramatic effect. It can come in the form of:</p> <p>A. Statements B. Questions C. Exclamations D. All of these</p>	1
14.	<p>'Toys for U Ltd'. is a leading company for manufacturing of soft-toys for children. The company is in process of developing a prototype for a talking pillow, 'Talk O Hug', 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</p>	3

	<p>available in the market. The management wants to devise a pricing strategy to target the ‘switchers’ present in the market. Identify the pricing strategy that the management is planning to adopt.</p> <p>A. Cost plus pricing B. Penetration Pricing C. Price Skimming D. Variable pricing</p>	
15.	 <p>Identify the advertising media shown in the above image.</p> <p>A. Outdoor B. Ambient C. Point of sale D. Window Display</p>	1
16.	<p>PHE Ltd. has Stock – Rs.3,000, Creditors- Rs.1,200, Debtors- Rs.1,500 and Bank Balance- Rs.700. Th amount of Gross Working Capital for the company is:</p> <p>A. Rs.4,500 B. Rs.4,000 C. Rs.5,200 D. Rs.6,400</p> <p style="text-align: center;">OR</p> <p>SKM Ltd has Current assets Rs.10,000 including cash of Rs.2,000. The amount of current liabilities is Rs.6,500. Calculate Net working capital for the business.</p> <p>A. Rs.3,500 B. Rs.2,500 C. Rs.4,500 D. Rs.5,500</p>	1

17.	     <p>Identify the type of merger that took place between the three banks as shown in the above image.</p> <p>A. Conglomerate B. Vertical merger C. Franchise D. Horizontal merger.</p>	1																		
18.	<p>The following table shows the number of guests who all stayed in a hotel in last 4 weeks and also their total bill amount for food, lodging and leisure activities.</p> <table border="1" data-bbox="266 825 841 1052"> <thead> <tr> <th>WEEK</th> <th>No. of guests</th> <th>Total Bill (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>24</td> <td>4,100</td> </tr> <tr> <td>2</td> <td>12</td> <td>3,000</td> </tr> <tr> <td>3</td> <td>14</td> <td>3,400</td> </tr> <tr> <td>4</td> <td>10</td> <td>1,800</td> </tr> <tr> <td>TOTAL</td> <td>60</td> <td>12,300</td> </tr> </tbody> </table> <p>What is the value of unit price for the hotel?</p> <p>A. Rs.200 B. Rs.205 C. Rs.208 D. Rs.210</p> <p style="text-align: center;">OR</p> <p>A Grocery store sold items to different customers for a period of 12 weeks and calculated their unit sale as Rs.3,000. The cost price per unit is 60% of the selling price. Calculate the Gross profit per unit.</p> <p>A. Rs.2,400 B. Rs.1800 C. Rs.2,100 D. Rs.1,200</p>	WEEK	No. of guests	Total Bill (Rs.)	1	24	4,100	2	12	3,000	3	14	3,400	4	10	1,800	TOTAL	60	12,300	1
WEEK	No. of guests	Total Bill (Rs.)																		
1	24	4,100																		
2	12	3,000																		
3	14	3,400																		
4	10	1,800																		
TOTAL	60	12,300																		
19.	<p>When Glaxo and Smithkline Beecham merged, they not only gained market share but also eliminated competition between each other. This also resulted in higher debt capacity and better use of idle cash. The above example explains the concept of Synergy. State True or False.</p>	1																		

20.	<table border="1"> <thead> <tr> <th data-bbox="266 226 797 268">COLUMN A - Terms</th> <th data-bbox="797 226 1328 268">COLUMN B- Meaning</th> </tr> </thead> <tbody> <tr> <td data-bbox="266 268 797 338">i. Reverse acquisition</td> <td data-bbox="797 268 1328 338">(a) Purchasing company becomes a subsidiary of the purchased company.</td> </tr> <tr> <td data-bbox="266 338 797 415">ii. Back flip acquisition</td> <td data-bbox="797 338 1328 415">(b) Coke and Pepsi uses this format to expand.</td> </tr> <tr> <td data-bbox="266 415 797 489">iii. Business franchise opportunity ventures</td> <td data-bbox="797 415 1328 489">(c) A private company takes over a public company.</td> </tr> <tr> <td data-bbox="266 489 797 638">iv. Manufacturing franchise opportunity</td> <td data-bbox="797 489 1328 638">(d) These ventures typically require that a business owner purchases and distributes the products for one specific company.</td> </tr> </tbody> </table>	COLUMN A - Terms	COLUMN B- Meaning	i. Reverse acquisition	(a) Purchasing company becomes a subsidiary of the purchased company.	ii. Back flip acquisition	(b) Coke and Pepsi uses this format to expand.	iii. Business franchise opportunity ventures	(c) A private company takes over a public company.	iv. Manufacturing franchise opportunity	(d) These ventures typically require that a business owner purchases and distributes the products for one specific company.	1
COLUMN A - Terms	COLUMN B- Meaning											
i. Reverse acquisition	(a) Purchasing company becomes a subsidiary of the purchased company.											
ii. Back flip acquisition	(b) Coke and Pepsi uses this format to expand.											
iii. Business franchise opportunity ventures	(c) A private company takes over a public company.											
iv. Manufacturing franchise opportunity	(d) These ventures typically require that a business owner purchases and distributes the products for one specific company.											
21.	<p>Identify the correct option to match the above columns:</p> <p>A. i- b; ii - d; iii - a; iv - c B. i- c; ii - a; iii - d; iv - b C. i- a; ii - c; iii - d; iv - b D. i- c; ii - a; iii - b; iv - d</p> <p>Navjot is planning to set up a unit for manufacturing biodegradable bags of different sizes by processing the sugarcane bagasse. He also plans to be fully relieved of the problem of distribution and thus decides to hand over his entire output to the selling agents. The channel of distribution used by Navjot is: A. Zero level B. One level C. Two level D. Three level</p>	1										
22.	<p>Sensitivity to environmental factors is crucial for an entrepreneur. If a company is able to adapt to its environment, it would succeed in the long run. E.g. Sony is failing to understand the changing trends in mobile phones and therefore losing its market share. In the light of the above para, state any two benefits of understanding the business environment.</p> <p style="text-align: center;">OR</p> <p>Televisions have been revolutionized by constant improvements from simple B/W TVs to color then to LED, HD, 3D and SMART TVs. Customers now a days are buying such items online using the store website or other shopping sites. State two idea fields mentioned in the above para.</p>	2										
23.	<p>Rajesh was a chemical engineer working for a company selling insect killer spray. He was aware how this product could harm the health of the users and was constantly looking for ways to improve the product. Filled with innovative zeal, he worked hard and developed a mosquito repellent which produces sonic waves to</p>	2										

	drive away mosquitoes. It is non-smoky and does not emit any kind of fragrance or odour. It was safe to use as the sonic waves do not affect human beings or plants. He decided to name his product as 'Dengularia Free'. The product was to be packed in a corrugated box with an extension cord as free gift. Its price was fixed at Rs. 260 per unit. A replacement warranty for one year will be given as an introductory offer. He decided to sell this product through agents who will sell to both, the wholesalers and retailers depending upon the market to be catered. Quoting the lines from the above para, identify any two elements of marketing mix used by Rajesh	
24.	Differentiate between the two types of sales strategy.	2
25.	Victory Ltd., set up their small manufacturing unit producing bucket seat covers in the name of 'Comfy'. The product was a great hit. After sometime, SMW- market leaders in luxury car manufacturing planned to join hands with Victory Ltd. Such a deal will allow SMW to obtain better pricing and control over the manufacturing process. Identify and explain this type of growth strategy.	2
26.	'Kindercare' is a successful brand name in the field of playschool across the country. They decided to increase the number of branches all throughout the country. For this purpose, they decided to give exclusive rights to individuals in return for a regular payment. The various conditions included were: a. Interested individuals need to have Minimum 2000 feet area and are ready to invest around 10,00,000. b. Books and uniform to be procured from Kindercare headquarters only. c. Content, technical and accounting assistance would be provided. d. Teacher training for a month. Identify and define the type franchise business opportunity offered by 'Kindercare'.	2
27.	Picturising ahead every step in a long series of separate operations, each step to be taken in the right place, of the right degree and at the right time. Each operation is to be done by maximum efficiency. This is the objective of one of the Production Plan of a business plan. There are three situations before the venture under the Production plan. Explain briefly those three situations.	3
28.	Kuljit Singh runs an online business for gym equipment. Annual demand for the Waist Flexers is 16,000. The annual holding cost per unit is Rs.48 and the cost to place an order is Rs. 1,500. Calculate the Economic order quantity of Waist Flexers.	3
29.	Explain any three types of Intellectual property rights.	3
30.	Discuss any four important aspects those are to be considered in the process of	4

	inventory control.										
31.	<p>Best Electronics Ltd., are the manufacturers of ‘Air Conditioners’ and ‘Air Purifiers’. Their fixed costs are Rs.8,000 per year. The sales price and variable cost per unit of ‘Air conditioners’ and ‘Air purifiers’ are given below:</p> <table border="1"> <thead> <tr> <th></th> <th>Air conditioners</th> <th>Air purifiers</th> </tr> </thead> <tbody> <tr> <td>Selling Price</td> <td>Rs. 2,000</td> <td>Rs. 500</td> </tr> <tr> <td>Variable cost</td> <td>Rs. 1,500</td> <td>Rs. 300</td> </tr> </tbody> </table> <p>The Air conditioners and Air purifiers were sold in the percentage 40% and 60% respectively throughout the year. Calculate break even for both the product in units.</p>		Air conditioners	Air purifiers	Selling Price	Rs. 2,000	Rs. 500	Variable cost	Rs. 1,500	Rs. 300	4
	Air conditioners	Air purifiers									
Selling Price	Rs. 2,000	Rs. 500									
Variable cost	Rs. 1,500	Rs. 300									
32.	Explain any four elements of an Operational plan?	4									
33.	<p>One of the oldest, simplest and most commonly used forms of business organization which is owned financed, controlled and managed by only one person is called as sole proprietorship. Discuss any six characteristics of this form of business.</p> <p style="text-align: center;">OR</p> <p>A joint stock company is a voluntary association of individuals for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership. Discuss any six characteristics of a Company form of business.</p>	6									
34.	<p>Source based question:</p> <p>The franchise business in India is becoming increasingly popular among domestic and international players across many sectors. Consequently, some of the major industries credit successful franchising for their rapid progress in India. According to KPMG India, the key industries with the highest prospects of successfully franchising in India are: (i) retail; (ii) food and beverages; (iii) health, beauty, and wellness; (iv) consumer services; and (v) education and training.</p> <p>As a business model, franchising is becoming especially widespread in India’s metropolitan areas gaining a firm foothold since the government started loosening financial regulations in the early 1990s to encourage a free-market economy.</p> <p>Today India is home to more than 3,000 brands which adopt the franchising model: 1. Bata, one of the leading footwear companies, was among the first franchisors in India; other pioneers of Indian franchising were NIIT, Apollo Hospitals, and Titan Watches. 2. Global franchise companies in India include Barista Lavazza, Baskin Robbins, Booster Juice, California Pizza Kitchen, Chile’s, Cinnabon, The Coffee Bean, Domino’s, Dunkin Donuts, Hard Rock Café, KFC, McDonald’s, Pinkberry, Pizza Hut, Quiznos, Sbarro, Starbucks, Subway, TGI Friday’s, Wimpy’s, YogurBerry, and Yum Brands.</p>	6									

	<p>Despite certain concerns, the future for franchising in India is bright. Over the years, India has become an attractive destination for business investments due to the rapid growth of consumerism, globalization, and liberalization. India enjoys a positive economy, large consumer market, and loosening government restrictions. The window of opportunity in India is open. But foreign franchisors should make sure to conduct a thorough investigation and evaluation of business opportunities (taking into account the many legal, political, business, and cultural barriers that may exist) before committing long-term to franchising in India.</p> <p>(a) Why foreign investors are interested to adopt franchising model to expand their business in India? State one reason. (b) Explain the advantages gained by Indian firms from such agreements.</p>																																		
35.	<p>Raman is a potential investor who wishes to be a part of Equity Linked Saving Scheme (ELSS). He has given the particulars of two companies to seek your advice on investment. Compare the Return on Equity of the two companies and suggest Raman where should he invest.</p> <table border="1" data-bbox="266 877 1101 1304"> <thead> <tr> <th>Particulars</th> <th>Alpha Ltd. (Rs.)</th> <th>Beta Ltd.(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Total Investment</td> <td>20,00,000</td> <td>20,00,000</td> </tr> <tr> <td>Owners Fund</td> <td>10,00,000</td> <td>8,00,000</td> </tr> <tr> <td>Borrowed Fund</td> <td>10,00,000</td> <td>12,00,000</td> </tr> <tr> <td>Interest on loan</td> <td>60,000</td> <td>48,000</td> </tr> <tr> <td>Annual Sales</td> <td>10,00,000</td> <td>15,00,000</td> </tr> <tr> <td>Cost of goods sold</td> <td>7,00,000</td> <td>8,50,000</td> </tr> <tr> <td>Salaries</td> <td>24,000</td> <td>36,000</td> </tr> <tr> <td>Utilities</td> <td>75,000</td> <td>1,00,000</td> </tr> <tr> <td>Depreciation</td> <td>5,500</td> <td>6,000</td> </tr> <tr> <td>Tax rate</td> <td>20%</td> <td>20%</td> </tr> </tbody> </table>	Particulars	Alpha Ltd. (Rs.)	Beta Ltd.(Rs.)	Total Investment	20,00,000	20,00,000	Owners Fund	10,00,000	8,00,000	Borrowed Fund	10,00,000	12,00,000	Interest on loan	60,000	48,000	Annual Sales	10,00,000	15,00,000	Cost of goods sold	7,00,000	8,50,000	Salaries	24,000	36,000	Utilities	75,000	1,00,000	Depreciation	5,500	6,000	Tax rate	20%	20%	6
Particulars	Alpha Ltd. (Rs.)	Beta Ltd.(Rs.)																																	
Total Investment	20,00,000	20,00,000																																	
Owners Fund	10,00,000	8,00,000																																	
Borrowed Fund	10,00,000	12,00,000																																	
Interest on loan	60,000	48,000																																	
Annual Sales	10,00,000	15,00,000																																	
Cost of goods sold	7,00,000	8,50,000																																	
Salaries	24,000	36,000																																	
Utilities	75,000	1,00,000																																	
Depreciation	5,500	6,000																																	
Tax rate	20%	20%																																	