



**INDIAN SCHOOL AL WADI AL KABIR**  
**DEPARTMENT OF COMMERCE**

**CLASS XII- ASSESSMENT I -2023-24**

**DATE:01/10/2023**

**ENTREPRENEURSHIP (066)**

**MARKS: 70**

**ANSWER KEY**

<b>SECTION A</b>		
1.	Which among the following is an element of micro level of business environment ? A. Political B. Economical C. Legal <b>D. Customer</b>	1
2.	Ambika, after her course in fashion designing from National Institute of Fashion Technology (NIFT), wanted to start a readymade garments unit for infants. For this she started attending baby shows where she could talk to the parents of the newly born infants. She made an Instagram profile for her clothing range where she posted her designs and on the basis of ratings and like on the design she planned her next set of dresses. She started talking to the customers, both online and offline. She also pay attention to what the customers were saying about competitors business.` Identify the way of trend spotting that had been used by Ambika. A. Think trends B. Read trends <b>C. Talk trends</b> D. Watch trends	1
3.	The basic test of a successful entrepreneur is <b>A. Identification of business opportunity</b> B. Identification of a problem C. Identification of target market D. Identification of ways to earn profit	1
4.	Manvir thought of an idea to manufacture solar bins where the accumulated garbage would decompose automatically using solar power. He was very passionate about the idea and thought about its implementation in his subconscious mind. He went ahead, studying the pros and cons of making such bins before launching it. The next step in the creative process which Manvir had to follow was_____ A. Incubation B. Innovation <b>C. Illumination</b> D. Verification	1

5.	<p>Which of the following statements is not true about a Private Company ?</p> <p>A. A private company has a minimum of two (2) and maximum of fifty (50) members.</p> <p><b>B. A private company does not restrict the right of transfer of shares of the members.</b></p> <p>C. A private company uses the word “Pvt Ltd”at end of its name.</p> <p>D. A private company prohibits the public to subscribe for its shares or debentures.</p>	1
6.	<p>Riya was fond of cooking and wanted to use her skills to establish a business of homemade pickles. Her business was established and it turned out to be a very popular in and around her locality. Her husband was a manager in a bank and was transferred to another city. Riya had to go along with her husband, so she had to close down her flourishing pickle business. The form of business organisation operated by Riya was _____.</p> <p>A. Partnership</p> <p>B. Public Company</p> <p><b>C. Sole Proprietorship</b></p> <p>D. Private Company</p>	1
7.	<p>Assertion (A) : Minors cannot form a partnership firm.</p> <p>Reason (R) : Minors are incompetent to enter into a valid contract.</p> <p>Choose the best option from the following:</p> <p><b>A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation for Assertion (A).</b></p> <p>B. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation for Assertion (A).</p> <p>C. Assertion (A) is true, but Reason (R) is false.</p> <p>D. Reason (R) is true, but Assertion (A) is false.</p>	1
8.	<p>_____ component of a financial plan helps to ascertain the highest possible returns on investment.</p> <p><b>A. Proforma investment decision</b></p> <p>B. Proforma income statement</p> <p>C. Proforma cash flow</p> <p>D. Proforma balance sheet</p>	1
9.	<p>Fresh Air Ltd., is a company engaged in the manufacturing of air- conditioners. The company has four main departments Purchase, Marketing &amp; Sales, Finance and Warehousing. As the demand for the product grew, the company decided to recruit more employees in the Finance department and Marketing &amp; Sales departments. Identify the component of the business plan which will help the Human Resource Manager to decide and recruit the required number of persons for each department.</p> <p>A. Marketing Plan</p> <p>B. Financial Plan</p> <p><b>C. Manpower Plan</b></p> <p>D. Organisational Plan</p>	1

10.	<p>Mayank, a small entrepreneur, is manufacturing LED lamps with the brand name 'Led-amps'. These lamps are in great demand. He finds that the cost of production per unit of the lamp is ₹ 800 and he can sell the same at ₹1000 per lamp. The competitors in the market are selling this type of lamp at the rate of 1200. Mayank's objective is not to earn profit in the short-run but to capture the largest market share. His expectation is that the customers will be attracted towards the new brand because of the lower price. Identify the method of pricing adopted by Mayank to capture the substantial portion of the market.</p> <p>A. Cost plus Pricing  <b>B. Penetration Pricing</b>  C. Skimming Pricing  D. Variable pricing</p>	1
11.	<p>Which component of a brand appears in the form of a symbol, design or distinct colour scheme ?</p> <p>A. Trademark  B. Brand name  C. Tagline  <b>D. Brand mark</b></p>	1
12.	<p>'Clean n Shiny Teeth' have been in the field of manufacturing toothpastes since 2010. They decided to foray into the field of other specialised products in oral hygiene. Initially they decided to promote their specialised products to a large audience in the same manner as how they have been promoting their toothpastes. Within a few months they realised that their promotion technique is not working. The marketing team analysed and came to the conclusion that the specialised products should be promoted to a specific target audience. This idea worked very well and the promotion was a success. Identify all the promotion strategies used by them?</p> <p>i. Above the line  ii. Below the line  iii. Through the line</p> <p>A. i only  B. ii only  C. i and ii  <b>D. i, ii, iii</b></p>	1
13.	<p>B &amp; H is a leading advertising firm. They recruit new graduates through college placements. During an interview, a student was asked to list the four rules for planning any advertising activity. One of his response was incorrect. Which one of the following response was incorrect?</p> <p>A. Aim  B. Target  <b>C. Desire</b>  D. Competitors</p>	1

14.	<table border="1"> <thead> <tr> <th>COLUMN A - Terms</th> <th>COLUMN B- Meaning</th> </tr> </thead> <tbody> <tr> <td>i. Grand opening and Product launch</td> <td>(a) Press Advertising.</td> </tr> <tr> <td>ii. Loyalty reward programmes</td> <td>(b) Public Relation</td> </tr> <tr> <td>iii. Advertising media is suitable for image building, information dissemination and sales campaigns.</td> <td>(c) Indirect Sales Strategy.</td> </tr> <tr> <td>iv. Sophisticated and positive sales strategy</td> <td>(d) Consumer Promotions</td> </tr> </tbody> </table> <p>Identify the correct option to match the above columns:</p> <p><b>A. i– b; ii – d; iii – a; iv – c</b>  <b>B. i– c; ii – a; iii – d; iv - b</b>  <b>C. i– b; ii – d; iii – c; iv - a</b>  <b>D. i– a; ii – d; iii – b; iv - c</b></p>	COLUMN A - Terms	COLUMN B- Meaning	i. Grand opening and Product launch	(a) Press Advertising.	ii. Loyalty reward programmes	(b) Public Relation	iii. Advertising media is suitable for image building, information dissemination and sales campaigns.	(c) Indirect Sales Strategy.	iv. Sophisticated and positive sales strategy	(d) Consumer Promotions	1
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15.	<p>Assertion (A): Advertising is a paid form of communication.  Reason (R): Successful advertising makes the products or services positively known by that section of the public most likely to purchase them.  Choose the correct option:  A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)  <b>B. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)</b>  C. Assertion (A) is true but Reason (R) is false  D. Assertion (A) is false but Reason (R) is true</p>	1										
	<p><b>Read the following text and answer the questions 16 to 18</b></p> <p>Shri Ray, envisioned a restaurant chain that would be known for its consistently high quality food and uniform method of its preparation. To accomplish this, he took a novel approach. He persuaded both franchisors and suppliers to buy into his vision, working not for the organization but for themselves in collaboration.</p> <p>“In business for yourself, but not by yourself,” he advertised.</p> <p>Today, franchising is helping thousands of individuals to be their own boss and operate their own business. There is usually a much higher success rate when an individual opens a franchise as opposed to a family-operated business, since a proven business formula is in place.</p>											

	<p>The functioning of this form of business is supported by Franchise Agreement which is a legal document that binds the franchisor and the franchisee together. One of the main ingredients of franchise agreement is operations manual in which detailed guidelines that must be legally followed for operating the business as outlined by the franchisor are stated. One of the most important advantages of buying a franchise is that the entrepreneur does not have to incur all the risks associated with creating a new business. Typically, the areas that entrepreneurs have problems with in starting a new venture are product acceptance, management expertise, meeting capital requirements, knowledge of the market and operating and structural controls. In franchising, the risks associated with each of the above-mentioned factors are minimised through the franchise relationship and all these become advantages of franchising to the franchisee.</p>	
16.	<p>A legal document that binds the franchisor and franchisee together is known as:</p> <p>A. Mutual Agency  B. Cooperative Agreement  <b>C. Franchise Agreement</b>  D. Partnership Deed</p>	1
17.	<p>One of the main ingredients of a franchise agreement which details the guidelines that must be legally followed in operating the business as outlined by the franchisor is known as :</p> <p>A. Proprietary Statement  <b>B. Operations Manual</b>  C. Contract Explanation  D. Field Manual</p>	1
18.	<p>The phrase “In business for yourself, but not by yourself” means</p> <p>A. A franchise form of business provides the individual owner / operator with independence to operate their business.  <b>B. A franchise form of business does not provide the individual owner / operator with any independence to operate their business.</b>  C. A franchise form of business provides the individual owner / operator the necessary capital to operate the business.  D. A franchise form of business is very complex as it requires a lot of capital investment by the franchisee.</p>	1
<b>SECTION B</b>		
19.	<p>Rani finished her graduation from Bangalore University. Along with her friends she decided to travel the European countries for 20 days. She faced a lot of problems before and during her visit. While applying for visa, she found the process to be too tedious so she approached a travel agent who helped her but still it turned out to be expensive. After that she visited various websites to book hotels and transportation. It was a long process. After leaving India, she found that language in every European country was different even though English was spoken widely. She could not find a single app which would cover everything from obtaining a visa, places to stay, eat and visit in every city. This roadblock inspired her to come up with a solution. When she came back to India, she</p>	2

	<p>developed an app that can be downloaded on any phone. The app acts as a virtual guide for every traveller who wants to visit European countries. State any two objectives of developing this app.</p> <p><b>Objectives of problem identification: • It should clearly state the problem • Identify target group facing the problem • Find the market acceptability of the solution to the problem</b></p> <p style="text-align: center;"><b>OR</b></p> <p>Pooja after finishing her catering course wanted to start her pastry shop in her home town - Jaipur. She knew that there were a lot of national and international tourists who visit the place whom she considered as her target customers. She also planned to have a centralised kitchen to make the pastries and then use vans to transport to various shops all around Jaipur. For the same, she also decided to rent a warehouse near to her centralised kitchen. From the above case study, identify the factors which Pooja has paid attention whilst doing market assessment.</p> <p><b>Demand; Supply and nature of competition; Cost and price of product</b></p>	
20.	<p>Vector Ltd., is in the Fast Moving Consumer Goods industry. They introduced a new variety of biscuits in the market. It has high fibre content with different new flavours incorporating various multigrains. Create a tagline for the product and state which promotion strategy should be used by Vector Ltd.</p> <p><b>Any relevant tagline Below the line</b></p>	2
21.	<p>“Preparing a good business plan can’t guarantee success, but it can go a long way towards reducing the odds of failure.” Justify this statement by giving any two points.</p> <p><b>a) helps in determining the viability of the venture in a designated market b) helps in providing guidance to the entrepreneur in organizing his/her planning activities as such: i) identifying the resources required ii) enabling obtaining of licenses if required etc. iii) working out with legal requirements as desired by the government. c) helps in satisfying the concerns, queries, and issues of each group of people interested in the venture. d) provides room for self-assessment and self-evaluation, requiring entrepreneur to think through various scenarios and plan ways to avoid obstacles. e) though not desirable, at times, business plan helps to realize the obstacles which cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money. f) as the investors/lenders focus on the four Cs of credit : character, cash flow, collateral and equity contribution, it is the business plan which reflects the entrepreneur's credit history, the ability to meet debt and interest payments, and the amount of personal equity invested thus serving as an important tool in funds procurement.</b></p>	2

22.	<p>Rhythm Music India Ltd. has developed a musical composition. The musical composition has become very popular and is known as Rhythm Musical Composition. It is an original composition of Rhythm Music India Ltd. They have legally recognised exclusive intellectual property rights over the composition.</p> <p>(i) Identify the intellectual property right of Rhythm Music India Ltd.  (ii) List two other intellectual property rights.</p> <p><b>(i) Copyright</b>  <b>(ii) Patents, Industrial design, Trademark, Trade Secret</b></p>	2
23.	<p>How do franchising helps start-ups?</p> <ol style="list-style-type: none"> <li>1. <b>Franchising changed the working of the startups because already the product carriers a name in the market already which is the most difficult part of business to establish.</b></li> <li>2. <b>Startups take up training to understand the product and franchisors make franchises fully conversant with the product/services that they have to offer. It is very important that the Sales-man must know his/her product.</b></li> <li>3. <b>The start-ups can grow fast without having to increase labour, operating costs and blocking running expenses because normally buyers straight walk up to them.</b></li> <li>4. <b>In practical Franchises work for the benefit of franchisors in other words they turn up one plus one eleven. Both are all out open to help each other. Franchisors' efforts to boast their franchises are always sincere, so there is no-clash of interest.</b></li> </ol> <p style="text-align: center;"><b>OR</b></p> <p>Discuss the disadvantage of franchise business for the franchisor.</p> <p><b>Difficulty in identifying quality franchisees: Above all, even the franchisor may find it difficult to identify quality franchisees. Even after extending all support towards training and providing capital, poor management may lead to the failure of the franchisee and in turn, adversely affect the franchise system as a whole.</b></p>	2
24.	<p>(i) Define: Merger.  (ii) Discuss the forms of merger.</p> <p><b>(i)A merger is a combination of two companies into one larger company. This action involves stock swap or cash payment to the target. In merger, the acquiring company takes over the assets and liabilities of the merged company.</b></p> <p><b>(ii)In the first form amalgamation, two entities combine together and form a new entity, extinguishing both the existing entities. In the second form absorption, one entity gets absorbed into another. The latter does not lose its entity.</b></p>	2

<b>SECTION C</b>		
25.	<p>Idea Fields can be described as: 'Convenient frames of reference for streamlining the process of generation of ideas.'</p> <p>Briefly discuss any three idea fields.</p> <p><b>Natural resources • Existing products • Market driven ideas • Funds related ideas • Service sector ideas • Creative effort. (Any 3 with explanation)</b></p>	3
26.	<p>Hemant, after completing his B-Tech from IIT Guwahati, decided to set up an enterprise to manufacture microchips as he had the required knowledge and expertise for the same. To determine the viability of the venture, he decided to prepare a business plan. He prepared an introductory profile and wrote the mission statement describing the size, scope, and nature of the enterprise. He also mentioned about the site of the business.</p> <p>(i) What else need to be mentioned in the component of the business plan referred above?  (ii) State any four points that is to be mentioned under the point identified in (i)</p> <p><b>(i) Physical infrastructure</b>  <b>(ii) Raw material: Whether indigenous or imported, sources of supply</b>  <b>Labour: Type of labour required, provision for their training, number of manpower.</b>  <b>Utilities: These include: power, fuel, water, gas, electricity, etc.</b>  <b>Pollution control: The sewage system, and the sewage treatment plant, water harvesting system, arrangement for dumping and disposing.</b>  <b>Transport and communication system: Requirements for transportation and communication facilities.</b>  <b>Machinery and equipments: A complete list of items of machinery and equipments required.</b>  <b>Production process: A mention of the process involved in production, the installed licensed capacity of the plant, the technology to be used.</b></p>	3
27.	<p>Sikandar &amp; Sons started manufacturing oximeters which has a great demand in this time of Covid 19 for domestic use and otherwise also it is an equipment in demand by the medical professionals. While fixing the selling price for the same Sikandar want to adopt a method where he can just cover the cost and earn a nominal amount of profit. His sons advised him to fix the price initially at a higher rate and then reduce the price when the demand has reduced. According to them this method would help them earn a good profit. He hired an agent, Satish, who advised him to initially keep the prices low to attract the market and then he can slowly and gradually increase the price.</p> <p>In the given context answer the following questions;  (i) Identify pricing method that Sikandar is planning to adopt.  (ii) State one advantage of the method identified in (i).  (iii) Identify the pricing technique suggested by Sikandar's son.  (iv). State one disadvantage of the pricing technique identified in (iii).</p> <p><b>(i) Cost plus pricing.</b>  <b>(ii) 1 advantage of cost plus.</b></p>	3



	<p><b>(iii) Skimming</b>  <b>(iv) 1 Disadvantage of skimming price</b></p>	
28.	<p>When a manufacturer selects some channel of distribution he/she should take care of such factors which are related to the quality and nature of the product.  Discuss any three such factors.</p> <p><b>Unit value of the product</b>  <b>Standardised or customised product</b>  <b>Perishability</b>  <b>Technical nature</b></p> <p style="text-align: center;"><b>OR</b></p> <p>Entrepreneur can follow different policies in choosing brand name keeping in mind the range of products offered by him/her.  Discuss any three types of brand name with example.</p> <p><b>Individual brand name</b>  <b>Family brand name</b>  <b>Corporate names</b>  <b>Alpha-numeric names</b></p>	3
29.	<p>‘Toddlercare’ 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:</p> <ol style="list-style-type: none"> <li>a. Interested individuals need to have Minimum 2000 feet area and are ready to invest around 10,00,000.</li> <li>b. Books and uniform to be procured from Toddlercare headquarters only.</li> <li>c. Content, technical and accounting assistance would be provided.</li> <li>d. Teacher training for a month.</li> </ol> <p>(i) Identify and define the type of franchising offered by ‘Toddlercare’.  (ii) Define any other type of franchising.</p> <ol style="list-style-type: none"> <li>(i) <b>Business format franchise opportunity</b></li> <li>(ii) <b>Product franchise business opportunity</b>  <b>Manufacturing franchise opportunity</b>  <b>Business franchise opportunity ventures</b></li> </ol> <p style="text-align: center;"><b>OR</b></p> <p>ABC Private Limited are the manufacturers of leather shoes only for specially-abled children up to the age of twelve years. It took over XYZ Ltd who are the manufacturers of shoes for all age groups.</p> <p>(i) Identify the type of acquisition discussed above.  (ii) Explain any other two types of acquisition apart from identified in (i)</p> <ol style="list-style-type: none"> <li>(i) <b>Reverse acquisition</b></li> <li>(ii) <b>Friendly acquisition</b>  <b>Back flip acquisition</b>  <b>Hostile acquisition</b></li> </ol>	3

<b>SECTION D</b>		
30.	<p>Explain the relevance of scanning the environment for a business enterprise.</p> <p><b>Importance of environment:</b></p> <ul style="list-style-type: none"> <li>• Identification of opportunities to get first mover advantage</li> <li>• Formulation of strategies and policies</li> <li>• Tapping useful resources</li> <li>• Better performance</li> <li>Sensitization of entrepreneurs to cope up with rapid changes</li> <li>• Image building</li> </ul>	5
31.	<p>Aman started his business of manufacturing designer home decor items in Mumbai. His business was growing because of the quality products he offered. He thought of expanding it to other cities of Maharashtra and for this he required more financial and human resources. Aman approached his Chartered Accountant, Rohan, for advice on his future course of action. Rohan suggested to Aman to go for company form of organisation where he could start even with two members, and have a minimum paid up capital of Rs. One lakh. Acting on the advice of Rohan, Aman formed a company with one of his friends.</p> <p>(i) Identify the type of company formed by Aman and his friend.</p> <p>(ii) State any four privileges enjoyed by the type of company identified in (a) above.</p> <p><b>(i) Private Limited Company.</b></p> <p><b>(ii) 1) Only two members are required to form a private company. 2) Only two directors are required to constitute the quorum to validate the proceedings of the meetings. 3) Such company can file a statement in lieu of prospectus with the Registrar of Companies. 4) It can commence its business immediately after incorporation. 5) Holding of a statutory meeting or filing of a statutory report is required by a private company. 6) A non-member cannot inspect the copies of the profit and loss A/c filed with the Registrar. 7) Limit on payment of maximum managerial remuneration does not apply to a private company. 8) Restrictions on appointment and reappointment of managing director do not apply. 9) Maintaining of index of members is not required by a private company. 10) Directors of the private company need not have qualification shares.</b></p> <p style="text-align: center;"><b>OR</b></p> <p>The Covid-19 pandemic has ushered an era of new business opportunities for many businesses. Rajat, an entrepreneur, designed a unique N-95 face mask which would not only filter the air inhaled but also change its colour when the mask is no longer good for use. Not only this, it would also send an alert in case the user of the mask comes in contact with any virus in the air. The idea sounds good and marketable, but Rajat needs to impress the investors to fund his idea. Rajat prepared a three-minute summary of the</p>	5

	<p>business plan executive summary to awaken the interest of the potential funders, customers or strategic partners.</p> <p>(i) Identify and define the format of business plan used by Rajat.</p> <p>(ii) Explain three formats of business plan other than the one identified in (a) above.</p> <p>(i) <b>Elevator pitch: It is a three minute summary of the business plan's executive summary. This is often used as a teaser to awaken the interest of potential funders, customers, or strategic partners.</b></p> <p>(ii) <b>A pitch deck with oral narrative : A hopeful, entertaining slide show and oral narrative that is meant to trigger discussion and interest potential investors in reading the written presentation, i.e. the executive summary and a few key graphs showing financial trends and key decision making benchmark.</b>  <b>A written presentation for external stakeholders: A detailed, well written, and pleasingly formatted plan targeted at external stakeholders.</b>  <b>An internal operational plan: A detailed plan describing planning details that are needed by management but may not be of interest to external stakeholders.</b></p>	
32.	<p><b>Define: promotion. Explain in detail the components of promotion mix.</b></p> <p><b>Promotion This refers to all the activities undertaken to make the product or service known to the user and trade. This can include advertising, word of mouth, press reports, incentives, commissions and awards to the trade. It can also include consumer schemes, direct marketing, contests and prizes.</b></p> <p><b>1. Advertising 2. Personal Selling 3. Sales Promotion 4. Public Relations (explanation)</b></p>	5
33.	<p>While one often hears CEOs saying that M &amp; As are inspired by a desire to diversify or achieve higher growth rate.</p> <p>In context of the above statement explain any five reasons for merger and acquisition.</p> <p><b>Synergy; . Acquiring new technology; Improved profitability; Acquiring a competency; Entry into new markets; Access to funds; Tax benefits</b></p>	5
34.	<p>Explain with example the types of merger.</p> <p><b>Conglomerate; Horizontal merger; Market extension mergers; Product extension mergers; Vertical merger (Explanation with example)</b></p>	5