



# COMMON PRE-BOARD EXAMINATION 2024-25

## Subject: ENTREPRENEURSHIP (066)



DATE: /12/2024


MARKS: 70

### MARKING SCHEME

#### General Instructions:

1. This question paper contains 34 questions.
2. The question paper contains 4 sections - A, B, C and D
  - 1.1. Section A contains multiple choice questions
  - 1.2. Section B - 2 marks; Answers to these questions may be from 30-40 words.
  - 1.3. Section C - 3 marks; Answers to these questions may be from 50-75 words.
  - 1.4. Section D - 5 marks; Answers to these questions may be from 120-150

PART A		
Q. No.		Marks
1	<p>“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. 47 Because like a human being it can buy, sell and own property, sue others, be sued by others.”</p> <p>In the light of the given statement, identify the essential feature of partnership form of business organisation referred to and choose the correct option:</p> <p>A. Voluntary Association B. Separate Legal Entity <b>C. Artificial person</b> D. Common seal</p>	1
2	<p>The government implements a ban on single-use plastic products, and consumers become more environmentally conscious. Observing this situation, Rainbows Ltd starts producing reusable and biodegradable straws, cups, and food containers made from bamboo and wheat straw.</p> <p>This shift in legal and social norms creates a booming demand for eco-friendly alternatives, allowing Rainbows Ltd to capitalize on the opportunity and establish itself as a market leader in sustainable dining products.</p> <p>From the above given case, identify the source that led to the emergence of the business idea.</p> <p>A. Competition <b>B. Change</b> C. Problem D. Innovation</p>	1

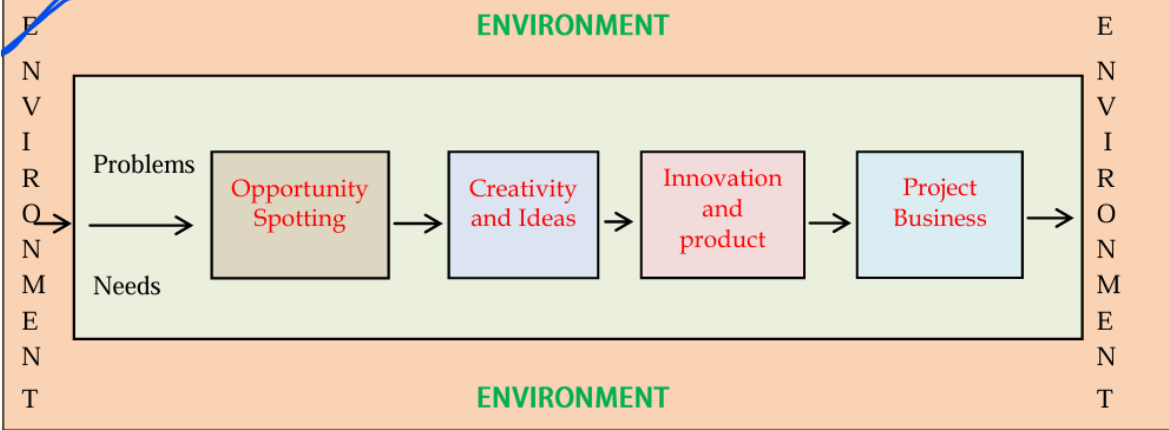
3	<p>A salesperson from Fresh Flow Water Purifiers visits a potential customer who currently uses a competitor's purifier. During the pitch, the salesperson highlights that the competitor's product lacks advanced UV filtration and has a slower purification speed.</p> <p>They then compare it to Fresh Flow's purifier, emphasizing its superior filtration technology, faster performance, and longer warranty. By directly pointing out the competitor's shortcomings and showcasing their own product's advantages, Fresh Flow employs a negative selling approach to win over the customer.</p> <p>Identify the type of sales strategy adopted by the salesperson at Fresh Flow.</p> <p><b>A. Direct sales strategy</b>  B. Indirect sales strategy  C. Advertisement sales strategy  D. Testimonial sales strategy</p>	1
4	 <p>The statement highlighted above can be called as a:</p> <p>A. Brand mark  B. Trade mark  C. Logo  <b>D. Tagline</b></p>	1
5	<p>Sophia owns Sophia's Sweets, a small bakery in her neighborhood. She manages everything on her own, from baking and packaging to handling customers and finances. All the profits from the bakery go directly to her, but she is also personally responsible for any debts or losses the business incurs.</p> <p>Sophia enjoys the freedom of making all the decisions herself, such as creating new recipes and setting the shop's working hours. However, during a slow season, she has to dip into her savings to cover expenses.</p> <p>Identify the form of business organization run by Sophia.</p> <p>A. Joint Stock Company  B. Partnership firm  <b>C. Sole proprietorship firm</b>  D. Private Company</p>	1

6	<p>This is the most difficult phase of creativity as obstacles begin to appear. This is the developing stage in which knowledge is developed into application.</p> <p>In the light of the given statement, identify the phase of creativity.</p> <p>A. Incubation B. Idea germination <b>C. Verification</b> D. Innovation</p>	1										
7	<p>From the given elements of operational plan in Column-I and the objectives given in Column-II, choose the correct pair:</p> <table><tr><th>COLUMN I</th><th>COLUMN II</th></tr><tr><td>1. Proforma Investment Decisions</td><td>i. provides information about sources of funds</td></tr><tr><td>2. Proforma Financing Decisions</td><td>ii. Shows the projected net profit</td></tr><tr><td>3. Proforma Income Statement</td><td>iii. Shows how the enterprises' funds are utilized for purchasing different assets so that highest possible returns are earned</td></tr><tr><td></td><td>iv. Shows that right no. of people are hired</td></tr></table> <p>Options:</p> <p>A. <b>1(iii), 2(i), 3(ii)</b> B. 1(iv), 2(ii), 3(i) C. 1(ii), 2(iv), 3(ii) D. 1(ii), 2(iii), 3(iv)</p>	COLUMN I	COLUMN II	1. Proforma Investment Decisions	i. provides information about sources of funds	2. Proforma Financing Decisions	ii. Shows the projected net profit	3. Proforma Income Statement	iii. Shows how the enterprises' funds are utilized for purchasing different assets so that highest possible returns are earned		iv. Shows that right no. of people are hired	1
COLUMN I	COLUMN II											
1. Proforma Investment Decisions	i. provides information about sources of funds											
2. Proforma Financing Decisions	ii. Shows the projected net profit											
3. Proforma Income Statement	iii. Shows how the enterprises' funds are utilized for purchasing different assets so that highest possible returns are earned											
	iv. Shows that right no. of people are hired											
8	<p>Samsung has a history of using this type of pricing strategy for its Galaxy smartphones. When a new model is launched, it is priced high to capture early adopters who are willing to pay a premium for the latest technology. However, after a few months, Samsung usually lowers the price of the phone as demand decreases and newer models are introduced.</p> <p>Because of this pattern, consumers have started to expect that Samsung will eventually reduce the price. As a result, when a new Galaxy phone is launched, many potential buyers choose to wait for a few months to get the same phone at a lower price, rather than paying the initial high price. This strategy can backfire, as it reduces early sales and shifts consumer behavior to expect discounts, which impacts the company's initial revenue from new product launches.</p> <p>On the basis of the given text, identify which of the following is the drawback of the indicated pricing strategy and choose the correct option:</p> <p>A. <b>If the company has history of using this type of strategy, then consumers will never buy a product when it is newly launched, they would rather wait for a few months and buy the product at lower price.</b> B. It creates cost control and cost reduction pressure from the start, for greater efficiency. C. It is not a feasible option when there are strict legal and government regulations regarding consumer rights</p>	1										

	D. It might attract only the switchers and they will switch away as soon as the price rises.	
9	<p>The following is not a purpose of a Logo:</p> <p>A. As the company's major graphical representation, a logo anchors company's brand.</p> <p>B. Enterprises normally resort to logos' as a short path for advertising and other marketing materials.</p> <p>C. Logos act as the key visual component of an enterprise's overall brand identify.</p> <p><b>D. It helps to create a memorable dramatic phrase that will sum up the product.</b></p>	1
10	<p>Soo Ae, a Korean skincare company faced an issue for its sheet masks. Soo Ae's popular sheet masks gained rapid attention in international markets, especially in the United States. However, the company did not protect its sheet mask technology with any intellectual property.</p> <p>Julep, a beauty brand, introduced its own version of sheet masks, closely resembling the ones created by Soo Ae. The lack of intellectual property protection, made it difficult for Soo Ae to stop the imitation products from being sold, leading to lost sales and a decrease in market share.</p> <p>Suggest a type of intellectual property protection which is most suitable for Soo Ae.</p> <p><b>A. Patent</b></p> <p>B. Copyright</p> <p>C. Trade secret</p> <p>D. Industrial design</p>	1
11	<p>This type of a merger takes place between two companies that deal in the same products but in separate markets. The main purpose of this merger is to make sure that the merging companies can get access to a bigger market and that ensures a bigger client base.</p> <p>Identify the type of merger discussed above.</p> <p>A. Conglomerate</p> <p>B. Product extension merger</p> <p><b>C. Market extension merger</b></p> <p>D. Horizontal merger</p>	1
12	<p>Given below are assumptions that are made by an entrepreneur in the breakeven-point analysis for a multi-product business.</p> <p>(i) The proportion of the sales mix must be predetermined.</p> <p>(ii) The sales mix must change within the relevant period.</p> <p>(iii) All costs can be categorized as variable or fixed.</p> <p>(iv) Sales price per unit, variable cost per unit, and total fixed cost are calculated as per the forces of demand and supply.</p> <p>(v) All units produced are not sold.</p> <p>Choose the option that depicts the correct pair of assumptions:</p> <p><b>A. (i) and (iii)</b></p> <p>B. (ii) and (iii)</p> <p>C. (iv) and (v)</p> <p>D. (i) and (iv)</p>	1
13	Assertion (A): Offer to employees means sale of its securities by a company to a limited number of sophisticated investors	1

	<p>Reason (R): Offer to employees enables employees to become the shareholders and share the profits of the company.</p> <p>A. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).  B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).  C. Assertion (A) is true, but Reason (R) is false.  <b>D. Assertion (A) is false, but Reason (R) is true.</b></p>	
14	<p>“This element of business plan focuses on a process by which an entrepreneur ensures that he/she has the right number of people, and the right kind of people with appropriate skills, at the right place and the right time to do work for which they are economically most suitable.”</p> <p>In the light of the above statement, identify the element of the business plan.</p> <p>A. Financial plan  B. Organizational plan  <b>C. Manpower planning</b>  D. Marketing plan</p>	1
15	<p>Wakai &amp; Co. have the following items in its Balance sheet  Stock - ₹50,000, Trade creditors – ₹32,000; debtors – ₹ 75000; Cash – ₹1,00,000  Dividend payable – ₹50,000; Provision for Tax – ₹44,000; Short term loan – ₹61,000; Short term investments – ₹76,000</p> <p>What will be Wakai &amp; Co’s Net working capital</p> <p><b>A. 1,14,000</b>  B. 2,41,000  C. 1,10,000  D. 1,00,000</p>	1
16	<p>Magnet, a gifting store deals in gifts, soft toys and greeting cards. The store buys its supplies on credit and sells them on cash basis. With no competition around it has not yet felt the need to started selling goods on credit. Therefore, all its goods are only sold on cash basis.</p> <p>The above step taken by Magnet store may lead to _____ in its working capital requirement and its cash conversion cycle will be _____.</p> <p>A. increase, longer  B. decrease, longer  C. no change, longer  <b>D. decrease, shorter</b></p>	1
17	<p>The following statements are related to Rights Issue. Identify one incorrect statement from the options given below</p> <p><b>A. it is a method of raising additional finance by offering securities to new shareholders on pro-rata basis</b>  B. if any existing shareholder is not interested to buy the securities then they can give up their rights.  C. It is inexpensive method as there is no need for prospectus, brokers and underwriters  D. It is a part of primary market.</p>	1

18	<p>The part of the agreement that outlines the type of relationship a franchisee is entering into with the franchisor.</p> <p><b>A. Contract explanation</b> B. Operations manual C. Ongoing site maintenance D. Proprietary statements</p>	1						
PART B								
19 (A)	<p>Careful monitoring of an organization's internal and external environment for detecting early signs of opportunities and threats that may influence its current and future plans.</p> <p>In light of the above statement, explain any two advantages of environmental scanning. MS: 1 mark each (½ explanation and ½ mark title point) (1+1=2)</p> <p>Ans: (Any 2) i) Identification of opportunities to get first mover advantage: ii) Formulation of strategies and policies: iii) Tapping useful resources iv) Better performance: v) Sensitisation of entrepreneurs to cope up with rapid changes: vi) Image building</p> <p>OR</p>	2						
19 (B)	<p>Classify the following as internal or external environment.</p> <p>a. Competitors offering similar products b. Limited warehouse space c. Breakdown of a machine d. Business locality having school, residential areas and hospitals</p> <p>MS: ½ mark each (1/2 x 4 = 2)</p> <table><tr><td>INTERNAL</td><td>EXTERNAL</td></tr><tr><td>Limited warehouse space</td><td>Competitors offering similar products</td></tr><tr><td>Breakdown of a machine</td><td>Business locality having school, residential areas and hospitals</td></tr></table>	INTERNAL	EXTERNAL	Limited warehouse space	Competitors offering similar products	Breakdown of a machine	Business locality having school, residential areas and hospitals	2
INTERNAL	EXTERNAL							
Limited warehouse space	Competitors offering similar products							
Breakdown of a machine	Business locality having school, residential areas and hospitals							
20	<p>Draw a labelled diagram showing how opportunity is transformed into a business project</p> <p>Ans:</p>	2						

		
21	<p>Gojo owns a small bakery “Limitless Bakes” and is always on the lookout for new trends to keep his menu fresh and exciting. He regularly reads food industry blogs and follows social media influencers who focus on food trends. Recently, he noticed a rise in plant-based diets and gluten-free products becoming more popular, particularly in cities like New York and London. At the same time, his customers were asking for healthier, vegan options.</p> <p>To stay ahead, Gojo attends local food festivals and talks to his customers about their preferences. At one event, he overhears a conversation about the growing popularity of plant-based desserts, especially in the vegan community. Combining this insight with his research, he decides to introduce a new line of vegan and gluten-free pastries. The new products quickly become a hit, attracting a new customer base and boosting sales.</p> <p>By quoting lines from the above passage, identify ways of trend spotting used by Gojo</p> <p>MS: ½ mark identify and ½ mark quote (1+1=2)</p> <p>Ans: Read trends: "He regularly reads food industry blogs and follows social media influencers who focus on food trends."</p> <p>Talk trends: "Gojo attends local food festivals and talks to his customers about their preferences."</p> <p>Think trends: "Combining this insight with his research, he decides to introduce a new line of vegan and gluten-free pastries."</p>	2
22 (A)	<p>Citicorp + Travelers Insurance Group = Citi Group</p> <p>From the above given statement:</p> <ol style="list-style-type: none"> <li>Identify the type of enterprise growth strategy adopted</li> <li>List the form of the growth strategy indicated.</li> </ol> <p>MS: 1 mark each</p>	2

22 (B)	<p>Ans:</p> <ol style="list-style-type: none"> <li>Merger</li> <li>Consolidation/ Amalgamation</li> </ol> <p>OR</p> <p>Golden Gleam, a large luxury jewelry company, targets Radiant Gems, a smaller jewelry brand known for its unique handcrafted pieces. Despite Radiant Gems' resistance, Golden Gleam aggressively buys its shares on the stock market.</p> <p>Within weeks, Golden Gleam secures 51% ownership, gaining majority control. To avoid further financial difficulties, Radiant Gems' board reluctantly agrees with Golden Gleam.</p> <p>From the above given statement:</p> <ol style="list-style-type: none"> <li>Identify the type of enterprise growth strategy adopted</li> <li>Mention the type of the growth strategy identified in (a).</li> </ol> <p>MS:</p> <p>MS: 1 mark each</p> <p>Ans:</p> <ol style="list-style-type: none"> <li>Aquisition</li> <li>Hostile acquisition</li> </ol>	2
23	<p>Explain in detail a pitch deck with oral narrative form of business format. How is it different from an 'internal operational' plan?</p> <p>MS:</p> <p>1 mark – explanation</p> <p>1 mark for stating the difference</p> <p>Ans:</p> <p>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.</p> <p>Internal operational plan is used by the management for detailed planning and may not be of any interest to funders or customers.</p>	2
24 (A)	<p>ABC Ltd. manufactures shirts in an industrial area in the state of Maharashtra. On an average, they manufacture 7200 clothes per day. Their raw material supplier is based in Kolkata and takes 6 days to deliver the requirement once the order is received.</p> <p>Estimate the reorder level for ABC Ltd.</p> <p>OR</p>	2
24 (B)	<p>Vernon Ltd, a newly established cosmetics company has provided the following details:</p> <ol style="list-style-type: none"> <li>Total capital invested - ₹ 40,00,000 out of which ₹ 20,00,000 is a bank loan at 15% per annum</li> <li>Net Profit after Tax is ₹ 6,00,000</li> </ol>	



	Calculate Return on Equity for Vernon Ltd.	
PART C		
25	<p>A renowned chocolate brand is currently facing a significant controversy due to a rumor circulating about the presence of a harmful chemical in its products. This has resulted in a tarnished reputation, declining sales, and widespread customer misperception. The company is now seeking a way to effectively communicate with its customers and clarify that the rumor is entirely false.</p> <p>Suggest an element of promotion which will help the organization to reach their message effectively to their customers. Also, justify your suggestion.</p> <p>Ans:</p> <p>MS: 1 mark for suggestion, 2 marks for justification</p> <p>Public relations</p>	3
26 (A)	<p>One of the components of a business plan is where the transformation of raw material into finished product takes place with the help of energy, capital, manpower and machinery.</p> <p>a. In the light of the above statement, identify the component of a business plan</p> <p>b. Discuss any two situations for an enterprise to prepare the component of a business plan identified in (a)</p> <p>MS:</p> <p>1 mark identify</p> <p>1 mark each situation (1+1 = 2)</p> <p>Ans:</p> <p>Production plan</p> <p>Situations: (any 2)</p> <p>a. No manufacturing involved</p> <p>b. Partial manufacturing</p> <p>c. Complete manufacturing</p> <p>OR</p>	3
26 (B)	<p>One of the components of a business plan ensures "work your plan". It is actually a blue print prepared right in advance of actual operations.</p> <p>a. In the light of the above statement, identify the component of a business plan</p> <p>b. Discuss the first two steps that an enterprise should follow to achieve the objectives mentioned the component of a business plan identified in (a)</p> <p>MS:</p> <p>1 mark identify</p> <p>1 mark each steps (1+1=2)</p> <p>Ans:</p> <p>Operational Plan</p> <p>Steps:</p> <p>Routing</p> <p>Scheduling</p>	3

27	<p>After the idea has been examined for real application and the product has been modified for better use, explain the three immediate steps to be taken by an entrepreneur while investigating ideas.</p> <p>MS: 1 mark each (1/2 mark title and 1/2 mark explanation)</p> <p>Ans: Level of operation Cost Competition</p>	3
28 (A)	<p>Identify and explain the types of channels of distribution where:</p> <ol style="list-style-type: none"> <li>Middle man is cut out</li> <li>Suitable for the products with widely scattered market.</li> </ol> <p>MS: 1/2 mark identify and 1 mark explain</p> <p>Ans: a. Direct Channel (Zero levels) b. Producer-wholesaler-retailer-customer (Two levels)</p> <p>OR</p>	3
28 (B)	<p>When a manufacturer selects some channel of distribution, he/she should take care of market-related considerations.</p> <p>Keeping in view this perspective, explain any three market-related considerations</p> <p>MS: 1 mark each (1+1+1=3)</p> <p>Ans: a. Number of buyers b. Types of buyers c. Buying habits d. Buying quantity e. Types of market</p>	3
29	<p>Tetsu Motors Ltd. uses about 12,000 motors per year, which remains constant throughout the year. Each motor costs ₹25 per unit, and the carrying cost is estimated at ₹5 per unit. The cost of placing an order and processing it is ₹20.</p> <p>Calculate the Economic Order quantity (EOQ). Give any one benefit that Tetsu Motors Ltd derives after calculating the EOQ.</p> <p>MS: 1 mark formula 1/2 mark placement of values 1/2 mark final answer</p>	3

	Ans:	
PART D		
30	<p>Sharingan, a small bakery specializing in cupcakes notices a growing trend for gluten-free and vegan options in desserts. To stay competitive and attract a wider customer base, they decide to introduce a line of gluten-free and vegan cupcakes using high-quality alternative ingredients and zero waste packaging. This not only caters to health-conscious and dietary-restricted customers but also increases overall sales. By marketing the new line as inclusive and trendy, the bakery sees a boost in foot traffic and builds a loyal customer base for the new offerings.</p> <p>From the above give case:</p> <ol style="list-style-type: none"> <li>Identify type of idea field undertaken by Sharingan.</li> <li>Explain any two more idea fields, other than the one identified above.</li> <li>Identify and quote the macro environment factors which will benefit Sharingan.</li> </ol> <p>MS: <math>1 + 2 + 2 = 5</math>  1 mark identify  1 mark each for each idea field (1/2 mark title point and 1/2 mark explain <math>1+1=2</math>)  1 mark each for macro environment (1/2 mark title point and 1/2 mark explain <math>1+1=2</math>)</p> <p>Ans:</p> <ol style="list-style-type: none"> <li>Market Driven</li> <li>Existing ideas and Natural resources</li> <li>Social factors - introduce a line of gluten-free and vegan cupcakes  Ecological factors - high-quality alternative ingredients and zero waste packaging</li> </ol>	5
31 (A)	<p>Who is a Franchisee? Elaborate the disadvantages of Franchising to Franchisee.</p> <p>MS:</p> <p>1 mark meaning  1 mark each for disadvantages (1/2 mark title point and 1/2 mark explain <math>1 + 4 = 5</math>)</p> <p>Ans:</p> <p>Meaning:</p> <p>The person who purchases the franchise and is given the opportunity to enter into a new business with a better chance to success that he/she were to start a business from scratch.</p> <p>Disadvantages:</p> <ol style="list-style-type: none"> <li>The right and only way of doing things</li> <li>Continuing cost implications</li> <li>Risk of franchise getting bought</li> <li>Inability to provide service</li> </ol> <p>OR</p>	5
31 (B)	<p>“Price refers to the value that is put on a product which pushes consumers to make a final buying decision”</p>	

- a. In the light of the above statement, explain in detail Cost plus pricing and Penetration pricing method which can help the businesses.
- b. Give any one advantage of Cost plus pricing and any two advantages of Penetration pricing.

MS:

1 mark each for explanation (1 + 1 = 2)

1 mark each advantages (1+ 1+ 1 = 2)

1. Cost-plus pricing
  - a. Under this pricing, the **manufacturer charges** a price to **cover the cost of producing a product and make a reasonable profit.**
  - b. The cost-plus **method is simple**, but it **does not encourage the efficient use of resources**. Cost-plus pricing is **based on manufacturing costs**.
  - c. **Manufacturing costs are estimated for various reasons**. For example, to:
    - justify planned capital expenditure
    - determine production costs for new or modified products
    - focus on areas of high cost
  - d. **Estimates** are made for **the required resources** (such as materials, labor, and equipment), **their costs**, and the **time needed** for their use.
  - e. **Accounting methods** are used for **depreciation and cash-flow analysis** when **justifying capital expenditures**.
2. Penetration pricing
  - a. Under this pricing, the **price** of a product is initially set at a **lower price** than the competitors' price to **attract new customers**.
  - b. The **expectation** is that **customers will switch to the new brand** because of the **lower price**.
  - c. The **objective** is to **increase market share** or **sales volume**.
  - d. The **price** will be **raised later** once this **market share is gained**.

Cost-Plus Pricing.

1. Biggest advantage is that company knows **exactly the amount of expenses** that they have **incurred** to make a **product** and they can **add a profit margin** according to the **amount of revenue** they want to earn.  
For e.g., if a company has incurred expenses of Rs. 1000 and they want to earn profit margin of 10 % then the company will sell the product at Rs. 1100.
2. It is the simplest method to decide the price for a product because price can be decided by:

<b>Price of a product = Cost of making a product + Profit the company wants to earn</b>
---

3. Company uses its **own data** for deciding cost. This makes it easier for a company to **evaluate the reasons for escalations in expenses** and **take corrective action** immediately.

Penetration Pricing.

1. This pricing can **help** in:

	<ul style="list-style-type: none"><li>- <b>fast diffusion</b></li><li>- <b>adoption</b></li><li>- <b>high market share</b></li><li>- <b>surprise the competitors'</b> by not giving them time to react.</li></ul> <ol style="list-style-type: none"><li>2. It can <b>create goodwill</b> among the <b>early adopters'</b> segment. This will get <b>more sales</b> by <b>word of mouth</b>.</li><li>3. It creates <b>cost control</b> and <b>cost reduction pressure</b> from the <b>start</b>, for <b>greater efficiency</b>.</li><li>4. It <b>discourages</b> the <b>entry of new competitors</b>. <b>Low prices</b> act as a <b>barrier</b> to entry</li><li>5. It can create <b>high stock turnover</b> throughout the distribution channel</li><li>6. This can <b>create enthusiasm and support</b> in the channel.</li></ol>									
32	<p>Two friends, Aman and Ravi, started a small delivery service in their neighborhood, pooling their resources and sharing the workload equally. Unfortunately, they were unable to create a good demand for their service. Moreover, they never registered their firm, believing it wasn't necessary for a small business. In order to tackle this issue Ravi decided to identify the problems that are affecting their business.</p> <p>From the above given case and based on common understanding answer the following questions:</p> <ol style="list-style-type: none"><li>a. Explain the consequences that Aman and Ravi will face due to non-registration of their firm</li><li>b. Mention any two ways in which problem identification can help Ravi.</li></ol> <p>MS:</p> <p>Consequences for non-registration – 3 marks (1 mark each)</p> <p>Uses of problem identification – 2 marks (1 mark each)</p> <p>Ans:</p> <p>Consequences:</p> <ol style="list-style-type: none"><li>1) A partner cannot file a suit in any court against the firm or other partners for the enforcement of any right arising from a contract or right conferred by the Partnership Act.</li><li>2) A right arising from a contract cannot be enforced in any Court by or on behalf of the firm against any third party.</li><li>3) Further, the firm or any of its partners cannot claim a set off (i.e. mutual adjustment of debts owned by the disputant parties to one another) or other proceedings in a dispute with a third party.</li></ol> <p>Problem identification uses: (any 2)</p> <ol style="list-style-type: none"><li>1. Bring out new products in the market</li><li>2. Understand the problems and needs of the market</li><li>3. Be creative Increase employment generation</li><li>4. Increase national income (of the country)</li></ol>	5								
33	<p>Mister Donut Ltd manufactures premium quality donuts. The fixed cost for the production process is ₹ 38,000. The following information is available about its range of products:</p> <table><tr><td>Variety</td><td>Sugar berry</td><td>Fondant</td><td>Glazed</td></tr><tr><td>Selling Price (₹)</td><td>80</td><td>45</td><td>60</td></tr></table>	Variety	Sugar berry	Fondant	Glazed	Selling Price (₹)	80	45	60	5
Variety	Sugar berry	Fondant	Glazed							
Selling Price (₹)	80	45	60							

	Variable Cost (₹)	40	15	20	
	Sales Mix	100	40	60	
	<p>From the given data, calculate the following;</p> <ol style="list-style-type: none"> <li>Total weighted average contribution margin.</li> <li>Breakeven Quantity for each product.</li> <li>Break-even point (in ₹) for Glazed Donuts</li> </ol> <p>MS:</p> <ol style="list-style-type: none"> <li>Total weighted average contribution margin. 1 mark</li> <li>Breakeven Quantity for each product. 1 mark each (1+1+1 = 3)</li> <li>Break-even point (in ₹) for Glazed Donuts 1 mark</li> </ol>				
34 (A)	<p>A new company needs to raise finance but they are not clear whether to approach a bank or a Venture Capital firm.</p> <ol style="list-style-type: none"> <li>You are a financial advisor, the promoters seek your advice. Guide them by differentiating the finance from a bank and Venture Capital firm.</li> <li>State the points why the Venture Capital firms are selective when they invest.</li> </ol> <p>MS: (2 + 3 = 5)</p> <p>Ans:</p> <p>Raising finance from VC firm is different from obtaining loan from bank. The bank or lenders have a legal right on the interest on loans and repayment of principal amount. They do not involve in day-to-day operation or management of business. They want their money back irrespective of the businesses success or failure.</p> <p>The venture capital investors invest the fund in exchange for equity. They involve in the decision making and exit within a period of 3-7 years</p> <p>Venture Capital firms are selective when they invest because: (any 3)</p> <ol style="list-style-type: none"> <li>They may invest in one in four hundred opportunities presented to it,</li> <li>Looks for the extremely rare, yet sought after qualities, such as : a) innovative technology, b) potential for rapid growth, c) a well-developed business model d) an impressive management team.</li> <li>Looks for an "exit" in the time frame of typically 3-7 years.</li> <li>Is inclined towards ventures with exceptionally high growth potential.</li> </ol> <p>OR</p> <ol style="list-style-type: none"> <li>Identify the most popular method of raising capital in a primary market that involves directly inviting the public to subscribe to the shares by issuing a prospectus</li> <li>State any four drawbacks of the method identified in (a)</li> </ol> <p>MS:</p> <p>1 mark identify</p> <p>1 mark each for drawbacks (1+1+1+1= 4)</p> <p>Ans:</p> <p>Public Issue</p>				5
34 (B)					

	<p>Drawbacks (any 4)</p> <ul style="list-style-type: none"> <li>• Increasing accountability to public shareholders</li> <li>• Need to maintain dividend and profit growth trends</li> <li>• Becoming more vulnerable to an unwelcome takeover</li> <li>• Need to observe and adhere strictly to the rules and regulations by governing bodies</li> <li>• Increasing costs in complying with higher level of reporting requirements</li> <li>• Relinquishing some control of the company following the public offering</li> <li>• Suffering a loss of privacy as a result of media interest</li> </ul>	
--	---	--