INDIAN SCHOOL AL WADI AL KABIR

Class: XI	**Department: COMMERCE**
Subject: Entrepreneurship	**Chapter: BUSINESS FINANCE AND ARITHMETIC**

MULTIPLE CHOICE QUESTIONS:

1. The cost incurred by a business to produce, store and sell one unit of a particular product or service is known as:
(a) Unit Price
(b) Unit Cost
(c) Unit Gross Profit
(d) Expenditure

2. A bakery sells one cake for ₹500. The cost of producing, storing and selling one cake is ₹350. What is the unit gross profit?
(a) ₹150
(b) ₹350
(c) ₹500
(d) ₹850

3. Which of the following is an example of a start-up cost?
(a) Monthly salary paid to employees
(b) Monthly electricity charges
(c) Purchase and installation of machinery before commencing production
(d) Monthly rent of the business premises

4. Identify the correct statement regarding fixed and variable costs.
(a) Fixed costs change with the level of production.
(b) Variable costs remain constant irrespective of output.
(c) Fixed costs are not dependent upon the level of output.
(d) Variable costs are incurred only when a business makes a profit.

5. Which of the following is classified as a variable cost?
(a) Insurance premium
(b) Consultancy charges
(c) Salary
(d) Raw materials

6. An entrepreneur calculates the Break-Even Point before launching a new product. Which of the following decisions can be supported by this analysis?
(a) Setting the selling price
(b) Preparing competitive bids
(c) Profit planning and goal setting
(d) All of the above

7. Assertion (A): At the Break-Even Point, a business neither earns profit nor incurs loss.
Reason (R): At the Break-Even Point, total sales revenue is equal to total cost or expenses.
Choose the correct option:
(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.
(d) Assertion (A) is false, but Reason (R) is true.

8. Assertion (A): Expenditure and expense have exactly the same meaning in business finance.
Reason (R): Expenditure refers to a payment or disbursement, whereas an expense represents the value of resources used up to earn revenue during a particular period.
Choose the correct option:
(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.
(d) Assertion (A) is false, but Reason (R) is true.

9. Statement I: Unit gross profit is calculated by subtracting unit cost from unit price.
Statement II: Gross profit is earned before deducting fixed expenses like rent or salaries.
a) Statement I is correct and II is wrong.
b) Statement II is correct and I is wrong.
c) Both the statements are correct.
d) Both the statements are incorrect.

10. A confectionery sells pastries and muffins. pastries are sold per piece and muffins in a pack of dozens. The owner wants to standardize the costs and track profits for each product separately. In the case above, the standard measurement of cakes and puffs sold is called:
a) Unit Cost
b) Unit Price
c) Unit of Sale
d) Break-even point

11. A business enterprise has fixed costs of ₹40,000. The selling price per unit is ₹50 and the variable cost per unit is ₹30. Calculate the Break-Even Point in units.
(a) 1,000 units
(b) 1,500 units
(c) 2,000 units
(d) 2,500 units

12. Rohan runs a small manufacturing enterprise producing school bags. During a particular month, he incurred the following costs for manufacturing 2,000 school bags:

Particulars	Amount (₹)
Direct Material Cost	40,000
Direct Labour Cost	30,000
Direct Overheads	10,000

Based on the above information, calculate the Variable Cost per Unit.
(a) ₹30
(b) ₹35
(c) ₹40

(d) ₹45

DESCRIPTIVE TYPE QUESTIONS:

11. Define: Unit Price and Unit od sale.

12. Differentiate between Expenditure and Expense.

13. Explain the difference between Cost and Expense.

14. State the two broad categories of costs. Explain Start-up Cost with any four suitable examples.

15. What are Operational Costs? Explain their two classifications with suitable examples.

16. Differentiate between Fixed Cost and Variable Cost. Give three examples of each.

17. Aarav decided to establish a small manufacturing enterprise producing wooden furniture. Before commencing production, he incurred the following expenditure:

Particulars	Amount (₹)
Purchase of machinery	2,50,000
Purchase of computers	40,000
Initial purchase of raw materials	30,000
Monthly factory rent	15,000
Monthly salary of permanent employees	25,000
Raw materials consumed during production	50,000
Packing materials	8,000
Factory power charges	12,000

Based on the above information, answer the following questions:
(a) Identify any two examples of Start-up Costs.
(b) Identify any two examples of Operational Costs.
(c) Differentiate between Fixed Costs and Variable Costs by identifying two examples of each from the above case.
(d) Why is factory rent classified as a Fixed Cost whereas raw materials consumed during production are classified as Variable Costs?

18. Galaxy Sports manufactures premium sports shoes. The company's cost structure per unit is:

Component	Cost per Unit (₹)
Raw Materials	800
Labour	300
Packaging	50
Selling & Distribution	150
Selling Price per Unit	1,500
Fixed Costs (per month)	4,50,000

1. Calculate total variable cost per unit.
2. Calculate contribution per unit.
3. Calculate break-even point in units.
4. Calculate units needed to achieve a target profit of ₹2,25,000.

19. GreenTech Ltd. manufactures eco-friendly water bottles. The following information relates to its business operations for the month of October:

Particulars	Amount (₹)
Selling Price per Unit	800
Variable Cost per Unit	500
Fixed Costs	3,60,000
Actual Sales (units)	1,500

Calculate:

1. Break-Even Point in units.
2. Margin of Safety in units.

20. he following information relates to Mehta, who is running a small business selling fresh fruit juices.

Particulars	Amount (₹)
Fixed Cost	30,000
Variable Cost per Unit	15
Selling Price per Unit	30

Calculate:
(i) The minimum number of units that must be sold to break even.
(ii) Show the Break-Even Point in terms of rupees.
(iii) Calculate the B.E.P. in units if fixed Cost decreases by 20%.

21. Sweet Treats Ltd. is engaged in manufacturing and selling chocolate muffins. During a particular month, the enterprise manufactured and sold 2,000 muffins. The total sales revenue generated during the month was ₹1,20,000. The cost incurred to produce each muffin was ₹35.
Based on the above information, answer the following questions:
(i) Calculate the Selling Price per Unit.
(ii) Calculate the Unit Gross Profit (Unit Gross Margin).

22. Nova Appliances Ltd. manufactures washing machines. The following information relates to its cost and sales operations for a particular month:

Particulars	Amount (₹)
Direct Materials per unit	15,000
Direct Labour per unit	4,000
Variable Overheads per unit	3,000
Selling & Distribution Expenses per unit	2,000
Fixed Costs per month	24,00,000
Selling Price per unit	32,000

Based on the above information, calculate:

1. Total Variable Cost per unit.
2. Contribution per unit.
3. Break-Even Point in units.
4. Number of units required to be sold to earn a target profit of ₹12,00,000.