



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Subject:	Entrepreneurship - 2024
Worksheet: 01	Chapter 4: Enterprise Growth Strategies

QT NO		BOARD PAPER
1	<p>Assertion (A): A franchise agreement is an official document. Reason (R): Franchising opportunities have often evolved from changes in the environment as well as important social trends.</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. d. Assertion (A) is false, but Reason (R) is true.</p>	BP 2023-24
2	<p>Rohan embarked on an entrepreneurial venture by establishing a gym called 'Fit Zone.' He equipped the facility with a diverse range of machines and enlisted qualified trainers to assist customers in their workouts.</p> <p>Initially, he set a nominal hourly fee to make the gym accessible to individuals from economically disadvantaged backgrounds. The gym quickly gained popularity, prompting Rohan to operate in multiple shifts and hire additional trainers. He also expanded the facility by installing extra machines to accommodate a larger customer base.</p> <p>Within a year, Fit Zone began generating substantial profits. Encouraged by his success, Rohan leased a nearby building and opened a 'Wellness and Recreation Club' for senior citizens, offering services at affordable rates.</p> <p>Furthermore, Rohan actively encouraged young individuals to participate in the local cleanliness drive initiated by the government. They willingly dedicated one hour each day before the gym and recreation club opened to contribute to the cleanliness of nearby areas. Given these developments,</p> <p>From the above scenario: Identify the type of business expansion undertaken by Rohan.</p> <p>a. Internal expansion b. External expansion c. Merger d. None of these</p>	

3	<p>Jagriti Ltd.’ is the manufacturer of cars for the last 15 years and was earning good profits. Recently, due to irregular supply of parts by the suppliers the company could not make timely delivery of cars to its customers. The customers cancelled their bookings and there were very few new bookings. As a result, the sale of the cars declined and also the profits.</p> <p>The management of the company analysed the problems and decided to take over those two firms because of whom the problems arose. One of them was supplying engines and the other tyres.</p> <p>The company also launched new discount schemes for its customers. It also decided to employ 200 unemployed young boys and girls to take up the cleaning operations using imported machines inside the factories as well as the surrounding areas.</p> <p>Identify the concept of ‘Enterprise growth strategy’ discussed in the above para</p>	
4	<p>What is common among Mcdonald’s, Golivada pav, Naturals Ice-creams and Ferns-and-petals?</p> <ol style="list-style-type: none"> All are Multinational corporations working in India. All have adopted franchising as their growth strategy. All have merged with big companies. All of the above. 	
5	<p>Assertion (A): In franchising, there is usually a much higher likelihood of success when an individual opens a franchise as opposed to a mom-and-pop business.</p> <p>Reason (R): It runs on a proven business formula that is already in place.</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). Assertion (A) is true, but Reason (R) is false. Assertion (A) is false, but Reason (R) is true. 	
6	<p>In the year 2012, the social media application “Chowpal” acquired “Socialite” at a purchase value of \$1 billion. Both the entities operated in the social media industry and offered similar products as part of their photo-sharing services.</p> <p>However, Chowpal intended to further bolster its market position in the social media space, and the acquisition of Socialite exactly fitted in its scheme of the plan. The merger eventually helped Chowpal in increasing its market share, eliminating competition, and gaining access to a wider audience.</p> <p>Identify the type of merger:</p> <ol style="list-style-type: none"> Vertical merger Horizontal merger Market extension merger 	

	d. Product extension merger	
7	<p>Kavita started a boutique named 'Stylo Queens'. She replaced old sewing machines with the new one's during the pandemic to manufacture masks and PPE kits.</p> <p>Gradually her boutique became popular and seeing the swelled-up demand for her products she further installed extra machines to cater to the growing demand of the increasing customers. From the profits earned, she decided to further expand the business by starting a new business of cushion covers and bed sheets.</p> <p>Identify the type of expansion mentioned above.</p>	
8	<p>Unicon Ltd. and Nahata Communications provide cable TV networks in adjacent areas of Delhi. After some time the market was slowly taken over by big cable companies.</p> <p>Both Unicon Ltd. and Nahata Communications understood the competition and decided to come together so as to increase their markets share. This strategy helped them in cost saving through economies of scale as they could cover more areas now. It led to the overall growth of both the companies.</p> <p>Identify the enterprise growth strategy adopted by the two.</p>	
9	<p>ABC Company, manufacturing shoes, has taken over XYZ Company which also manufactures shoes at a small scale. What do you think will be the reason for this kind of takeover?</p>	
10	<p>Which of the following is not part of internal expansion of an enterprise?</p> <ol style="list-style-type: none"> Replacing old machines with the new machines with higher productive capacity Entering into new fields Production of more unites Franchising 	
11	<p>Which of the following is not an advantage of franchising the franchisee?</p> <ol style="list-style-type: none"> Management expertise Product acceptance Knowledge of the market Quick expansion 	
12	<p>Which of the following is not a type of franchising?</p> <ol style="list-style-type: none"> Product franchise business opportunity Manufacturing franchise opportunity Business franchise opportunity ventures Operations manual 	
13	<p>Rohit an entrepreneur in Mumbai manufacturing electronic products. He has decided to expand his business internally. He added more machines to increase the production capacity. To buy the machinery he used funds from his old profits.</p>	

	<p>Suggest two more ways through which he can arrange more funds for internal expansion of his business.</p> <ol style="list-style-type: none"> Issue of share capital and buy selling old assets Issue of share capital and debentures Issue of debentures and selling old assets Buy more assets and pay all liabilities 	
14	<p>The term absorption is used when:</p> <ol style="list-style-type: none"> Firm A + Firm B = Firm C Firm A + Firm B = Firm AB Firm A + Firm B = Firm B Firm A + Firm B = Firm C + Firm D 	
15	<p>Both Mergers and Acquisitions are enterprise growth strategies but how they come into existence makes them different from each other.</p> <p>Which of the following statement given below justifies the above statement?</p> <ol style="list-style-type: none"> Merger is always friendly, whereas acquisition is always hostile Merger may be forceful, whereas acquisition always friendly Merger always based on Synergy, acquisition has not link with synergy Merger is consensual, whereas acquisition is forced 	
16	<p>Assertion (A): When a private company takes over a public company it is called Black Flip Acquisition</p> <p>Reason (R): The entire process is done by Force</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). Assertion (A) is true, but Reason (R) is false. Assertion (A) is false, but Reason (R) is true. 	
17	<p>Assertion (A): Market Extension Merger takes place when two companies deal in the same product but in separate markets</p> <p>Reason (R): Merging companies can get access to a bigger market and bigger client basic</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). Assertion (A) is true, but Reason (R) is false. Assertion (A) is false, but Reason (R) is true. 	
18	<p>In a friendly takeover, how do the boards of the acquiring and target companies typically approach the deal?</p> <ol style="list-style-type: none"> The target company's board resists the takeover, leading to a hostile situation Both boards mutually agree on the terms of the acquisition 	

	<ul style="list-style-type: none"> c. The acquiring company initiates the takeover without the knowledge of the target company d. The target company's board makes a counter offer to the acquiring company 	
19	<p>What is the main difference between a merger and an acquisition?</p> <ul style="list-style-type: none"> a. In an acquisition, two companies combine to form a new entity, while in a merger, one company absorbs another b. Mergers involve companies of similar size, while acquisitions involve a larger company taking over a smaller one c. Both terms are interchangeable and represent the same business activity d. In an acquisition, one company takes control of another, whereas in a merger, two companies mutually agree to combine 	
20	<p>What does the term 'synergy' refer to in the context of mergers and acquisitions?</p> <ul style="list-style-type: none"> a. The potential for increased operational efficiency and cost savings when two companies combine b. The legal process of merging two entities c. The financial evaluation of an acquisition d. The negotiation phase between the acquiring and target companies 	
21	<p>The legal document that binds the franchisor and franchisee together is called:</p> <ul style="list-style-type: none"> a. Proprietary statement b. Franchise agreement c. Operational manual d. Contract explanation 	
22	<p>Assertion (A): Backflip acquisition is a rare case of acquisition in which the purchasing company becomes a subsidiary of the purchased company</p> <p>Reason (R): Both the companies approve of the acquisition but the entire process is done by force</p> <ul style="list-style-type: none"> 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. <p>Assertion (A) is false, but Reason (R) is true.</p>	
23	<p>Merger between 'Larsen and Turbo (L & T) with key business area in construction engineering and manufacturing critical equipment and 'Voltas Limited' an Indian multinational electronics company specialized in manufacturing home appliances, whose business fields are totally unrelated has taken place.</p> <p>Identify the type of merger between Larsen and Turbo (L & T) and Voltas Limited</p>	

24	<p>'Pretty You' is an established brand in the salon and makeover industry. It is currently opening in Mumbai with a network of 5 branches. It now wants to make its presence known in different cities of North India and gradually establish its identity throughout the country.</p> <p>For this, the company decides to give exclusive rights to independent retailers to take advantage of the brand 'Pretty You' in return for their payment of royalties and conformance to standardized standing procedures.</p> <p>Identify the form of expansion.</p>	
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