

**INDIAN SCHOOL MUSCAT**  
**THIRD PRELIMINARY EXAMINATION**

**ENTREPRENEURSHIP (066)**

**CLASS: XII**

**Marks: 70**

**DATE: 14-02-2018**

**Time: 3 hrs**

**General Instructions:**

**All questions are compulsory**

**Marks for each question are indicated against it.**

Questions 1 to 5 are very Short Answer type carrying 1 mark each.

Questions 6 to 10 are Short Answer-I Type questions carrying 2 marks each.

Questions 11 to 17 are long Answer-I Type questions carrying 3 marks each.

Questions 18 to 21 are Long Answer-II Type questions carrying 4 marks each.

Questions 22 to 24 are Essay Answer Type questions carrying 6 marks each.

Answers should be brief & to the point.

Please write down the serial number of the question before attempting it.

1. Differentiate between Capital Budget & Cash Budget. 1
2. Gupta Ltd., are the manufacturers of sports motorcycles. They want to manufacture low cost scooters using latest technology. For financing the project they have estimated a capital requirement of Rs. 50 lakhs. The company wants to finance the project by borrowing from a financial institution. 1  
Name any two financial institutions they can approach for the same.
3. Naveen owns a 10 room building near Indira Gandhi International Airport. He wants to start a guest house there because he knows that many visitors require low cost accommodation near the airport. 1  
State two things that he has to ensure before opting for this opportunity.
4. Give the meaning of a 'Joint Hindu Family Business'. 1
5. What is a trade mark? 1
6. List any four advantages of Employees Stock Option Plan. 2
7. Ritu has completed her B.tech in textile designing. She wants to start a readymade garments manufacturing unit. She wants to manufacture trendy garments for children below the age of one 2

year. She approached a popular trend spotter to help her with the same. The trend spotter demanded Rs. 2, 00,000 from Ritu to help her. Looking at the high fee demanded, she decided to do the trend spotting by herself. She decided to identify the trend by talking to the parents of the newly born.

Explain the method that Ritu adopted to spot the trend.

8. The first step in the creative process is ‘Idea germination’. Explain the next step that follows. 2
9. Mohan and Radha want to start a shop to sell Rajasthani Sweets. They did not know how to enter into the agreement. Therefore, they approached a Chartered Accountant who advised them to prepare a document which may stipulate the terms and consolidation of the agreement. 2
- Name the document about which the chartered accountant advised Mohan and Radha. Also state any four important items they should include in the agreement besides the name, nature and place of business.
10. Quick Rasoi is a fast food chain selling Indian items like Kathi Roll, Samosa, Idli, Dhoklas Etc., Now, they want to sell Kulfi in their outlets. Kulfi has been an item in their menu earlier also but was withdrawn because of higher price as compared to the price of established brands. Therefore, this time they decided to initially price the Kulfi at cost. It was done with the objective of increasing market share. Management of Quick Rasoi is of view that once their Kulfi is established in the market they will increase the price to a level that will help them in earning reasonable profit on their product. 2
- Identify and explain the pricing strategies adopted by QuickRasoi earlier and at present.
11. In 2015 Jaya Ltd, started a toy manufacturing unit using robot technology. The toys manufactured by the company became popular amongst children. But since the cost of the toys was high, the company could not earn good profit. The business is of high risk along with higher expected returns. The company wants to increase production so that they can reduce cost per unit. For this the company wants additional investment of Rs. 50 lakhs. The company approached Ashok who has just retired from Indian Space Research Organisation and who is an influential person. Ashok agreed to give the loan to the company provided that his loan is converted into equity shares after two years. The company agreed to Ashok’s proposal. 3
- (a) What type of investor is Ashok? (b) State any two features of the same.
12. Following are the balances of current assets and current liabilities of X Ltd., Cash – Rs.20,000; outstanding expenses- Rs.5000; Creditors- Rs.15,000; Debtors-Rs.50,000; Short term loans- Rs.4000; Short term investments-Rs.30,000; Long term loans- Rs.1,00,000; Stock-Rs.70,000. Calculate the gross and net working capital of X Ltd. 3
13. Explain creative efforts as an idea field and also list the ways in which these ideas can be generated. 3
14. Some important factors are involved in the process of sensing entrepreneurial opportunity. State these factors. 3

15. Gopi, in order to promote local craftsmen of Gujarat, formed an organization where in the persons voluntarily associate themselves to promote common economic interest. The basic purpose of this organization was to help these craftsmen to find market for their products. It had a managing committee that was elected on the basis of 'one member one vote'. 3
- a. Identify the form of business organization set up by Gopi. b. Quoting the lines form the above Para, state any two features of this form of organization.
16. What will be the effect on Production Plan in the following situations: a. When there is no manufacturing b. When there is partial manufacturing c. When there is complete manufacturing. 3
17. When is it advisable for an entrepreneur to opt for a direct channel of distribution? 3
18. Explain any two advantages and two disadvantages of franchising to franchisee. 4
19. To regulate and supervise the securities market in India, this statutory body was constituted in 1998. 4
- (a) Identify this body (b) Give any three powers of this body. (c) State any one value which the statutory body as identified in (a) above tires to inculcate among the members of the securities market.
- 20 Why is Break-even analysis regarded as a useful element of financial plan? 4
- 21 PATA Group as part of its Corporate Social Responsibility activity decided to invest in sports. They established an 'Archery Training Academy' at Jharkhand for Tribals where students from all parts of the state could enroll. They also provided boarding and lodging facilities to the selected sports person free of cost. Besides this, the company also decided to organize computer literacy program for these candidates. 4
- (a) Identify the type of value added by PATA group (b) Give any three values communicated by PATA group
- 22 Kumar has completed his senior secondary examination from Central Board of Secondary Education. After the report had been declared his father asked him what he would like to do in the future. Kumar was undecided and did not answer. His father advised him to start his own business and to pursue his studies through distance learning mode. Kumar reluctantly agreed. He entered into a partnership agreement with one of his school friends, Gurmeet. They decide to start a business of cold drinks with traditional mughlai aroma in a fashionable crowded street of Bengaluru. Kumar and Gurmeet each invested Rs.10, 00,000 as their respective capitals. They wanted to earn good profits. As they were new to the business they did not finalise deadlines for different activities as well as the quantity of different types of drinks aroma wise. Because of the novelty of their product their sales increased on daily basis. Ultimately a stage arose when they required to expand their business. For this they did not take any timely action. Gurmeet advised to open another branch in a remote area without looking at the relevance of the place regarding the approach to the branch. Kumar was undecided. They approached Kumar's father for advice. He advised them that their activities ought to be specific, measurable, attainable, and relevant and time based. 6

(a) Identify the concept about which Kumar's father advised them (b) State the importance of the concept identified in (a) above (c) Also state the three rules that may be followed in the implementation of the concept.

23. Best Electronics Ltd., are the manufacturers of 'Air Conditioners' and 'Air Purifiers'. Their fixed costs are Rs.32, 00,000 per year. The sales price and variable cost per unit of 'Air conditioners' and 'Air purifiers' are given below: 6
- |                       |                  |               |
|-----------------------|------------------|---------------|
|                       | Air Conditioners | Air           |
| Purifiers Sales Price | 20,000           | 5,000         |
| 15,000                | 3,000            | Variable cost |

During the year the company could sell 1000 Air conditioners and 1500 Air purifiers and could not break even. The Air conditioners and Air purifiers were sold in the proportion of 2:3 throughout the year.

Calculate break even in units as well as in rupees.

24. Kiano Mobile Solutions (KMS) has been a leader in the mobile handset industry for years. After technological advancement, many players entered the market and started to take up the sales share. KMS failed to understand the changing trends in the mobile phone and lost its market share majorly whereas HanhungMobitech could understand the sensitivity to the environment factors which is crucial for an entrepreneur. How has the understanding of environment helped HanhungMobitech? Explain. 6

**End of the Question Paper**