



INDIAN SCHOOL MUSCAT SECOND PRELIMINARY EXAMINATION

SET – II

SUBJECT : ENTREPRENEURSHIP

CLASS: XII

Sub. Code:

Time Allotted:

3 Hrs.

11.02.2019

Max. Marks:70

EXPECTED VALUE POINTS AND SCHEME OF EVALUATION

Q.NO.	Answers	Marks (with split up)
1.	Business opportunity	1
2.	Tag line. It can be in the form of Questions, Statements or Exclamations.	$\frac{1}{2} + \frac{1}{2} = 1$
3.	Traditional Budgeting is based on a review of historical performance and then projections of such findings to the future with modification. Zero level budgeting is the creation of a completely new budget from the ground up as if no history existed.	1
4.	An automobile company joining with a spare part manufacturer OR Maggi, Amul, Ponds etc	1
5.	Tourism Finance Corporation OR Small Industries Development Corporation.	1
	PART B	
6.	Idea field: Convenient frames of reference for streamlining the process of generation of idea. Idea generation: It is a seeding stage of a new idea where the entrepreneur recognizes that an opportunity exists	2
7.	Opportunity spotting by analyzing the needs and problems that exist in the environment Evaluating the ideas received from different sources to find a creative solution Identifying a product through innovation Setting up of a project and nurturing it to success. OR Benefits of understanding business environment a. Identification of opportunities to get first mover advantage b. Formulation of strategies and policies c. Tapping useful resources d. Better performance e. Sensitization of entrepreneurs to cope up with rapid changes. Image building (any two)	$\frac{1}{2} \times 4 = 2$
8.	Product franchise business opportunity Manufacturer grants a store owner to the authority to distribute goods by the manufacturer and allow the owner to use the brand name and	1+1

	trade mark owned by the manufacturer																						
9.	Internal sources – owners own money that is equity finance External sources- such as specialized financial institutions, Angel investors, venture capitalist etc.	2																					
10.	Think trend: Gathering all the information regularly through reading, hearing, observing. This lead to business boosting insight. OR Political factors: Political unrest-terrorism-landing rights etc	2																					
11.	Product identification Application and use Levels of operation Cost Competition Technical complexity Annual turnover and profit margin (any three with explanation) OR a. Demand b. Supply and nature of competition c. Cost and price of the product d. Project innovation and change (explain any three)	3																					
12.	Short simple easy to pronounce Noticeable, easy to remember and recognize. Pleasing impressive when uttered. Neither obscene, negative, offensive or vulgar Adaptable to packing and labeling requirements Linked to product symbolically eye catching Contemporary, capable of being registered and protected legally	3																					
13.	Objectives of IDBI Co-ordination, regulation and supervision of the working of other financial institution such as IFCI, ICICI, UTI, LIC,SFCs etc. Supplementing the resources of other financial institutions and there by widening the scope of their assistance. Planning , promotion and development of key industries and diversification of industrial growth Devising and enforcing a system of industrial growth that conforms to national priorities.	3																					
14.	<table border="1"> <thead> <tr> <th>No. of customers</th><th>Per customer billed amount (Rs)</th><th>Total billed amount</th></tr> </thead> <tbody> <tr> <td>30</td><td>370</td><td>11100</td></tr> <tr> <td>40</td><td>430</td><td>17200</td></tr> <tr> <td>90</td><td>500</td><td>45000</td></tr> <tr> <td>50</td><td>1000</td><td>50000</td></tr> <tr> <td>190</td><td>1200</td><td>228000</td></tr> <tr> <td>Total =400</td><td></td><td>351300</td></tr> </tbody> </table> <p>Average amount of medicines sold per customer = $351300/400 = 878.25$</p> <p>OR</p> <p>An electrical shop sells 9000 water heaters per year. The demand is uniform throughout the year. Purchase cost of water heater is Rs.180.Holding cost per annum is 20% of the purchase cost. Ordering cost is Rs.750 per order.</p>	No. of customers	Per customer billed amount (Rs)	Total billed amount	30	370	11100	40	430	17200	90	500	45000	50	1000	50000	190	1200	228000	Total =400		351300	3
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	<p>Calculate Economic Order Quantity.</p> $E.O.Q = \sqrt{2PD/C}$ $= \sqrt{2 \times 9000 \times 750/36}$ $= \sqrt{13500000/36}$ $= \sqrt{375000}$ $= 612.4$	
15.	<p>Inbound logistic : goods are being obtained from the suppliers and is used to produce end product</p> <p>Operations: Raw materials and goods are manufactured through a production line and value is added</p> <p>Out bound logistic: goods are ready to be distributed to the distribution centers- wholesalers, retailers etc.</p> <p>Marketing and sales: Ensured that products are targeted to the correct consumer group.</p> <p>Services: supportive services to the customers like after sales training, guarantee, warrantee etc.</p> <p style="text-align: center;">OR</p> <p>Supportive activities:</p> <ol style="list-style-type: none"> Procurement: this department must source the raw materials at the best price Technological development: Use of technology to a competitive advantage to reduce cost, develop new product, maximize production etc Human resource management: recruit, train and develop the right people for the organization. Firm infrastructure: In order to ensure finance, legal structure, and management structure 	
16.	<p>Private company</p> <p>Reasons:</p> <ol style="list-style-type: none"> Only two directors are required for a private company No need to issue prospectus because they do not invite public for subscribe to its share capital Share of the company can be easily be allotted without receiving minimum subscription. Control and management is generally in the hands of owners of capital <p>A non member can inspect the copies of its P&L account.</p>	3
17.	<p>Creative idea can be generated though:</p> <ol style="list-style-type: none"> Develop a new product or service Improve an existing product or service Find a new process or resource for manufacturing product Find a new use for existing product Find new market for existing product 	3
	PART D	
18.	<p>Angel investors: They are affluent individuals who provide capital for a business start-ups and early stage companies, having a high risk and high return matrix usually in exchange for convertible debt or owners equity.</p> <p>Angel investors are individuals of current or retired executives,</p>	4

	<p>business owners of high net worth. Most angel investors provide proactive advice, guidance, industry connections and mentoring start-ups. Their objective is to create great companies and helping investors to realize high return Venture capitalist: Venture capitalist are professionally managed institutions who are managing a pool of equity capital It is an equity based long term investment in growth oriented small and medium business in return for a minority shareholding or an irrevocable right to acquire They provide capital and business skill to investee firm It is a subset of private equity with a continuous involvement in the business after making investment. Any one of this with justification</p>	
19.	<p>a. Elevator Pitch: it is a three minute summary of the business plan to awaken the interest of potential funders, customers, or strategic partners. b. A pitch deck with oral narrative: a side show or oral narrative that is meant to trigger discussion and interest among potential investors. c. A written presentation of external stake holders: A detailed well written and pleasingly formatted plan targeted at external stake holders. An internal operational plan: a detailed plan with planning details that are needed by management</p>	4
20.	<p>Elements of innovation</p> <p>Analytical planning</p> <p>Resource organization</p> <p>Implementation</p> <p>commercial application (with brief explanation)</p> <p style="text-align: center;">OR</p> <p>Sources of emergence of business idea.</p> <p>a. Problem: When a problem arises, a business opportunity emerges b. Change: A change in social, legal , technological aspect etc, leads to new opportunities to start business c. Invention: New product or service lead to new business opportunities. d. Competition: leads to emergence of new and better ideas Innovation: creating new thing of value.</p>	4
21.	<p>a. Horizontal merger: Horizontal merger: A merger between the companies in the same industry-it is a type of business consolidation that occurs between firms that are competitors offering the same good-aims to gain market share. Example: Coca-cola and Pepsi beverage division. Market extension merger Market extension merger: Between</p>	4

	<p>two companies that deal in same product in two different market- purpose is that the merging company get access to bigger market</p> <p>b. Conglomerate merger : Merger between firms involved in totally unrelated activities- aiming product extension or market extension-Walt Disney and American Broadcasting Company</p> <p>Horizontal merger: A merger between the companies in the same industry-it is a type of business consolidation that occurs between firms that are competitors offering the same good- aims to gain market share. Example: Coca-cola and Pepsi beverage division.</p>																															
22.	<p>‘Navomy India Ltd’ are the producers of different sizes of Televisions. From the information given below calculate Break even Quantity of T.V. sets manufactured per month.</p> <table><tr><th>Size</th><th>Unit selling price (Rs.)</th><th>Unit Variable cost (Rs.)</th><th>Fixed expense per month (Rs.)</th><th>Contribution margin</th></tr><tr><td>24"</td><td>5,000</td><td>2,000</td><td>4,000</td><td>3000</td></tr><tr><td>32"</td><td>10,000</td><td>7,000</td><td>6,000</td><td>3000</td></tr><tr><td>36"</td><td>15,000</td><td>12,000</td><td>8,000</td><td>3000</td></tr><tr><td>42"</td><td>20,000</td><td>14,000</td><td>9,000</td><td>6000</td></tr><tr><td></td><td></td><td>Total</td><td>27000</td><td>15000</td></tr></table> <p>The company is expecting a sales ratio of 4:3:2:1 for each size respectively.</p> <p>Sales mix percentage C.M of 24" T.V = $3000 \times 4/10 = 1200$</p> <p>32" = $3000 \times 3/10 = 900$</p> <p>36" = $3000 \times 2/10 = 600$</p> <p>42" = $6000 \times 1/10 = 600$</p> <p>Weighted average contribution margin = 3300</p> <p>BEQ = Fixed expenses / weighted contribution margin</p> <p>BEQ of 24" = $4000/1200 = 3.33$</p> <p>BEQ of 32" = $6000/900 = 6.67$</p> <p>BEQ of 36" = $8000/600 = 13.33$</p> <p>BEQ of 42" = $9000/600 = 15$</p>	Size	Unit selling price (Rs.)	Unit Variable cost (Rs.)	Fixed expense per month (Rs.)	Contribution margin	24"	5,000	2,000	4,000	3000	32"	10,000	7,000	6,000	3000	36"	15,000	12,000	8,000	3000	42"	20,000	14,000	9,000	6000			Total	27000	15000	6
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23.	<p>a. Proforma investment decision</p> <p>b. Proforma financing decision</p> <p>c. Proforma income statement</p> <p>d. Proforma cash flow</p> <p>e. Proforma balance sheet</p> <p>f. Break-even-analysis</p> <p>Economic and social variables (each with a brief explanation)</p>	1 x 6 =6																														
24.	<p>1. Environmental Added Value: Less electricity-using less fuel-less harm to environment.</p> <p>2. Quality Added Value:-Adding convenience- ease of use-easy charging</p> <p>Other types of value addition are:</p> <p>1. Cause related value added:-contribution to social cause-</p>	1 ½ x 4 = 6																														

	<p>contribute a percentage of revenue for wild life sanctuary, educational facility, disadvantaged children etc</p> <p>2. Cultural added value: social marketing strategy that employs systems of production involving cultural aspects-considers sensitivities of cultural groups-Languages of ethnic group (with examples)</p> <p style="text-align: center;">OR</p> <p>Requirements of value chain management</p> <ol style="list-style-type: none"> a. Coordination and collaboration b. Technology investment c. Organizational process d. Leadership e. Employee or human resources f. Organizational culture and attitude 	
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