

INDIAN SCHOOL MUSCAT**FINAL EXAMINATION****JANUARY 2021****CLASS XII****SET A****Marking Scheme – ENTREPRENEURSHIP**

Q.NO	Answers	Marks (with split up)
SECTION A: OBJECTIVE TYPE QUESTIONS		
1.	False	1
2.	Innovation	1
3.	Natural / Watch trends	1
4.	Sum total of all current assets.	1
5.	Creative efforts / i.d,ii c, iii b, iv a	1
6.	Return on investment	1
7.	Private company	1
8.	Operational plan	1
9.	To know the strength, weakness, opportunities and threats of the business.	1
10.	Rohan should have copyrighted his work. It gives the creator of original work exclusive rights to it, usually for a limited time.	1
11.	ABC Analysis	1
12.	Shipping	1
13.	Skimming pricing / Penetration pricing	1
14.	Outdoor / ambient	1
15.	BTL / ATL	1
16.	Private placement / Rights Issue	1
17.	Cash Conversion cycle	1
18.	This is the result of financial factors such as lower taxes, higher debt capacity or better use of idle cash. The losses or unabsorbed depreciation can be set off by the combined firm./ Horizontal Merger.	1
19.	Business format franchise	1
20.	Franchise / Reverse acquisition	1
21.	Reorder level	1
22.	Cash Conversion Cycle is the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable. It represents the number of days a firm's cash remains tied up within the operations of the business. In a trading concern, operating cycle begins with outflow of cash towards the sale of finished goods for cash or credit. In a manufacturing concern there is a time gap between the first step of purchasing of raw materials to last step of selling goods and realizing cash.	1+1

23.	<p>a) It required the identification of wants of the market through market research. b) Classification of market into market segments c) Selecting the target market d) Developing a marketing plan</p> <p style="text-align: center;">OR</p> <p>There is an implied authority that a partner can act on behalf of firm. Mutual agency – The partnership business can be carried on by all the partners or any one of them acting for all.</p>	1+1
24.	<p>Economic ordering qty = Thus as Annual usage = 1200 Order cost = Rs. 500 Annual carrying cost of 1 unit = 30 EOQ = 200 Units</p>	1+1
25.	<p>a. Form Utility b. Time Utility</p>	1+1
26.	<p>Seed capital is required for conducting research at pre commercialization stage.</p> <p>Startup finance is required at the second stage where the entrepreneur requires money for starting and running the business.</p>	1+1
27.	<p>a) No manufacturing b) Partial manufacturing c) Full manufacturing</p>	1+1+1
28.	<p>Employment generation, Import substitution, ancillarization, Export promotion, Local resource utilization and Development of area.</p> <p style="text-align: center;">OR</p> <p>Importance of business plan</p> <ol style="list-style-type: none"> Determine the viability of venture Providing guidance to the entrepreneurs to identify the resources required, legal requirement etc.. To satisfy different interest groups For self-assessment and self-evaluation To realize the obstacles which cannot be avoided Focus on C's of credit – Character, Cash flow, Collateral and Equity contribution. 	1+1+1
29.	<ol style="list-style-type: none"> It is the simplest method. Add profit margin on total cost Evaluate the reasons for escalations in expenses 	1+1+1

30.	<p>Merger – It is combination of two companies to a larger company.</p> <p>Types of merger:</p> <ol style="list-style-type: none"> Conglomerate merger Horizontal merger Market extension merger Product extension merger Vertical merger 	1+ 3
31.	<p>A financial plan is a projection of financial data about</p> <ol style="list-style-type: none"> Potential investment needed for the new venture Economic feasibility of the enterprise <p>Components of financial plan.</p> <ol style="list-style-type: none"> Proforma investment decisions Proforma financing decisions Proforma income statement Proforma cash flow Proforma balance sheet Proforma break even analysis Socio Economic variables <p style="text-align: right;">(Any three)</p> <p style="text-align: center;">OR</p> <p>Private Company Reasons: a. Number of directors: Only two directors are required in case of a private company whereas a public company requires minimum three directors. b. Issue of prospectus: A private company does not invite the public to subscribe to its share capital. Hence, it doesn't issue a prospectus. c. Allotment of shares: Shares of a private company can easily be allotted without receiving a minimum subscription. d. The control and management is generally in the hands of the owners of capital which is not so in a public company. e. A non-member cannot inspect the copies of the P&L A/C filed with the Registrar.</p>	1+3

32.	<p><u>Ans.</u> Contribution Margin per unit for each product:</p> <table><tr><td>Product</td><td>Cardigans</td><td>Caps</td><td>Mittens</td></tr><tr><td>Sale price @ unit</td><td>Rs.200</td><td>Rs.100</td><td>Rs.75</td></tr><tr><td>Variable cost @ unit</td><td>Rs.100</td><td>Rs.60</td><td>Rs.25</td></tr><tr><td>Contribution</td><td>Rs.100</td><td>Rs.40</td><td>Rs.50</td></tr></table> <p>Weighted average Contribution Margin per unit</p> <table><tr><td>$100 \times 20\%$</td><td>$+ 40 \times 50\%$</td><td>$+ 50 \times 30\%$</td><td></td></tr><tr><td>$= 20+$</td><td>$20+$</td><td>$15=$</td><td>Rs.55.</td></tr></table> <p>Thus Weighted average CM per unit is Rs.55</p> <p>Break-even point in Units of sales mix = <u>Total Fixed cost</u></p> <p style="text-align: center;">Weighted average CM per unit</p> <p>$= \frac{\text{Rs.55,000}}{\text{Rs. 55}} = \text{Rs.1000}$</p> <p>Product Break-even in units-Cardigans- $1000 \times \frac{20}{100} = 200$ units</p> <p>Caps- $1000 \times \frac{50}{100} = 500$ units</p> <p>Mittens – $1000 \times \frac{30}{100} = 300$ units</p> <p>Product break-even in Rupees-Product units at break-even point \times price per unit</p> <ol style="list-style-type: none">Cardigans = 200 units \times Rs.200 = Rs.40,000Caps = 500 units \times Rs.100 = Rs.50,000Mittens= 300 units \times Rs.75= 22,500	Product	Cardigans	Caps	Mittens	Sale price @ unit	Rs.200	Rs.100	Rs.75	Variable cost @ unit	Rs.100	Rs.60	Rs.25	Contribution	Rs.100	Rs.40	Rs.50	$100 \times 20\%$	$+ 40 \times 50\%$	$+ 50 \times 30\%$		$= 20+$	$20+$	$15=$	Rs.55.	1+1+1+1
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33.	<p>Brand name and brand mark</p> <ol style="list-style-type: none">Individual brandingFamily brandingCorporate namesAlpha numeric names	2+4																								

34.	<p>Process – Creativity</p> <p>Steps -</p> <ul style="list-style-type: none"> i) Idea germination ii) Preparation iii) Incubation iv) Illumination v) product verification <p style="text-align: right;">(Point with explanation)</p>	1+5
35.	<p>Ans. Angel Investor</p> <p>Features</p> <ol style="list-style-type: none"> 1. Most angel investors are current or retired executives, business owners or high net worth individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards. 2. As angel investors bear extremely high risk and are usually subject to dilution from future investment rounds. They expect a very high return on investment. 3. Apart from investing funds, most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days. 4. Their objective is to create great companies by providing value creation, and simultaneously helping investors realize a high return on investments. 5. They have a sharp inclination to keep abreast of current developments in a particular business arena, mentoring another generation of entrepreneurs by making use of their experience. <p style="text-align: center;">OR</p> <p>Importance of environmental scanning.</p> <ul style="list-style-type: none"> b. Identification of opportunities to get first mover advantages c. Formulation of strategies and policies d. Tapping useful resources e. Better performance f. Sensitization of entrepreneurs to cope up with rapid changes g. Image building 	1+5

