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SET B



**INDIAN SCHOOL MUSCAT  
FIRST PRELIMINARY EXAMINATION  
ENTREPRENEURSHIP**

CLASS: XII

Sub. Code: 066

Time Allotted: 3 Hrs

17.01.2019

Max. Marks:70

**General Instructions:**

- a. This paper contains 24 questions in 5 parts and all the questions are compulsory.
- b. Internal choice is given in selected questions.
- c. There is no word limit for numerical questions.
- d. The instructions for each part are given separately .Read them carefully and follow.

**PART A**

**This part contains 5 questions carrying 1 mark each. Answers to these questions should be from one word to one sentence.**

- |   |   |   |
|---|---|---|
| 1 | What is PAN?                                | 1 |
| 2 | What is meant by Profession?                | 1 |
| 3 | Give the meaning of 'Economic Environment'. | 1 |

**OR**

What is trend spotting?

- |   |   |   |
|---|---|---|
| 4 | 'It is the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value.' Identify the process.   | 1 |
| 5 | Hari is an entrepreneur who wants to start an amusement park in Indore. He knows that she needs a huge amount of financial capital. According to you which of the financial institution will be more suitable to him? | 1 |

**OR**

Patamadai, a small town resides along the banks of the Tamaraparani river, 20Kms away from Tirunelveli in Tamilnadu. This place is world famous for its silken mats woven from grass. The majority of mats made in here have cotton warps and korai wefts. The process of mat weaving is time consuming and painstaking. This handicraft industry has gone through a cycle of transition from being most coveted to the most ignored. Producers had changed the method of production but off late many of them are reverting back to traditional methods of dyeing and processing the korai grass. Mass production now requires more finance. Which financial institution these producers should approach for help?

## PART B

**This part contains 5 questions carrying 2 marks each. Answers to these questions should be in 50 to 75 words.**

- 6 State any two rules of 'Goal Setting'. 2
- 7 Give the meaning of 'Routing' and 'Scheduling' as elements of operational plan. 2

### OR

A summary of the projected assets, liabilities and net worth of the entrepreneur is depicted through a proforma that helps entrepreneur to reflect the position of the business at the end of its first year. Identify the term referred here. To which component of Business Plan the Term belongs to?

- 8 Gaurav started a factory for manufacturing bags for the students of nursery and primary classes. He invested ₹.2, 00,000 of his own and obtained a loan of ₹10, 00,000 from bank. He made the instruction plan describing the details that were needed for the operation. 2

Identify and explain the format of 'business plan' described in the above para.

- 9 With its help the consumers are able to identify the products of a firm and are also able to differentiate them from those of the competitors. Identify the concept and state its components. 2

### OR

“It is the mixture of controllable variables that the firm uses to pursue the sought level of sales in the market”. Identify the concept and mention the components.

- 10 Name and define the form of business organization in which the liability of its members is unlimited. State one more feature of this form of business organization. 2

## PART C

**This part contains 7 questions carrying 3 marks each. Answers to these questions should be in about 100 words.**

- 11 What are the various factors than an entrepreneur has to keep in mind whilst assessing the market? 3
- 12 It is an association of persons who contribute money in the shape of shares and it gets a legal entity and enjoys a permanent existence. 3  
Identify the form of business organization and explain any two features.

### OR

An entrepreneur who is interested to operate his or her enterprise as an HUF is required to comply with various requirements. Explain any three such requirements.

- 13 State the advantages of 'Good Negotiations'. 3
- 14 'For the smooth and orderly functioning of corporate sector in a free market economy, stock exchanges are indispensable because of different roles played by them for different groups.' Explain the importance of stock exchange to investors in the light of this statement. 3
- 15 A book shop sells pens 30,000 quantities per year. Demand is uniform. Purchase cost is Rs ₹ 6 per pen. Holding cost per annum is 20% of purchase cost. Ordering cost is ₹ 500 per order. What should be the EOQ for the shop keeper? 3

**OR**

The Raja and Company has the following items in its Balance Sheet: stock -50,000 ; trade creditors -30,000; debtors -70,000; cash -100,000; dividend payable-45,000;short term loans-60,000; short term investments-75,000; tax45,000.

Calculate gross and net working capital.

- 16 Naveen after completing his M. Tech in Nano Technology wanted to start his own business. He thought to manufacture sophisticated instruments used in surgery. He knew that his knowledge of Nano Technology will help him in manufacturing these instruments. According to him such instruments will help the surgeons to operate upon the patients with accuracy, with minimum blood loss and quick post operation recovery. Such types of instruments are used in advanced countries only and there was a risk in marketing the same. The cost price of machinery required for manufacturing such instruments was very high and more research was required in this field of Nano Technology. For seed funding, Naveen approached 'Himani Capital Ltd.', who finance such types of projects. 'Himani Capitals Ltd.' after analysing the proposal agreed to provide seed capital to Naveen. 3

Explain the different stages of 'Early stage financing' to seek venture capital finance after the one discussed above.

**OR**

Going public is a complex decision that requires careful consideration and planning. Entrepreneurs should examine their current and future capital needs, and be aware of how an IPO will affect the availability of future financing. What are the drawbacks to an entrepreneur in going public?

- 17 'Pure Neer India Ltd.' is the manufacturers of water purifiers. The company has developed a new water purifier that not only converts the hard water into soft water but also kills the bacteria and other harmful micro organisms present in it. The company has named this water purifier as 'Nirmal Neer' and for its marketing, 428 appointed, salesmen throughout the country. The company also trained the salesmen to provide information about the usefulness of the 'Nirmal Neer' water purifiers to the customers and motivate them to buy the same. 3
- (a) Name and explain the 'type of promotion strategy' adopted by the company.
- (b) Also identify the channel of distribution used by the company.

### **PART D**

**This part contains 4 questions carrying 4 marks each. Answers to these questions should be in about 150 words.**

- 18 'Information for environmental scanning can be collected from several sources.' State any four such sources. 4

**OR**

Harish, after finishing his degree wanted to start his own business. He was confused as to the kind of business he should start. He attended a start-up session. One of the speakers stated that 'Creativity can be used to spot and harness opportunities as well as be applies to develop new products and services'. State any four ways in which creative ideas can be generated.

- 19 After doing her M.Com. from 'Himachal Pradesh University of Shimla', Komal went back to her village in Kinnaur district of Himachal Pradesh. She wanted to contribute for the development of women of her village, so she formed an organization, the membership of which was open for all the women villagers on voluntary basis by paying ₹ 500 only which will be treated as their capital. Komal knew that the land of her village was suitable for the farming of medicinal plants. So she motivated the members of her organizations for growing medicinal plants in their fields under the guidance and help of the local agricultural department. It was also decided that the organization will purchase the produce of each member and sell the same to drug manufacturing companies, at a very good price which was not possible for the members individually. The main objective of the organisation is to render services to its members rather than to earn profit. 4

A computer training centre for young boys and girls of the village was started under the guidance of Komal from the surplus of the profits.

- (a) Name the process that helped Komal in developing an idea into an opportunity.  
(b) Identify the kind of organization that was formed by Komal.  
(c) State any two values which Komal wanted to communicate to the society.

- 20 A beauty parlor had varying number of customers during 5 weeks. The details of total billing are given in the box. The cost of goods sold is 60% of the sale price. 4

Find out the Unit of Sale, Unit Price, Unit Cost and the Gross margin per unit of sale.

Week	No. of customers	Total amount billed(₹)	Average amount billed (₹) per customer
Week 1	10	1000	100
week 2	17	1445	85
Week 3	13	923	71
Week 4	22	5082	231
Week 5	18	3150	175

**OR**

What is Cash Conversion Cycle? Explain the stages with a diagram.

- 21 'Jagriti Ltd' are the manufacturers of Cars for the last 15 years and was earning good profits. Recently, due to the 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. 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. 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. 4

- (a) Identify and state the concept of 'Enterprise Marketing and Growth Strategies' discussed in the above para.  
(b) Identify anyone value which 'Jagriti Ltd' wanted to communicate to the society.

### **PART E**

**This part contains 3 questions carrying 6 marks each. Answers to these questions should be in about 200 words.**

- 22 'The process of generation of ideas' can be streamlined by developing awareness about it and these work as the convenient frames of references for this'. 6
- (a) Identify the concept stated in the above lines.  
(b) Explain any three sources of the concept identified which are used by an Entrepreneur.
- 23 Manav has started a restaurant on a National Highway in the name of 'Desi Dhaba' by spending ₹ 35, 00,000. He invested ₹ 15, 00,000 of his own and took a loan of ₹ 20, 00,000 from Dena Bank, @ 6% per annum. His monthly sales revenue is ₹ 13, 00,000 and cost of goods sold is ₹ 8, 00,000. He pays monthly salary of ₹ 4, 00,000 to his employees. The tax rate is 25%. You are required to calculate : 6
- (a) Return on Investment and  
(b) Return on Equity for Raj Singh

### **OR**

The School Go Ltd. Manufactures three products- Tiffin covers; Bottle covers; Pencil Pouch.  
Sale price per unit of each is ₹ 200, ₹ 100 and ₹75 respectively  
Variable cost per unit of each is ₹ 100, ₹ 60 and ₹ 25 respectively  
The Total fixed expenses of the company are ₹ 55, 000 per month.  
For the coming month, it expects the sale of three products in the following proportions :  
Tiffin covers:20%  
Bottle covers: 50%  
Pencil Covers:30 %  
Compute break - even point of the company in units and rupees for the coming month

- 24 An effective relation with the employees is essential ultimately to achieve the goals of the organization. But the effective relation depends on various factors. Explain them. 6

### **OR**

It is about building good relations with the stakeholders of the business by obtaining favorable publicity, building a good corporate image and handling or heading off unfavorable rumours, stories and events. Identify the term and mention main tools used by an entrepreneur in this regard.

**End of the Question Paper**