

**INDIAN SCHOOL MUSCAT**  
**FIRST PRE – BOARD EXAMINATION**  
**ENTREPRENEURSHIP**

VALUE POINTS-set A

	<b>SECTION A</b>	
	This part contains 17 objective questions carrying 1 mark each.	
	<b>Fill in the Blank</b>	
1	Ans: Economic Activity	1
2	Ans: Tourism Finance Corporation of India ( TFCI)	1
3	Ans: Business Environment	1
4	Ans: Start up finance	1
5	Ans: Market Research	1
6	Ans: EBITDA <div style="text-align: center;">Or</div> Ans: State Financial Corporations	1
	<b>State whether the following statements are ‘true’ or ‘false’</b>	
7	Ans: True <div style="text-align: center;">Or</div> Ans: Market Research -False	1
8	Ans: True	1
9	Ans: False	1
10	Ans: True	1
11	Ans: True.	1
12	Ans: True.	1
	<b>Multiple Choice Questions</b>	
13	Ans: Product	1
14	Ans: Negotiation	1
15	Ans: Watch Trend	1
16	Ans: D)Preparation	1
17	Ans: Capital Market	
	<b>SECTION B</b>	
18	Ans: 1. It’s basically equity finance to relatively new companies. 2. It involves high risk return spectrum 3. It not only provides capital but also provide business skills to the entrepreneur.	2
19	Ans: 1. Rapid capital formation 2. Boots economic development	2
20	Ans: In Family Branding entrepreneur use a common name for their several products.	2

	Example: Amul uses same name for all its products.  Or Ans: Sales Strategy Types: Direct Sales and Indirect Sales.																									
21	Ans: 1. Business failure 2. Reasons: Inadequate financing Management incompetence.	2																								
22	Ans: 1. It is a document which may stipulate the terms and consolidation of the agreement. 2. <b>Items that should be included in the agreement are -the name, nature and place of business.</b> amount of capital , profit sharing, salary and commission, duties and power	2																								
23	Ans: 1. An Internal Operational Plan 2. Importance: 1. Helps to know the feasibility of the venture 2.Helps to assess the bottlenecks in the growth of the business	2																								
24	Ans: 1. Opportunity spotting ----evaluating ideas-----identifying a product ----setting up a project.  Or Ans: 1. Incubation Illumination: idea resurfaces in realistic way and entrepreneur comes out with viable plan to give practical shape.	2																								
	<b>SECTION C</b>																									
25	Ans: It is advisable for an entrepreneur to opt for a direct channel of distribution in the following cases:  a. Where the producer or entrepreneur wants to have full control over distribution. b. when an entrepreneur wants to deal directly with the consumers. c. To cut distribution costs.	3																								
26	Ans Formula for break-even point = Fixed expenses / Gross margin  Gross Margin = selling price per unit - variable cost per unit  <table><tr><td>Machine</td><td>Selling</td><td>Variable</td><td>Gross</td><td>Fixed</td><td>BEP</td></tr><tr><td>Small</td><td>10000</td><td>3000</td><td>7000</td><td>35000</td><td>35000/7000 = 5</td></tr><tr><td>Medium</td><td>15000</td><td>8000</td><td>7000</td><td>35000</td><td>35000/7000 = 5</td></tr><tr><td>Large</td><td>20000</td><td>13000</td><td>7000</td><td>70000</td><td>70000/7000 =10</td></tr></table> Note: 1 mark for each horizontal calculation.	Machine	Selling	Variable	Gross	Fixed	BEP	Small	10000	3000	7000	35000	35000/7000 = 5	Medium	15000	8000	7000	35000	35000/7000 = 5	Large	20000	13000	7000	70000	70000/7000 =10	3
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27	Ans: (a) Angel Investor (b) Features (Any two) 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	3																								

	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.	
28	Ans: a. Cooperative Society b. Share of profit and joint management c. Support the poor in the society.	3
29	Ans: 1. Verbal information form customers, retailers, distributors etc. 2. Record of companies 3. Government publications.  Or <b>Ans:</b> 1. Proforma of Financing decision 2. It analyses sources of fund: Owners Outsiders – borrowed fund The entrepreneurs' job is to ensure the selection of the best overall mix of financing for the enterprise and thus the cost of capital and financial risk stands minimized and return on investment and profitability stands maximized.	3
SECTION D		
30	Economic Ordering Quantity $= \sqrt{2PD/C}$ Thus as : annual demand (D) = 20000 Order cost (P) = Rs. 500 Annual carrying cost of 1 unit (C) = 50 $EOQ = 2 \times 500 \times 20000 / 50$ $= 400000 \text{ units} = \sqrt{400000} = 632$	4
31	Ans: 1. Unrealistic price paid for the target 2. Difficulties in cultural integration 3. Overstated synergy 4. Poor business fit. ( explain each)  Or Ans: Searching Vendors---negotiating contracts----obtaining quotes----evaluating performance---updating vendor files --- make payments. ( Explain)	4
32	Creativity can be applied to develop new products and services. There are basically five ways in which creative ideas can be generated: 1. Develop a new product or service. 2. Improve an existing product or service 3. Find a new process or resource for manufacturing a product. 4. Find new markets for existing products or services. 5. Find a new use of an existing product or service. Example: It was found that while tightening screws, over tightening often resulted in damage to the fixtures. Here was a problem and the solution came in the form of a self-adjusting screwdriver which prevented over tightening.	4
SECTION E		
33	Ans:	6

	<p>A) Below-the-line</p> <p>B) Activities (any four)</p> <ol style="list-style-type: none"> <li>1. sponsorship</li> <li>2. sales promotions</li> <li>3. public relations</li> <li>4. personal selling</li> <li>5. direct marketing</li> </ol> <p>C) Above-the-line, through-the-line ( suitable explanation desired)</p>	
34	<p>Ans. The business plan is valuable to the entrepreneur, potential investors, venture capitalists, banks, financial institutions, new personnel's suppliers, customers, advisors and others who are trying to familiarize themselves with the venture, its goals, and objectives</p> <p>The business plan –</p> <ol style="list-style-type: none"> <li>a) helps in determining the viability of the venture in a designated market</li> <li>b) helps in providing guidance to the entrepreneur in organizing his/her planning activities as such: i) identifying the resources required ii) enabling obtaining of licenses if required etc. iii) working out with legal requirements as desired by the government.</li> <li>c) helps in satisfying the concerns, queries, and issues of each group of people interested in the venture.</li> <li>d) provides room for self-assessment and self-evaluation, requiring entrepreneur to think through various scenarios and plan ways to avoid obstacles.</li> <li>e) though not desirable, at times, business plan helps to realize the obstacles which cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money.</li> <li>f) as the investors/lenders focus on the four Cs of credit : character, cash flow, collateral and equity contribution, it is the business plan which reflects the entrepreneur's credit history, the ability to meet debt and interest payments, and the amount of personal equity invested thus serving as an important tool in funds procurement.</li> </ol> <p style="text-align: center;">Or</p> <ol style="list-style-type: none"> <li>1. voluntary association</li> <li>2. artificial person</li> <li>3. common seal</li> <li>4. winding up</li> <li>5. separate legal entity</li> <li>6. transferability of shares (explain any six relevant points)</li> </ol>	6