

INDIAN SCHOOL MUSCAT  
FIRST PRE – BOARD EXAMINATION

(ENTREPRENEURSHIP )  
VALUE POINTS

Set B

	<b>SECTION A</b> This part contains 17 objective questions carrying 1 mark each.	
	<b>Fill in the Blank</b>	
1	Ans: ExciseTax	1
2	Ans: SEBI	1
3	Ans: Resource Mobilization	1
4	Ans: Friend. Family and Fools.	1
5	Ans: Think Trend / spotting trend.	1
6	Ans: Budget  Or  Ans: Budget	1
	<b>State whether the following statements are ‘true’ or ‘false’</b>	
7	Ans: True  Or  Ans: True	1
8	Ans: false	1
9	Ans: False	1
10	Ans: True	1
11	Ans: False	1
12	Ans: True	1
	<b>Multiple Choice Questions</b>	
13	Ans: Management Expertise	1
14	Ans: Relevant	1
15	Ans: d. tap useful resources	1

16	Ans: Technological	1
17	Ans: Capital Market	1
	<b>Section : B</b>	
18	1. Increasing accountability 2. Vulnerable to unwelcome take over	2
19	Ans: 1. Serves as financing institution for credit for the promotion of activities in rural areas 2. Provide direct lending to any institution being approved by the Central Government.	2
20	Ans: 1. Brand Name 2. Brand mark 3. Trade mark ( explain each)  Or  1. Short, simple and easy to pronounce 2. Neither obscene	2
21	Ans: 1. Raw material 2. Pollution control 3. Machinery and equipment 4. Transport and communication	2
22	a. To fix minimum level of output to be produced b. Effect of change in quantity on profit c. Fixing selling price d. Fix profitable options in the line of production.	2
23	Ans: 1. A Company is created by law. Though it has no body ad no conscience, it still exists as a person having distinct personality of its own. 2. Like a human being it can buy, sell and own property, sue others, be sued by others.	2
24	Ans: Trend spotting --- 1. Read Trend 2. Talk Trend ( define each )  Or  Ans: 1. Analytical planning 2. Resource mobilization 3. Implementation 4. Commercial; application.	2
	<b>Section :C</b>	
25	Ans: 1. Branding 2. Components: 1. Brand name 2. Brand mark 3. Trade mark ( define any two	3
26		3

	<p>Ans:</p> <ol style="list-style-type: none"> <li>1. Gross Working capital = Sum total of all Current Assets = Cash + Debtors + Short term investment + Stock = 20,000+50,000+30,000+70,000= Rs.1,70,000 (1 mark)</li> <li>2. Current Liabilities = Outstanding expenses + Creditors + Short term loans = 5000 + 15,000 + 4000= Rs. 24,000 (1 mark)</li> <li>3. Net working capital = Current Assets-Current Liabilities ( ½ )</li> </ol> <p>Net working capital = 1,70,000-24,000= Rs. 1,46,000 ( ½ )</p>	
27	<p>Ans. Regulatory Functions</p> <ol style="list-style-type: none"> <li>a. NABARD is empowered to undertake inspection of RRBs and Cooperative Banks, other than the Primary Cooperative Banks.</li> <li>b. To open a new branch, a recommendation of NABARD is imperative by RRBs or Cooperative Banks to seek permission from RBI.</li> <li>c. RRBs and Cooperative Banks, along with RBI, are required to file returns and documents with NABARD.</li> </ol>	3
28	<p>Ans:</p> <ol style="list-style-type: none"> <li>1. Only two members required to form a private company</li> <li>2. Commence business immediately after incorporation</li> <li>3. Maintaining of index of members not required'</li> <li>4. Secrecy ( or any other three relevant points)</li> </ol>	3
29	<p>Ans. Uses of problem Identification:</p> <ol style="list-style-type: none"> <li>1. It helps an entrepreneur to bring out new products in the market</li> <li>2. Understand the problems and needs of the market</li> <li>3. Helps the entrepreneur to be creative</li> <li>4. Increase in employment generation</li> <li>5. Increase in national income of the country (Any four)</li> </ol>	3
<b>Section : D</b>		
30	<p>Equity 10,00,000 Debts 40,00,000 Capital employed 50,00,000</p> <p>Sales revenue (20,00,000*12)                      2,40,00,000 Less Cost of goods sold (10,00,000*12)                      1,20,00,000</p> <p>Gross profit                      1,20,00,000 (1 mark)</p> <p>Less fixed expenses (2,00,000*12)                      24,00,000 Interest on loan (40,00,000 *6/100)                      2,40,000 Total fixed cost                      26,40,000 (1 mark)</p> <p>Net profit before tax                      93,60,000 Less tax @18% (93,60,000*18/100)                      16,84,800 ----- Net profit after tax                      76,75,200 (1 mark)</p> <p>ROI = Net profit after tax/ capital employed *100</p>	4

	$= 76,75,200/50,00,000 * 100 = 153.50\% \quad (1 \text{ mark})$	
31	<p>Ans.</p> <p>Manufacturing franchise opportunity: These types of franchises provide an organization with the right to manufacture a product and sell it to the public, using the franchisor's name and trademark. This type of franchise is found mostly in the food and beverage industry. Most bottlers of soft drinks receive a franchise from a company and must use its ingredients to produce, bottle and distribute the soft drinks. <b>(2 marks)</b></p> <p><b>How do Franchising help Start-ups: (Any one)</b></p> <p>1. Franchising helps in the working of start-ups because the product already carries a name in the market which is otherwise the most difficult to establish. That is why start-ups pay royalty to the franchisor. Franchising offers an established product that saves efforts, time and money involved and hence help start-ups.</p> <p>2, It is very important that the salesman must know his product. In this case start-ups are the, salesman. Therefore, start-ups take up training to understand the product and franchisors make franchises fully conversant with the product/services that they have to offer. Franchisors charge a fee for this purpose and their motive at every step is 'Pay and Smile.</p> <p>3. Start-ups can grow rapidly without having to increase labour cost and other operating costs because generally buyers walk up to them straight away.</p> <p>4. In practice, Franchises work for the benefit of franchisors. In other words, they turn one plus one in to eleven. They help each other. Franchisor's efforts to boast his franchises are always sincere, so, there is no clash of interest.</p> <p><b>( any one – 1mark)</b></p> <p><b>Advantages of franchising—to the franchisor (any one)</b></p> <p>1. Quick expansion: A franchisor can expand a business nationally and even internationally by authorizing and selling franchises in selected locations. The capital necessary for this expansion is much less than it would be without franchising. Operating a franchised business requires fewer numbers of employees than a non franchised business. Headquarters and regional offices can be lightly staffed, primarily to support the needs of the franchisees. This allows the franchisor to maintain low payroll and minimize personnel problems.</p> <p>2. Cost advantages: The franchisor can purchase supplies in large quantities thus, achieving economies of scale that would not have been possible otherwise. Many franchise businesses produce parts, accessories, packaging and raw materials in large quantities, and then sell these to the franchisees. One of the biggest cost advantages of franchising a business is the ability to commit larger sums of money to advertising. This pooling of resources allows the franchisor to conduct advertising in major media across a wide geographic area. <b>( any one -1 mark)</b></p> <p style="text-align: center;">Or</p> <p>Ans:</p> <ol style="list-style-type: none"> <li>1. Identifying objectives</li> <li>2. Determining employee needs</li> <li>3. Balancing work and life needs</li> </ol> <p>Open and honest communication ( explain briefly)</p>	4
32	<p>Ans.</p> <p>1. Application and use Ideas should be examined for their real life use and application. If it already exists in the market, we will have to find out its present use, and then we may think of modifying it for better use. In the above mentioned example, we can clearly see that even though there are many companies manufacturing pen drives, the latest will be in consonance with the upcoming trends.</p> <p>2. Level of operation This is a crucial test for product/service identification. Depending on the use of the product/service the entrepreneur will produce it in a cottage industry or a small scale–industry or a large–scale industry.</p>	4

	<p>3. Competition Any product or service will face market competition at some stage. So market competition should be assessed through a study of the trends in demand and supply.</p> <p>4. Annual turnover and profit margin: Ideas should also have to examined on the basis of expected annual turnover. This will also indicate the market share of the product or service.</p>	
	<b>Section -E</b>	
33	<p>a. Ans: <b>Price Skimming-</b> It is the method where the initial price is set high to attract brand conscious customers and to recover the research and development cost quickly. <b>Penetrating price-</b> It is a method where the prices are kept low or at par with the competitors in order to gain the market share. Once it is achieved the prices are gradually increased to match up with the market</p> <p>b. Ans. Price Skimming</p> <ol style="list-style-type: none"> <li>1. Goods are sold at higher prices so that fewer sales are needed to breakeven</li> <li>2. It is usually employed to reimburse the cost of investment of the original cost</li> <li>3. It is used to target 'early adopters' of a product or service</li> </ol> <p><b>Price Penetration:</b></p> <ol style="list-style-type: none"> <li>1. Price is initially set at a price lower than the eventual market price to attract new customers.</li> <li>2. It has a marketing objective of increasing market share rather than to earn profit.</li> </ol> <p>It works on the expectation that customers will switch to the new brand because of the low price.</p>	6
34	<p>a). Production Plan (1 mark)</p> <p>b).</p> <p>a) No manufacturing involved: If the new venture does not include any manufacturing function, say it's a trading firm or a service provider, then this section will stand eliminated from the plan. ( 1 mark)</p> <p>b) Partial manufacturing: If some or all the manufacturing process is to be subcontracted or outsourced, then the production plan should describe: i) Name and location of subcontractor(s) ii) Reasons for their selection iii) Cost and time involved iv) Any contracts that have been completed etc. In such cases, a clear mention of what entrepreneur intends to do himself and what he plans to get it done from outside is required. ( 2 marks)</p> <p>c) Complete Manufacturing: If the manufacturing is to be carried out in whole by the entrepreneur, he/she will need to describe: i) the physical plant layout, ii) the machinery and equipment required to perform the manufacturing operations, iii) raw materials and suppliers names, addresses, terms and conditions, iv) cost of manufacturing v) any future capital equipment required etc ( 2 marks)</p> <p style="text-align: center;">Or</p> <p>Ans.</p> <p>a. Partnership</p> <p><b><u>Features:</u></b></p> <p>Partnership deed</p> <p>Implied authority</p> <p>Consequences of non-registration of a partnership firm: a. A partner cannot file a suit in any court against the firm or other partners for the enforcement of any right arising from a contract or right conferred by the Partnership Act. b. A right arising from a contract cannot be enforced in any court by or on behalf of the firm against the third party. c. The firm or any of its partners cannot claim a set off or other proceedings in a dispute with a third party</p>	6