

Roll Number

SET A



INDIAN SCHOOL MUSCAT
SECOND PRE - BOARD EXAMINATION
ENTREPRENEURSHIP (066)

CLASS: XII

TERM 2

Time Allotted: 2 hrs.

05.03.2022

Max. Marks : 35

GENERAL INSTRUCTIONS

1. The paper is divided into 3 Sections
2. Section-wise overall choice is given to the students.
3. Section A (2 markers) has 6 questions. Attempt any 4 out of 6.
4. Section B (3 markers) has 5 questions. Attempt any 4 out of 5.
5. Section C (5 markers) has 4 questions. Attempt any 3 out of 4.

Q. No.	Question	Marks
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SECTION A

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| 1. | Ralf Stores sells 1000 toasters annually. Demand for the product is uniform. Purchase Cost per toaster is ₹50. Holding cost per annum is 10% of purchase cost. Ordering cost is ₹400 per order. Calculate the Economic Ordering Quantity for toasters. | 2 |
| 2. | From the given situations, identify and explain the method of floatation of new issues:
(a) Jindal cements is in need of additional capital for its new venture. It decides to raise funds by selling the issues mainly to General Insurance Corporation of India and Life-Insurance Corporation of India.
(b) Mr. Satya is holding 100 shares of Dutta Ltd. He has been given a privilege offer to subscribe to a new issue of Dutta Ltd. in proportion of his current shareholding with the company. Mr. Satya was unwilling to subscribe, so he renounced the offer in favor of Deepak who bought the shares. | 2 |
| 3. | The tyre industry in India is dominated by 'ABC Tyres'. 'ABC Tyres' procures 70% of its raw material from 'Latex Ltd'. The major production of 'Latex Ltd' is natural rubber, synthetic rubber, carbon black and oil which is used by 'ABC Tyres' in its manufacturing processes. After due diligence, they decide to merge with each other.
If they merge, 'ABC Tyres' doesn't need to look for a vendor and sourcing raw materials would be seamless. On the other hand, as a result of the merger, 'Latex Ltd' doesn't need to worry about the sales and marketing. All they need to do is to improve their processes to produce better raw materials for 'ABC Tyres'. After the merger the combined entity will be known as 'ABC Tyres'.
(i) Identify and explain the type of merger between 'ABC Tyres' and 'Latex Ltd'.
(ii) Why is due diligence required before merger? | 2 |

(iii) Which is the most dominant reason for this merger? Explain.

4. Why are copyrights and patent important for an entrepreneur? 2
5. Differentiate between internal expansion and external expansion. (any two) 2
6. In order to distinguish their products from that of their competitors, the marketers give some names to their products. After identifying the concept, name and give two examples each of its different types. 2

SECTION B

7. Give the meaning of 'Cash Conversion Cycle'. How Cash Conversion Cycle of a trading concern different from a manufacturing concern? 3
8. From the following information, calculate 'Return on Equity': 3
Capital ₹6,00,000, 10% Loan ₹2,00,000, Net profit before interest ₹1,40,000.
9. Jagan started a Supermarket Store, 'Reliant'. Its products are sourced from hand-picked suppliers. These products are sold under Reliant's own brand. Its promotion strategy is very specific and focuses on targeted groups of customers. The purpose of this promotions strategy is to develop the brand 'Reliant' by creating awareness among the customers. To do this, Reliant's Facebook and Twitter pages encourage two-way communication with customers. These social media channels provide a platform through which Reliant can interact with customers. It can then assess their opinions about the brand. 3
Identify the promotion strategy adopted by Reliant.
List two activities that are included in the strategy identified in (a) above for creating brand awareness
Also, explain the promotion strategies other than the one identified in (a) above.
10. Explain how franchising helps Start-ups. 3
11. Read the following article from a business magazine and answer the questions that follow: 3
"RPZ Ltd. is a large Indian Company focusing on the production and supply of leather seat covers for car manufacturers. Every year, the Company undertakes some community activity that it sponsors at the expense of 5% of its annual gross profit. The Company has actively sponsored social projects in education, environment conservation, sustainable agriculture, healthcare, digital literacy, sports and culture over the past many years of its existence. These activities have helped the Company to build a corporate image and obtain favorable publicity. The Chairman of the Company in a recent interview said that the Company is looking for new avenues to extend its public relations in the years to come."
(a) Quoting lines from the paragraph, identify and explain the reasons for RPZ Ltd. to maintain good public relations.
(b) List down two main public relations tools that the Company can use in future, other than the ones identified in (a)

SECTION C

12. Mr. Samuel a retired CEO of a well reputed company desires to encourage entrepreneurial ventures in IT sector. He was approached by Nitin, a budding entrepreneur in IT sector whose venture was in a start-up stage and was falling short of funds. Apart from investing funds, Mr. Samuel also provided proactive advice, guidance and industry connection and thus, simultaneously helping them in raising high returns on investment. Identify and explain features of the source of raising finance used by Nitin. 5
13. What is meant by Capital Market? Also explain any four drawbacks of public issue. 5
14. What are the different types of acquisitions? 5
15. Blessy Ltd., decided to diversify into manufacturing vitamin enriched water apart from their original business of cold drinks. The finance and marketing department sat and decided to adopt either of these two pricing techniques - adding a certain percentage of profit to the cost of production or to sell at a lesser amount so as to capture huge market. They put forth their finding to the CEO. Identify the technique and state two advantages for each pricing method. 5

End of the Question Paper