



**INDIAN SCHOOL SOHAR**  
**TERM II EXAMINATION 2018-2019**  
**SUBJECT:ENTREPRENEURSHIP(066)**

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**Date: 26/11/2018**

**Max.Marks: 70**

**STD: XII**

**Duration: 3hrs**

**General Instructions:-**

- (i) This paper contains 24 questions in 5 parts and all questions are compulsory.
- (ii) There is no word limit for numerical questions.
- (iii) The instructions for each part are given separately. Read them carefully and follow.

**Part A**

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

1. Name the different forms of budgeting. 1
2. Suman Ltd., set up their small manufacturing unit producing bucket seat covers in the name of 'Comfy'. The product was a great hit. After sometime, SMW- market leaders in luxury car manufacturing planned to join hands with Suman Ltd. Such a deal will allow SMW to obtain better pricing and control over the manufacturing process. Identify this type of growth strategy. 1
3. "For a viable venture to be born, an entrepreneur is required to apply his knowledge, skill, competencies and creativity strategically to market". Identify the requirement to be complied with by these factors for successful processing of an idea into opportunity. 1
4. Eagle Bancshares headquartered at Atlanta, Georgia has 283 workers. It has almost 90,000 accounts and looks after asset worth US \$1.1 billion. RBC, a Canadian bank acquired Eagle Bancshares. This acquisition enables the RBC to go ahead with its growth operation in the North America market. Identify the type of merger. 1
5. What is Right Issue? 1

**Part B**

This part contains 5 questions carrying 2 mark each. Answer to these questions should be in 50 to 75 words.

6. Explain the term SKU. 2
7. Naryani is a model and is very conscious about her skin. After reviewing several creams and lotions she decided to purchase "Diamond premium" cream which is a sunscreen and fairness cream rolled in one. She paid 400 for 150gm lotion and was satisfied with the deal. Identify the factors were considered by her before deciding on the value to be placed on the above cream. 2

1

8. Explain routing and scheduling? 2
9. How entrepreneurs can raise funds by selling the issue mainly to the institutional investors? 2
10. State, giving reasons, whether the following requires small or large working capital:
  - (i) Selling ice-cream.
  - (ii) Following a liberal credit policy.
  - (iii) Dealing in stainless steel wares.
  - (iv) Using capital intensive technology. 2

### Part C

This part contains 7 questions carrying 3 mark each. Answer to these questions should be in about 100 words.

11. Subhash runs an electrical shop in Lucknow. The most sold product in his shop is ceiling fans. The annual demand for fans is ₹32,000. The annual holding cost per unit is ₹192. The cost incurred in placing an order is ₹3000. Calculate the Economic Ordering Quantity of Ceiling fans. 3
12. "All ideas need not necessarily become sound business opportunities". In reference to this statement explain the first three steps in idea and opportunity assessment. 3
13. Explain any three types of Intellectual property rights. 3
14. A factory is engaged in manufacturing plastic buckets from the following information is available
 

Sales = ₹100000  
 Direct labour cost (1000 units) = ₹10000  
 Direct material cost (1000 units) = ₹25000  
 Direct expenses (1000 units) = ₹5000  
 Fixed cost = ₹30000.

 calculate variable cost per unit, total cost, break-even point in rupees and in units. 3
15. Vedha and his sons were in family business. Vedha took all decisions regarding business, as being eldest in the family. Vedha was taking all decisions and business was suffering losses. There was a huge debt burden too. The sons were not allowed to take any decisions and even inspect the books of accounts. Vedha had to sell off his house to set off debts, whereas sons were not responsible for the debt's settlement.
  - (i) Identify and explain the form of business discussed in above para.
  - (ii) Explain any other two characteristics of this business. 3
16. Lately many companies have planned for significant investment in organized retailing in India. Several factors have prompted their decisions in this regard – Customer income is rising. People have developed a taste for better quality products even though they may have to pay more. The government permitted cent percent foreign

direct investment in some sectors of retailing. Identify and explain the various factors according to PESTEL model from the above para.

17. Explain the importance of stock exchange from the view point of companies. 3

#### Part D

This part contains 4 questions carrying 4 mark each. Answer to these questions should be in about 150 words.

18. Explain the process involved in planning a sound financial management strategy. 4

19. Sandeep had started his business of dairy products in 2013. He wanted to expand his business but did not have the necessary funds. One of his friends suggested that he should approach Mr. Goel, a venture capitalist for further funds. When Sandeep approached Mr. Goel, he was given three minutes for explaining his business proposition.

Identify and explain the format of business plan referred in the above para. 4

Explain the other three types of business plan. 4

20. Employee relationship management is a process that a company uses to effectively manage interactions with employees to achieve the goals of the organization'. In this light of statement explain any three factors that lead to effective employee relationship.

State any two values that the company may communicate when it tries to maintain healthy relationship with their employees. 4

21. Multan Trucks Ltd. 'are the manufacturer of commercial trucks for the last 20 years. The company had been doing good business but recently due to irregular supply of parts by its suppliers, the company could not make timely delivery of trucks to the parties who had booked their trucks. the customers cancelled their booking and there were very few new bookings. The ideals of the company started declining that resulted into losses. The management of the company analyzed the problem and decided to take over those two firms because of whom the problem arose, one of them was supplying tyres for trucks and axles to the company. The company also extended credit facilities to the customers and started booking the trucks without charging any booking amount. It also decided to employ 70 unemployed youth with 50% reservation for females to take up the cleaning operations, using the imported machines, inside the factories as well as the surrounding areas.

(a) Identify and explain the concepts discussed in the above paragraph.

(b) Explain any other two concepts also.

(c) Identify any value which 'Multan Trucks Ltd' wants to communicate to the society.

## Part E

This part contains 3 questions carrying 6 mark each. Answer to these questions should be in about 200 words.

22. Arushi finished her graduation course on designing from a reputed university. She wanted to pursue higher studies from a foreign university. Her father felt that she should work for some time, gain some experience and then proceed to further study. Taking his advice she joined a top advertising firm 'Crypton Ltd'. The company was very famous and they had several important clients. As her first assignment, Arushi had to design an advertisement for print media for one of their major clients 'Amoridilla Soaps'. They were introducing new ayurvedic soap and they wanted Crypton to design an advertisement which was unique. Arushi started researching on the various rules of designing advertisement. She learnt that all good advertisements should elicit responses. 6

a. State the responses and rules to be followed while designing an advertisement.

b. Also, Identify and explain the promotion strategy followed by 'Amoridilla Soaps'.

23. Explain the steps for the development of cash management that helps an entrepreneur in knowing how much cash generation and expenditure is anticipated over a chosen period of time in future. 6

24. Ravindra has started a restaurant on a National highway in the name of 'Janta Dhaba' by spending ₹25, 00,000. He invested ₹10, 00,000 of his own and took a loan of ₹15, 00,000 from Dena Bank @ 6% per annum. His monthly sales revenue is ₹17, 00,000 and cost of goods sold is ₹9, 00,000. He pays monthly salary of ₹3, 00,000 to his employees. The tax rate is 25%.

You are required to calculate

(a) Return on investment and

(b) Return on Equity for Ravindra. 6

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