

Time : 3 Hours  
Maximum Marks : 70

# ENTREPRENEURSHIP

CBSE  
Sample Question Paper

## Solutions of Question Paper (2020)

### SECTION-A

- |  |   |
|--|---|
| 1. Organisational                        | 1 |
| 2. Angel                                 | 1 |
| 3. Private placement                     | 1 |
| 4. Innovation                            | 1 |
| 5. Environment scanning                  | 1 |
| 6. Margin of Safety=Profit/(P/V Ratio)   | 1 |
| OR                                       |   |
| Financial management                     | 1 |
| 7. True                                  | 1 |
| OR                                       |   |
| False                                    | 1 |
| 8. False                                 | 1 |
| 9. True                                  | 1 |
| 10. True                                 | 1 |
| 11. True                                 | 1 |
| 12. True                                 | 1 |
| 13. (a) Strategic positioning            | 1 |
| 14. (a) Customer relationship management | 1 |
| 15. (a) Trend spotting                   | 1 |
| 16. (b) Pitch deck with oral narrative   | 1 |
| 17. (a) ABC Analysis                     | 1 |

### SECTION-B

18. Gross Working capital = Sum total of all Current Assets  
 = Cash + Debtors + Short term investment + Stock  
 = 20,000 + 50,000 + 30,000 + 70,000 = ₹ 1,70,000
- Net Working Capital = Current Assets – Current Liabilities  
 Current Liabilities = Outstanding expenses + Creditors + Short term loans  
 = 5,000 + 15,000 + 4,000 = ₹ 24,000
- Net working capital = 1,70,000 – 24,000 = ₹ 1,46,000

2

2

OSWAAL CBSE Sample Question Papers, **ENTREPRENEURSHIP**, Class-XII

19. **Angel Investor** : He is an affluent individual who provides capital for a business start-up and early stage companies having a high-risk, high-return matrix usually in exchange for a convertible debt or ownership equity. 2
20. **Business format franchise opportunity** : In this approach, a company provides a business owner with a proven method for operating using the name and trademark of the company. The company also provides significant amount of assistance. 2
21. (i) **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 most often in the food and beverage industry.  
 (ii) Franchisee must use the ingredients given by the franchisor to produce, bottle and distribute the soft drinks. 1+1=2
22. **Product identification** : An entrepreneurial idea leading to a definite product after opportunity spotting and scanning of the environment is called product identification.  
**(In case a child has identified the same as problem identification with relevant explanation, suitable marks should be awarded).** 2
23. The right information combined with the right adaptations can determine an organization future viability. If an entrepreneur is not aware of the environment surrounding his or her business, he/she will not succeed. 2

OR

Following steps are followed to identify target market while preparing marketing plan:

- (i) Deciding what the general market or industry, entrepreneur wishes to pursue;  
 (ii) Divide the market into small groups;  
 (iii) Buying situations;  
 (iv) Selecting segment and developing market plan.  $\frac{1}{2} \times 4 = 2$
24. Routing is a process concerned with determining exact route or path a product/service has to follow, right from raw material till its transformation into a finished product. Scheduling means fixation of time, date, day when each operation is to be commenced and completed. 1+1=2

OR

**Business situation analysis** : It refers to a review of past performance and achievements of the enterprise.

**Identifying the target market** : It defines clearly the specific group of potential customers who are needed by the enterprise to fulfil its aims. 2

**SECTION-C**

25. (i) **Pricing method-Penetration Pricing**  
 (ii) (a) Results in fast diffusion and adoption.  
 (b) Creates goodwill among the early adopters.  
 (c) Creates cost control and cost reduction from the start leading to greater efficiency.  
 (d) Discourages the entry of competitors, low price acts as barrier to entry.  
 (e) Create high stock turnover throughout the distribution channel.  
 (f) Create critically important enthusiasm and support in the channel.

1+1+1=3

**Answering Tip**

- Remember that to attract more customer, marketer have to set the prices low, i.e., penetrating pricing.

## Solutions

$$26. \quad \text{Economic Ordering Quantity} = \sqrt{\frac{2 \times \text{Annual demand} \times \text{Ordering cost per unit}}{\text{Carrying cost per unit}}}$$

Thus as : Annual demand (D) = 2,000 kgs.

Order cost (P) = ₹ 500

Annual carrying cost of 1 unit (C/i) = ₹ 50

$$\text{EOQ} = \sqrt{\frac{2 \times 2,000 \times 500}{50}} = 200 \text{ units}$$

3

27. (i) Public Limited Company

(ii) The reward investors seek is an appreciation of their investment and possibly dividends.

(iii) While there are benefits to going public, it also means additional obligations and reporting requirements such as :

- Increasing accountability to public shareholders ;
- Need to maintain dividend and profit growth trends ;
- Becoming more vulnerable to an unwelcome takeover ;
- Need to observe and adhere strictly to the rules and regulations by governing bodies ;
- Increasing costs in complying with higher level of reporting requirements ;
- Relinquishing some control of the company following the public offering ;
- Suffering a loss of privacy as a result of media interest.

(Any four)  $\frac{1}{2} + \frac{1}{2} + 2 = 3$

OR

(i) **Dissemination of useful information** : Stock exchange publishes useful information regarding price lists, quotations, etc., of securities through newspapers and journals.

(ii) **Ready market** : Persons desirous of converting their shares into cash may easily do so through a member of stock exchange.

(iii) **Investors' interests protected** : Stock exchanges formulate rules and regulations so that members may not exploit the investors.

(iv) **Genuine guidance about the securities listed** : The investors can safely depend upon the information provided by the stock exchanges.

(v) **Barriers of distance removed** : Stock exchange removes the barriers of distance with regard to securities listed there.

(vi) **Knowledge of profit or loss on investments** : The investors can estimate the profit or loss on the total amount of investments in securities, by comparing the original amount invested and the price of securities on a particular day.

(Any three) 3

28. **Importance of business plan :**

- Helps in determining the viability of the venture.
- Helps in providing guidance.
- Helps in satisfying the concerns, queries, and issues of each group.
- Provides room for self-assessment and self-evaluation.
- Helps to identify the road blocks or obstacles.
- It gives the details of the investment, credit worthiness.

$1\frac{1}{2} \times 6 = 3$

29. Creativity is an important and key component of the talents and abilities needed for an entrepreneur for spotting and to harness opportunities. It can also be applied to develop new products and services. There are basically five ways in which creative ideas can be generated:

- Develop a new product or service.
- Improve an existing product or service.
- Find a new process or resource for manufacturing a product.
- Find new markets for existing products or services.
- Find a new use of an existing product or service.

3

**Commonly Made Error**

- Students write idea trends as ways of generating creative ideas.

**Answering Tip**

- Ways are forms in which ideas can be generated. So students should write the forms of creative ideas.

OR

To sense an entrepreneurial opportunity, an entrepreneur employs his/her sharpened skills of observation, analysis and synthesis to identify an opening. The most important factors involved in the process are :

- Ability to perceive and preserve basic ideas which could be used commercially;
- Ability to harness different sources of information and analyse it to the best possible extent;
- Vision and creativity helps them to convert solution into business opportunity and helps them to move forward overcoming all the obstacles.

3

**SECTION-D**

30. Step 1 :

Particulars	Ballpoint Pens	Sketch Pens	Gel Pens
Sales price / unit	40	45	75
Less : Variable cost / unit	20	30	40
Gross Profit/margin	20	15	35

Step 2 :

$$20 \times \frac{2}{5} = 8$$

$$15 \times \frac{1}{5} = 3$$

$$35 \times \frac{2}{5} = 14$$

Step 3 :

$$\text{Weighted contribution} = 8 + 3 + 14 = 25$$

Step 4 :

$$\begin{aligned} \text{Apply formula and calculate} &= \frac{\text{Total fixed cost}}{\text{Weighted contribution}} \\ &= \frac{75,000}{25} = 3,000 \text{ units} \end{aligned}$$

Step 5 :

Ballpoint Pens – 1,200 units

Sketch Pens – 600 units

Gel Pens – 1,200 units

Step 6 : BEP in Rupees

$$\text{Ballpoint Pens} - 1,200 \text{ units} \times 40 = ₹ 48,000$$

$$\text{Sketch Pens} - 600 \text{ units} \times 45 = ₹ 27,000$$

$$\text{Gel Pens } 1,200 \text{ units} \times 75 = ₹ 90,000$$

4

31. Advantages :

- Product acceptance** : The franchisee usually enters into a business that has an accepted name, product or service. The franchisee does not have to spend resources trying to establish the credibility of the business. That credibility already exists based on the years the franchise has existed.
- Management expertise** : Another important advantage to the franchisee is the managerial assistance provided by the franchisor. Each new franchisee is often required to take a training program on all aspects of operating the franchise. This training could include classes in accounting, personnel management marketing and production.

## Solutions

- (iii) **Capital requirements** : Starting a new venture can be costly in terms of both time and money. The franchise offers an opportunity to start a new venture with up-front support that could save the entrepreneur's significant time and possibly capital.
- (iv) **Knowledge of the market** : Any established franchise business offers the entrepreneur years of experience offered to the franchisee that details the profile of the target customer and the strategies that should be implemented once the operation has begun. This is particularly important because of regional and local differences in markets.
- (v) **Operating and structural controls** : Two problems that many entrepreneurs have in starting a new venture are maintaining quality control of products and services and establishing effective managerial controls. And this can be overcome with the help of franchising. **(Any four) 4**

## 32. The formats of the business plan are :

- (i) **Elevator pitch** : Three minute summary of the business plan.
- (ii) **A pitch deck with oral narrative** : It should be slide show with oral narrative to trigger discussion.
- (iii) **A written presentation for external stakeholders** : A detailed well written formatted plan for external stakeholders only
- (iv) **An internal operational plan** : It is a detailed plan describing the planning details needed by the management. **1×4=4**

OR

## The objectives of an operational plan are as follows :

- (i) Plan for production/operation in advance.
- (ii) Establishing the exact route of each individual item, part of assembly.
- (iii) Setting, starting and finishing dates for each important assignment/work.
- (iv) Regulating the orderly movement of goods through the entire manufacturing cycle i.e., right from procurement of all materials to the shipping of finished goods. **4**

## SECTION-E

33. **Customer relationship management** : It is the process of carefully managing detailed information about individual customers in order to manage loyalty.

- (i) CRM solutions enable companies to provide excellent real-time customer service through the effective use of individual account information.
- (ii) With each new advancement in technology customer relationship is being managed electronically. Good CRM system will collect, manage and link information about the customer with the goal of letting market and sell services effectively.
- (iii) (a) Storing all the data from all departments in a central location gives management and employees immediate access to the most recent data when they need it.
- (b) Departments can collaborate with ease
- (c) View of all customer information, knowledge of what customers and the general market wants. **(Any two) 2+1+1+2=6**

## 34. Operational plan is a system with the help of which a smooth and coordinated flow of work within the business is achieved. The operational plan focuses on the critical operating factors.

## Following are the elements / components of an operational plan :

- (i) **Routing** : It is a process which determines the exact path a product has to follow right from raw material till its transformation into a finished product.
- (ii) **Scheduling** : It means fixation of time, date and day when each operation needs to be commenced.
- (iii) **Follow-up** : It relates to evaluation and appraisal of work performed. It is needful in finding errors and defects in the work.
- (iv) **Dispatching** : It involves issuing necessary order, instructions and guidelines, etc.
- (v) **Inspection** : Inspection is the art of comparing materials, product or performance with the established standards.
- (vi) **Shipping** : It describes the flow of goods/services from production level to the ultimate consumers. It is the detailed presentation by the entrepreneurs explaining the steps in completing the business transaction profitably. **1 × 6 = 6**

OR

The investment decisions relate as to how the enterprise's funds are invested in different assets so that the enterprise is able to earn highest possible return on investment. Carefully and clearly the investment should be made sequentially for :

- (i) Land and building
- (ii) Machinery and plant
- (iii) Installation cost
- (iv) Preliminary expenses
- (v) Margin for working capital
- (vi) Expenses on research and development
- (vii) Investment in short term assets viz raw material, level of cash etc.

6

□□□

