

CBSE Class 12 Entrepreneurship 2022 - Set 98 - Compartment

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)



Time Allowed: 2 Hours

Maximum Marks: 35

General Instructions

- (i) This question paper contains 15 questions. Marks are indicated against each question.
- (ii) All questions are compulsory, subject to the section-wise overall choices given below.
- (iii) The question paper is divided into three sections: A, B and C.
- (iv) Section A: Questions 1–6 carry 2 marks each. Attempt any 4 questions out of 6.
- (v) Section B: Questions 7–11 carry 3 marks each. Attempt any 4 questions out of 5.
- (vi) Section C: Questions 12–15 carry 5 marks each. Attempt any 3 questions out of 4.

Section A

Attempt any 4 questions out of 6 questions from this section.

1. 'Gizmo Gadgets' sold a variety of 'Android Tablets' and 'Pen Tablets' during the COVID-19 pandemic as the schools and offices operated online.

Monthly demand for 'Android Tablets' for the year 2021 – 2022 is 150 units. Purchase cost of each tablet is ₹ 3,600. Holding cost per annum is 10% of the purchase cost. Ordering cost is ₹ 1,000 per order.

Calculate the Economic Order Quantity for 'Gizmo Gadgets'.

2. Who are Business Angels ? State their objectives in giving assistance to start-ups.

3. Why is Sales Promotion initiative referred to as "below the line" promotion strategy ? State by giving any two reasons.

4. How is effective operational control maintained by a franchisor in a franchise ? State by giving any two points.

5. Name the most common and traditional channel of distribution. Mention the types of products and producers it is best suited for.

6. 'Iceberg Foods Ltd.' has a bottling plant of producing flavoured milk. It produces different varieties of flavoured milk ranging from Vanilla to Kesar Pista. The company has its own dairy farms for regular supply of fresh milk. The labels that are affixed on the bottles are supplied by 'C2X Graphics'. Glass bottles are supplied by 'Bharat Glass Works'. Caps for the bottles and crates are supplied by 'Pune Plastics'. 70% of the total business of 'Bharat Glass Works' and 'Pune Plastics' is with 'Iceberg Foods'.

To create a better supply chain, 'Iceberg Foods' merged its operations with 'Bharat Glass Works' and 'Pune Plastics'.

(a) Identify and explain the type of merger that took place between the three companies.

(b) Also, identify the type of synergy that would be created by this merger.

Section B

Attempt any 4 questions out of 5 questions from this section.

7. What is meant by 'Intellectual Property Rights' (IPR) ?

Identify and explain the IPR that have been discussed in situations given below :

(a) Rajat developed a computer software which has technical application to industry. It has granted many rights to Rajat in exchange of the public disclosure of the invention.

(b) Subir, a chemist at 'Beyond Health Ltd.', developed a unique sulphate free soap base that can be used for making shampoos, face wash, body wash, gel, etc. Its formula has been kept confidential by Subir and this will give the enterprise a competitive edge.

8. ABC International has two subsidiaries operating in different product lines. The management desires to know which of the two subsidiaries is doing better in comparison to the total funds that have been invested in the business. The following information was provided about both the subsidiaries :

Subsidiary 1 : TCL Ltd.

Net Profit after tax for the year 2020 – 21 was ₹ 1,00,000. Its investment in business in the form of shareholders' equity was worth ₹ 5,00,000.

Subsidiary 2 : JPC Ltd.

Net Profit after interest and tax was ₹ 1,00,000 for the year 2020 – 21. Its investment in business was shareholders' equity worth ₹ 4,00,000 and 8% debentures of ₹ 2,00,000.

By calculating 'ROI' identify the subsidiary that is doing better.

9. 'Growth is always essential for the existence of a business concern.' In the light of the given statement, explain any three indicators of internal expansion for an organisation.

10. (a) Why is the operating cycle for a trading concern shorter than that of a manufacturing concern ? State. Also state how the length of operating cycle impacts the working capital requirement of any business.

(b) Calculate the net working capital for XYZ Ltd. from the given information :

	₹
Stock	1,00,000
Debtors	1,50,000
Short-term Investments	60,000
Trade Creditors	50,000
Outstanding expenses	10,000

11. 'A Cables Ltd.' deals in cables of all varieties. Recently it has launched a new product that will increase its revenue and take the company to new heights. The company spent ₹ 50 crore on research and development of a new alloy. The alloy product is first of its kind in the market. It provides better security and protection against short circuits and overloading. The price of the new product was kept at ₹ 2000 per bundle as compared to the regular cables that were available at ₹ 800 per bundle.

On the basis of the above information, answer the following questions.

(a) State how 'A Cables Ltd.' can protect its invention of the new alloy used in their cables.

(b) Which pricing method is being used by the company ?

(c) What benefit will the company derive using this pricing strategy ?

Section C

Attempt any 3 questions out of 4 questions from this section.

12. What is meant by 'Venture Capital' ? Enlist the four stages in the company's development when an entrepreneur can seek venture capital. State any two situations when a venture capitalist can deny to assist an entrepreneur's venture.

13. State the three types of flows in a channel of distribution. How does the nature of product help in determining the channel of distribution to be used by a manufacturer ? Explain.

14. 'Life Care Ltd.' was incorporated in 2019 as a medium enterprise manufacturing life saving equipments under the Start-up India scheme. Since the company has started to gain momentum and growth, the founder, the Chief Finance Officer of the company, Ranjan, is exploring avenues to raise funds. In a meeting with the finance department it was decided that

(i) 70% of the required funds would be arranged by direct sale of its securities to a limited number of sophisticated investors.

(ii) 20% of the funds would be arranged from professional investors in return of private equity.

(iii) 10% of the funds would be arranged by offering shares to the existing employees as an opportunity to become owners of the company.

(iv) The company will not go for issue through prospectus because of the cost involved.

On the basis of the above information, answer the following questions :

(a) Identify and explain the ways through which the funds would be raised.

(b) Why did the company not go for issue through prospectus ? Explain.

(c) What will be the benefit of offering shares to the employees to become owners of the company ?

15. 'K.K. Ltd.' has been in the field of manufacturing beauty products for the past 15 years. The company is using herbal ingredients to manufacture all its products. In recent times the company is facing a tough competition from another predominant brand named 'Eco Grocery Ltd.' 'Eco Grocery Ltd.' is a small scale company and uses superior quality ingredients for producing its organic based products. The Managing Director of 'K.K. Ltd.' Naresh, tried to negotiate terms with 'Eco Grocery Ltd.' to make it a part of 'K.K. Ltd.' but failed. He then started to buy the shares of 'Eco Grocery Ltd.' and eventually, gained control over the management of the company and made it a part of 'K.K. Ltd.'

On the basis of the above information answer the following questions :

(a) Identify the growth strategy adopted by 'K.K. Ltd.'

(b) Explain the type of growth strategy used by Naresh identified in (a) above.

(c) Describe any three reasons of making 'Eco Grocery Ltd.' a part of 'K.K. Ltd.' by Naresh.

- End of Question Paper -