B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

TERM-1 EXAMINATION (2026-27)
CLASS XII — ENTREPRENEURSHIP (066)
SET 1 - MS

Class: XII **Time: 3hrs**
Date: 11/09/2026 **Max Marks: 70**
Admission no: **Roll no:**

Q1. Prabhav is a budding entrepreneur who is about to pitch in his idea to a group of investors. For presenting his business plan he has made a teaser of about three minutes to awaken the interest of the potential investors. Prabhav is using ______format of presenting a business plan. [1]

(a) Elevator Pitch (b) Detailed Project Report (DPR)
(c) Feasibility Report (d) Executive Summary

Q2. North west Airlines started their operations from India to various parts of the country in the year 2015. The company had been successful in it's operations as more people preferred to travel by air due to change in the lifestyle and attitude towards work and leisure. It is__factor as per PESTEL model. **[1]**

(a) Political Factor (b) Economic Factor
(c) **Social Factor** (d) Technological Factor

Q3. ___is the first stage in the process of innovation. **[1]**

(a) Preparation
(b) **Idea germination**
(c) Incubation
(d) Illumination

Q4. After assuming the future demand, every company needs to determine when to place an order for stock and how much to order. This can be calculated by usingthe_____formula. **[1]**

(a) Break-even Point (BEP) Formula
(b) Economic Order Quantity (EOQ) Formula
(c) Return on Investment (ROI) Formula
(d) Safety Stock Formula

Q5. State whether the following statements are 'true' or 'false'.

Innovation is an indication that will help the entrepreneur to understand the market and produce goods or provide services in sync with the market needs, demand and taste. **[1]**

(a) True, because innovation helps identify customer preferences.
(b) False, because market survey helps entrepreneurs understand market needs and demand
(c) True, because innovation is the first step in market research.
(d) False, because only advertising helps entrepreneurs understand customer demand.

Q6. Priya joined a Publication Company that publishes a monthly magazine "Lifestyle". It covers articles related to fitness, clothing, gadgets, cooking etc., Priya had joined the clothing division of the magazine.

Her divisional head explained her nature of work of the division. She also informed Priya that in addition to visits to local mall she would have to attend 'Power lunches' on the firstMonday of every month. Out of the following identify the way of spotting trend, the divisional head is talking about? **[1]**

(a) Read trends **(b) Talk trends**
(c) Watch trends (d) Think trends

Q7. B & H is a leading advertising firm. They recruit new graduates through college placements. During an interview, a student was asked to list the four rules for planning any advertising activity, he replied that the following is required: **[1]**
Aim, Target, Desire, Competitors.

(a) The answer is correct because these are the four rules of advertising.
(b) The answer is incorrect because 'Competitors' should be replaced with 'Media'.
(c) **The answer is incorrect because 'Desire' should be replaced with 'Media'.**
(d) The answer is incorrect because 'Target' should be replaced with 'Budget'.

Q8. Varun, a student of class XII, observed that a large number of students of the school were using mobile phones. He also observed that many parents of such students were worried about the content being viewed by their children on mobile phones and were not able to control them. Being a talented and an intelligent student he decided to develop an app that may help the parents to watch and control children regarding the content being viewed. From the following identify the "idea field" used by Varun to develop the app. **[1]**

(a) creative efforts (b) Trading related ideas
(c) **Market driven ideas** (d) Natural resources

Q9. Match the following: **[1]**

COLUMN 1	COLUMN 2
1. Break Even Point	i. A Summary of projected assets and liabilities
2. Proforma Invoice Statement	ii. Actual payments are received or made
3. Cash Flow	iii. Total revenue is equal to the total cost of the firm
4. Proforma Balance Sheet	iv. Net profit calculated from projected revenue minus projected costs and expense

(a) **iii, iv, ii, i** (b) iii, ii , iv, i
(c) i, ii, iii, iv (d) iv, iii, ii, i

Q10. Assertion (A): Back flip acquisition is a rare case of acquisition in which the purchasing company become a subsidiary of purchased company.

Reason (R): Both the companies approve the acquisition but the entire process is done by force.

(a) **Both A and R are true, and R is the correct explanation of A** **[1]**
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

Q11. During the last month, the total 450 people took meal in a restaurant and the total billed amount was Rs. 90,000. The unit price per person will be. **[1]**

(a) Rs.**200** (b) Rs.475
(c) Rs.325 (d) Rs.210

Q12. Match the following: **[1]**

COLUMN 1 – Types of Mergers	COLUMN 2 - Examples

1. Vertical merger	i. A Watch manufacturer acquiring cement manufacturer
2. Market extension Merger	ii. Bank of Madhura merged with ICICI Bank
3. Conglomerate	iii. A Textile company acquires a cotton yarn manufacturer
4. Horizontal merger	iv. Hindustan Unilever Company acquired Lakme, it helped HUL to enter the cosmetic market

(a) **iii, iv, i, ii** (b) iii, ii , iv, i
(c) i, ii, iii, iv (d) iv, iii, ii, i

Q13. Which of the following forms of business model is represented in the below image. **[1]**

(a) **Franchising** (b) Acquisition
(c) Merger (d) none

14. A car manufacturer acquiring type company is an example of: **[1]**

(a) **Horizontal merger** (b) Conglomerate merger
(c) Market penetration (d) Vertical merger

Q15. Which of the following is related to 'Below the Line' promotion that a company can use to promote its products. **[1]**

(a) It targets mass audience **(b) It targets identified small groups**
(c) It helps in establishing brand identity (d) It includes conventional media like television, print , online and cinema advertising

Q16. ASSERTION(A): Labelling acts as a silent salesman.
REASON(R): It helps in the promotion of products by attracting the attention of customers and providing required information. **[1]**

(a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

Q17. A comprehensive written document prepared by the entrepreneur describing all the relevant internal and external elements in starting a new venture is called. **[1]**

(a) marketing plan (**b) business plan**
(c) financial plan (d) operational plan

Q18. Divij and Ayan are partner in a transport business. With the view to expand they thought of changing the form of business where their liability will be limited. **[1]**

(a) Public limited company
(**b) Private limited company**
(c) Corporate organisation
(d) None

Q19. "Entrepreneurs receive ideas from various sources but it is more important to take these ideas seriously and convert them into business opportunities" State the main sources of ideas. **[1]**

Ans) Problems; Change; Inventions; Competitions

Q20. State any four ways in which problem identification helps the enterprise. **[1]**

Ans) Bring out new product in the market

i. Understand the problems and needs of the market.

ii. Motivate entrepreneur to be creative and innovative

iii. Increase employment generation

v. Increase National Income

Q21. (A) Akash has being doing a trading business of fruits for over a year. He buys fruits from farmers and sells them to retail fruit sellers in limited quantities as is aware of his unlimited liability. He has 15 fixed buyers and he offers all of them a credit of 15 days. He takes all the decision regarding his business and sometimes faces a problem of shortage of funds. Even though he wants he is unable to expand his business so he has to be contend with his small scale operation. **[2]**

i) Identify the form of business carried by Akash.

ii) State any three features of the business that can be identified from the above.

Ans) i. Single ownership;
ii Unlimited Liability;
iii One-man control;
iv Small size

OR

(B) Ajay and Snajay have started a business to supply T Shirts (uniforms) to various schools in their city. Both of them have invested Rs.2,00,000 each. They now wants to expand their business and wants to admit three more people in their business. They have registered their business.

1. Identify the form of business carried by Ajay and Sanjay
2. Can they admit three other people in their business?
3. Under which Act have they got their business registered?
4. What is the biggest demerit of this type of business?

Ans) i. Partnership
ii. Yes, if both partners agree
iii. Indian Partnership Act 1932.
iv. Unlimited Liability

Q22. State any four importance of logo. [2]

Ans) i. Useful for marketing of the product, it makes company's brand more popular.
ii. help in identifying the essential information about the company by the use of signs, picture, words and colours.
iii. It's a very quick and short form of advertisement.
iv. Logo are visual identity of the enterprises.

Q23. A financially strong company acquires a majority stake in another company without the approval or support of its existing management. After the acquisition, the new owners improve operational efficiency, reduce unnecessary costs, and expand the company's market presence. [2]

i. Identify the type of takeover from above
ii. Explain one benefit of the takeover identified.

Ans) Hostile Takeover: It is a forced acquisition. The smaller company is brought to such a situation that it has no option but to say yes to acquisition.

Benefit : It can improve the efficiency and profitability of the target company by introducing better management and optimal use of resources.

Q24. (A) Why is working capital called as circulating capital? [2]

Ans) Working capital is called the changing or “circulating capital”, since the money circulates in various forms of current assets in a continued manner.
For example: Funds once tied up in the form of raw materials are later converted into the form of finished goods which are not ultimately sold.

OR

(B**)** “The Budget period for all the business are same”. Do you agree? Comment.
Ans) No, I don’t agree with the statement. The budget period will depend upon the type and size of business enterprise and control aspect.
i. For seasonal enterprise (food and clothing) short period generally should cover one season.
ii. For heavy industries with heavy capital expenditure (heavy engineering works/automobile industries) the budget period is generally long.

Q25. What is a business plan? Explain the two importance of business plan. [3]

Ans) A business plan is a comprehensively written down document prepared by the entrepreneur describing formally all the relevant external and internal elements involved in starting a new venture.

The business plan:

(i) Viability: It helps in finding the viability of the venture in a designated market

(ii) Guidance: It helps in providing guidance to the entrepreneur in organizing, planning activities as such:

(a) identifying the resources required

(b) enabling obtaining of licenses if required, etc.

(c) working out with legal requirements.

(iii) Queries: It helps in satisfying the queries, and issues of each group of people interested in the venture.

(iv) Evaluation: It provides room for self-assessment and self-evaluation.

(v) Planning: It helps entrepreneur to plan ways to avoid obstacles.

(vi) Obstacles: It helps to realize the obstacles which cannot be avoided or overcome, suggesting to stop the venture while still on paper without investing further time and money.

(vii) Credit history: It reflects the entrepreneur’s credit history, the ability to meet debt and interest payments, and the amount of personal equity invested.

Identify the three principles of management that were being violated, quoting the lines from above case.

Q26. What is manpower planning? Why is it necessary for every business unit? [3]

Ans) Manpower Planning is a process by which an entrepreneur ensures that he/ she has the right number of people, and right kind of people, at the right place and the right time to do work for which they are economically most suitable. Manpower planning is necessary for every business unit because it helps to assesses:

(i) What kind of people are required?

(ii) How many people are required?

(iii) How will they be selected?

Q27. (A) What are the various types of brand names from the entrepreneur's perspective? [3]

Answer. Various types of brands available are:

1. Individual brand name: Here, every product is promoted by the entrepreneur on the basis of a separate brand name, like:

Liril—brand name with the "freshness" concept.

Lux — brand name for "beauty soap for film stars"

2. Family brand name (Umbrella branding): Here, the entrepreneur's name or the company's name is used for all the products, like:

Kissan, is brand name for jam, sauces, etc.

AMUL, has been used to market a large variety of dairy products viz. milk, ghee, butter, chocolates, etc.

3. Corporate names: Here, entrepreneur can choose their corporate name or logo together with some brand names of individual products for example, Godrej, Tata, Bajaj, etc.

4. Alpha-numeric names: It is mainly for industrial products. An alpha¬numeric name signifies its physical characteristics. For example, SX4, Liv52, ANX Grindlay, ilO, i20, etc.

OR

(B) Explain in detail any three pricing strategies.

Answer. Following are the various pricing strategies:

Variable pricing technique:

Variable pricing technique is the one in which different prices are charged from different categories of customers. There is price discrimination. Many factors are responsible for the variation in the price. If a customer is purchasing more quantity of the product, he will be offered lower price. If the demand for the product increases in the market then higher price can be charged. This method has both the objectives viz. selling more quality and also charging higher price but at , different times, e.g. Indian railways charges different fares for AC 3 tier,AC 2 tier, second class and general

compartment.

Base pricing and discount: Base pricing and discount method is the method in which the entrepreneur fixes one price for its commodity. This price is calculated in advance considering the point that discount will be offered during the sale. Here, the discount offered is of various types. Depending on the type of customers the various rates of discount are fixed. Discount is offered to all the customers but at different rates. The wholesaler discount may be different from, volume discount, discount for transaction and off¬season discount.

Skimming pricing method:

Skimming price method is the method of pricing in which the product is introduced in the market with a very high price. High price is kept for recovering the cost of production quickly. Such entrepreneurs normally bring something new in the market with more utility value. Product is introduced with a lot of expenditure on advertisement. High price tends to bring back revenue quickly. High class people are the target of such method of pricing e.g. Philips introduces its new product with the same method, Rumalaya also follows the same trend.

Cost plus pricing method: In this method the cost of production of one unit of the product is calculated. This cost covers all the types of costs including explicit cost, variable cost, fixed cost, etc. to this is now added the preplanned profit margin.

This method of pricing is very simple method. It can easily be used for determining the price. Any changes in the cost of production or the margin of profit change the price in the same direction. It automatically gets adjusted to the change. Profit margin is not to be calculated. It is already fixed. Thus, by multiplying the profit per unit with the volume of the product, the total profit can be determined. Any upward rise in cost is easily visible. This provides an idea to the entrepreneur to adjust his production for keeping the cost as low as possible. Comparatively less calculations are involved, which makes the implementation of this method

Q28. Unicon Ltd. and Nahata Communications provide Cable T.V. network in adjacent areas of Delhi. After some time the market was slowly taken over by big cable companies. Both Unicon Ltd. And Nahata communications understood the competition and decided to come together so as to increase their markets share. This strategy helped them in cost saving through economies of scale as they could cover more areas now. It led to the overall growth of both the companies. [3]

Identify the enterprise growth strategy adopted by the two.

State the benefits that the companies have after this arrangement.

Ans) A market extension merger takes place between two companies that deal in the same products but in separate markets. The main purpose of the market extension merger is to make sure that the merging companies can get access to a bigger market and that ensures a bigger client base.

Following are the benefits that the companies have after this arrangement:

(a) **Synergy**: Synergy is the most essential component of mergers. In mergers, synergy between the participating firms determines the increase in value of the combined entity. In other words, it refers to the difference between the value of the combined firm and the value of the sum of the participants. Synergy accrues in the form of revenue enhancement and cost savings.

(b) **Acquiring new technology:** To remain competitive, companies need to constantly upgrade their technology and business applications. To upgrade technology, a company need not always acquire technology.By buying another company with unique technology, the buying company can maintain or develop competitive edge.

(c) **Improved profitability**: Companies explore the possibilities of a merger when they anticipate that it will improve their profitability.

(d) **Acquiring a competency**: Companies also opt for Merger and Acquisition to acquire a competency or capability that they do not have and which the other firm does.

(e) **Entry into new markets**: Mergers are often looked upon as a tool for hassle-free entry into new markets. Under normal conditions, a company can enter a new market, but may have to face stiff competition from the existing companies and may have to battle out for a share in the existing market.

(f) **Access to funds**: Often a company finds it difficult to access funds from the capital market. This weakness deprives the company of funds to pursue its growth objectives effectively. In such cases, a company may decide to merge with another company that is viewed as fund-rich.

(g) **Tax benefits**: Mergers are also adopted to reduce tax liabilities. By merging with a loss-making entity, a company with a high tax liability can set off the accumulated losses of the target against its profits gaining tax benefits.

Q29. Explain the disadvantages to franchising to franchisor. [3]

Answer. Some of the disadvantages to franchising to franchisor are as follows:

Difficulty in identifying quality franchisees:

(a) Sometimes the franchisor may find it difficult to identify quality franchisees.

(b) Even after extending all support towards training and providing capital, poor management may lead to the failure of the franchisee and in turn, which may affect adversely franchisor and the system as a whole.

Legal Regulation:

(a) Franchising is a regulated activity and requires follow with federal and state franchise laws.

(b) To successfully establish a franchise, franchisors are required to work with an experienced franchise lawyer to establish a solid blueprint for franchising.

Investment: Every one knows that franchising serves as a source for the capitalized expansion of your business (i.e., franchisees invest in your expansion), the establishment of a franchise system requires the investment of capital to cover legal fees and the cost of establishing a franchising infrastructure.

Q30. Ajay, a graduate in fashion design, wants to start his own clothing brand. He is considering different forms of business organizations before launching his startup. Initially, he doesn't want to raise capital from the public and wants full control over decision-making. However, he also wants to limit his liability and maintain a separate legal entity for the business. He is also aware that registering the business and complying with the legal formalities is essential for credibility and scaling in the future. He wants to register his business under GST and apply for Shop and establishment licenses required to operate legally. He understands that this will become very useful once the scale of business goes up. He has employed 8 workers and has also taken a place on rent to set up his workshop. [5]

(a) Identify the most suitable form of business organisation for Ajay. Give **one reason** for your answer. **(2 Mark)**

(b) Explain **any two advantages** of the form of business organisation identified in part (a). **(2 Marks)**

(c) Name **one legal registration or licence** (other than GST Registration) that Ajay should obtain before starting his business. **(1 Mark)**

Ans) a. He should choose a **Private Limited Company** because it offers **limited liability** to its shareholders and has a **separate legal entity** from its owners.

b. i.Members have **limited liability**, protecting their personal assets.

ii. It has a **separate legal identity**, enabling it to own property, enter contracts, and sue or be sued in its own name.

iii. It enjoys **perpetual succession**.

iv. It enhances the **credibility** of the business.

c. **Shop and Establishment Licence** (Accept any other applicable licence if justified, such as Trade Licence where applicable.)

Q31. (A) Goals can be set up with a simple way i.e. set up SMART goal. Explain SMART is an acronym for five steps. [5]

OR

(B) Explain the Company related and Market related factor that impact the choice of Place Mix.

Ans) Specific: Set goal must be always specific and well defined. If a goal is well defined there is a high chance of it being achieved.

i) Measurable: Measureable number are more accurate and concrete. If number are added to the goal to be achieved then its highly possible that it can be achieved.

Eg: Production of 200 pairs of shoes in one day. By adding number to the production it is creating an achievable target.

ii) Attainable: Setting too high goals is demoralizing as it cannot be achieved on the other hand setting

a too low goal is also bad as it does not bring out the full potential of the workers. So its very important to set a realistic and attainable goal, after taking into account various factors.
iii) Relevant: The goal must be relevant to the realities of market and related to your business.
iv) Time based: All goal must be time based as it gives a more realistic view. Production must increase by 10 % in next year is a time bound goal.

OR

Ans: Place mix or Physical distribution mix talks about the distribution of goods or services.
Company Related Factors
i) Finance: If a company is financially well placed and has no problem of funds, they should prefer a direct sale on the other hand small firms and financially dependent firms should prefer indirect channels of distribution or intermediary.
ii) Degree of Control: If a firm or company wants to have full control on its goods or services then it should prefer a shot path or direct sale but if the firms do not mind sharing their control they can appoint various channels of distribution.
Market Related Factors
i) Nature of market: Industrial market direct sale Consumer market distribution channels are appointed.
ii) Size of market: If the number of consumer are very large then indirect channel is preferred while if the number of customers are small direct channel is used.
iii) Geographical concentration: If customer are scattered in different parts of the country or world indirect channel is recommended. On the other hand if the buyers are at a particular place and are concentrated then direct sale is recommended.
Quantity Purchased: For bulk orders direct sale is preferred and for small units of sale retailers are better.

Q32. State five differences between Advertising and Personal Selling. **[5]**
Differentiate as per the basis – Form, Reach, Cost, Coverage and Feedback

Ans)

Basis	Advertising	Personal Selling
Form	Impersonal form of communication	Personal form of communication
Reach	It reaches masses	Only limited reach is possible
Cost	Cost per person is less	Cost per person is high
Coverage	Covers market on short time	Takes long time to cover market
Feedback	No direct feedback can be obtained	Direct feedback can be collected by salesman

Q33. How is merger and acquisition different from each other in two relevant points? Explain any three reasons for its failure. [5]

Ans) Merger is a combination of two companies to form a new company, while an acquisition is the purchase of one company by the other in which no new company is formed.
In a merger the CEO of both the companies agree to form a new company and decide about their shareholding pattern, its management and other things.
In acquisition one company takes over the other company, the target company still remain but under the complete control of the acquirer.
Both these are external growth strategies and take place within a country or across borders. There are several reasons for their failure.
i) Unrealistic price paid for the target: mostly the acquiring price is too much an that impacts the profitability of the company.
ii) Difficulties in cultural integration: If the merger or acquisition is between two countries of different countries there is a very big difference between their working pattern, attitude and style.
iii) Overstated synergies: Generally merger and acquisition are done to create synergies through increased revenue and reduced cost and improvement in investment. Over estimation of these factors

leads to its failure.
iv) Integration difficulties:
v) Poor business fit:
vi) High leverage
vii) Boardroom Split

Q34. (A) Good wash is a manufacturer of different sizes for automatic washing machines – small medium and large and industrial. From the information given below, calculate Break Even Quantity of the washing machines manufactured per month.

SIZE OF MACHINE	UNIT SELLING PRICE	UNIT VARIABLE COST	FIXED EXPENSES
SMALL	10,000	3,000	35,000
MEDIUM	15,000	8,000	35,000
LARGE	25,000	13,000	70,000
INDUSTRIAL	30,000	20,000	1,50,000

OR

(B) A courier service company, speed express had a varying number of customers during five weeks. The information regarding the number of customers and average weekly billing is presented in the following table. What is the 'unit of sale' and 'unit price' in this case? If the cost of goods sold or variable cost is 60% of the sale price, calculate the 'unit-cost' and 'gross margin' per unit of sale.

WEEK	NUMBER OF CUSTOMERS	AVERAGE AMOUNT BILLED (PER CUSTOMER)
1	20	200
2	34	170
3	26	142
4	44	262
5	36	350

Ans) (A) Break even Point = Fixed exp / gross margin
Gross margin = SP per unit -Variable cost per unit

SIZE OF MACHINE	UNIT SELLING PRICE	UNIT VARIABLE COST	GROSS MARGIN	FIXED EXPENSES	BEP CALCULATION	In units
SMALL	10,000	3,000	7000	35,000	35000/7000	5
MEDIUM	15,000	8,000	7000	35,000	35000/7000	5
LARGE	25,000	13,000	7000	70,000	70000/7000	10
INDUSTRIAL	30,000	20,000	15000	1,50,000	150000/15000	10

OR

(B)

WEEK	NUMBER OF CUSTOMERS	AVERAGE AMOUNT BILLED (PER CUSTOMER)	TOTAL BILLED AMOUNT
1	20	200	4000
2	34	170	5780
3	26	142	3692
4	44	262	11528
5	36	350	12600
TOTAL	160		37598

The unit sale is no. of customer and unit price is average billing per customer.
Unit = Total billed amount/ No. of customer = 37598/160 = 235.
Unit cost = 235 x 60/100 = 140.25
Gross margin = UP-US = 235-140.25 = Rs. 94

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