



B.K. BIRLA CENTRE FOR EDUCATION

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



PRE BOARD III 2025-26 ENTREPRENEURSHIP (066) Marking Scheme

Class: XII

Time: 3 hr

Date: 6.01.2026

Max Marks: 80

Admission no:

Roll no

1.	(B) Both Assertion (A) and Reason (R) are true, but (R) is not the correct explanation of (A). OR (C) Assertion (A) is true, but Reason (R) is false.	(1)
2.	(D) Statement 1 is incorrect but Statement 2 is correct	(1)
3.	(D) Financial Plan	(1)
4.	(C) Common Seal OR (D) Can invite public to subscribe for its shares	(1)
5.	(B) Joint Hindu Family	(1)
6.	(B) Handcrafted eco-friendly items	(1)
7.	(A) Artificial pricing	(1)
8.	(B) High initial investment	(1)
9.	(B) Amalgamation OR (D) All of the above	(1)
10.	(A) Product extension	(1)
11.	(B) 800 units OR (B) Acquiring and managing all required resources	(1)
12.	(A) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).	(1)
13.	(D) Net Working Capital	(1)
14.	(B) Actual Sales – Break-even Sales	(1)
15.	(B) Option ii) and iii)	(1)
16.	(C) Statement 1 is true but Statement 2 is false OR (C) Statement 1 is true but Statement 2 is false	(1)
17.	(D) Initial Public Offer	(1)
18.	(D) Wealthy individuals investing in startups	(1)
19.	Ans: She should have done a market survey about two factors i) Whether there is a good market for non vegetarian food? ii) The rate of return on investment is attractive or not.	(2)

20.	<p>i) Name of the company ends with the words Pvt. Ltd. Private Company ii) The birth of this legal person is by law and only law can put it to death. Company iii) The main motive of this organization is not to earn profit but mutual help Co-operative Organisation iv) This organization has limited capital and limited managerial ability. Partnership</p>	(2)	
21.	<p>i) What kind of people are required? ii) How many people are required? iii) How can the manpower be procured? OR Ans: Strengths: Skilled workforce, strong R&D Weaknesses: Poor marketing strategies, declining sales Opportunities: Growing mobile phone market, emerging technologies (like 5G) Threats: Intense market competition, rapid technological changes</p>	(2)	
22.	<p>i) By integrating TechNova's AI and cloud technologies, EduSpark's platform became more advanced, offering technological synergy and improved user experience. ii) The acquisition allowed TechNova to increase revenue potential by tapping into the growing edtech market and leveraging EduSpark's existing sales channels.</p>	(2)	
23.	<p>Ans: $500 \times 200 = 1,00,000$ Variable Cost = $500 \times 120 = 60,000$ Fixed Cost = $20,000$ Profit = Sale – Variable Cost – Fixed Cost = $1,00,000 - 80,000 = 20,000$ Profit per unit = $20,000/500 = \text{Rs.40}$ Sale increase to $800 \times 200 = 1,60,000$ Variable Cost = $800 \times 120 = 96,000$ Fixed Cost = $20,000$ Profit = Sale – Variable Cost – Fixed Cost = $1,60,000 - 1,16,000 = 44,000$ Profit per unit = $44,000/800 = \text{Rs.55}$</p>	(2)	
24.	the point of view of company Recognition Wide Market Higher Share Value	the point of view of society Rapid Capital Formation Economic Development National Projects	(2)
25.	Ans: The 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 investors/lenders focus on the four Cs of credit : character, cash flow, collateral and equity contribution, it is the business plan which reflects the entrepreneur's credit history, the ability to meet debt and interest payments, and the amount of personal equity invested thus serving as an important tool in funds procurement. Entrepreneurs : helps in determining the viability of the venture in a designated market. Helps in providing guidance to the entrepreneur in organizing his/her planning activities as such: i) identifying the resources required ii) enabling obtaining of licenses if required etc. iii) working out with legal requirements as desired by the government.	(3)	
26.	Family brand name Entrepreneur can opt to use a common or successful family name for their several products. Either the entrepreneur's name or the company's name may be used for all the products. It is even referred as Umbrella branding. Alpha-numeric names In many industrial products, an alpha-numeric name often signifies its physical characteristics, thus creating a distinctive identify of the product. Entrepreneur has an option available to brand his/her products alpha-numerically too. For example, SX4, Liv52, ANX Grindlay, i10, i20, etc. Corporate names Entrepreneur can choose to utilise their corporate name or logo together with some brand names of individual products for example, Godrej, Tata, Bajaj, etc. Individual brand name Here entrepreneur can choose distinct names for each of his offering, i.e.		

every product is promoted on the basis of a separate brand name.

OR

Variable pricing is a marketing approach that permits different rates to be extended to different customers for the same goods or services. The approach is often employed in cultures where dickering over the price of goods is considered the norm, or potential buyers are allowed to participate in a bidding situation, such as in an auction. Even in countries where fixed pricing is the standard, variable pricing may come into play when the customer is committing to the purchase of large volumes of goods or services.

Examples:

Difference in order size by the customers: The soft drink bottle of 200 ml of a company is placed at Rs. 8, while a 2000 ml/2 litre bottle is placed at ` 55.

Difference in the anticipated business from different customers: The school fee for the second child and other siblings are charged at a lower rate by the schools.

Difference in the bargaining power of the customer : The price of unbranded/assembled items of computers are charged differently depending upon the awareness and bargaining power of the customers.

Difference in the ability of the consumers to pay Different price is charged by the public distribution shops run by the government for wheat, rice and other variety of food items depending on the income groups

27.	<p>i) McDonald's is the franchisor. ii) Two advantages Ravi will get: Established brand name and customer base. Training and ongoing support from McDonald's. iii) The role of the franchisee is to invest capital, manage day-to-day operations, and follow the brand's standard procedures and systems.</p>	(3)
28.	<p>Both these pictures represent Cash Conversion Cycles (CCC) The first one is the CCC of a trading organisation while the second one is the CCC of a manufacturing business. In the first case Cash is used to buy goods and Stock it , from which sale will take place either in cash or on credit if there is credit sale (debtor) is created and cash comes back to the firm once the debtor pays back. In the second case cash is used to buy raw materials, raw materials are converted into semi finished goods (work in progress) and finally to finished goods which is sold and debtors are created and finally debtors pays and cash comes back thus completing the cycle.</p>	(3)
29.	<p>Minimum subscription As per the SEBI guidelines, if the company does not receive 90% of the issue amount from the public subscription including development from underwriters within 120 days from the date of the issue, the amount of subscription received is required to be refunded to the applications. The directors of the company are jointly and severally liable to repay that money, with interest from the expiry of the 130 days. The company should refund the amount within 10 weeks of the closing of the subscription list. Over subscription The over-subscribed amount after the finalization of allotment, should be refunded to the applicants within 10 weeks of the closure of subscription list. If the money is not so refunded, the company is liable to refund the money with interest as specified from the expiry of the 8 days after 10 weeks of the closure of subscription list.</p> <p>OR</p> <p>Venture capitalists are typically very selective in deciding what to invest in and as a rule of thumb:</p> <ol style="list-style-type: none">1) They may invest in one in four hundred opportunities presented to it,2) Looks for the extremely rare, yet sought after qualities, such as :<ol style="list-style-type: none">a) innovative technology,b) potential for rapid growth,c) a well-developed business modeld) an impressive management team.3) Looks for an "exit" in the time frame of typically 3-7 years.4) Is inclined towards ventures with exceptionally high growth potential.	(3)

30.	<p>A problem is a roadblock in a situation, something that sets up a conflict and forces you to find a solution. When an entrepreneur identifies such a road block, he/she is said to have identified the problem. Objectives of problem identification:</p> <p>It should clearly state the problem</p> <p>Identify target group facing the problem</p> <p>Find the market acceptability of the solution to the problem</p> <p>Uses of problem Identification It helps the entrepreneur to:</p> <ol style="list-style-type: none"> 1. Bring out new products in the market 2. Understand the problems and needs of the market 3. Be creative 4. Increase employment generation 5. Increase national income (of the country) 	(5)
31.	<p>I) Considerations related to product</p> <p>When a manufacturer selects some channel of distribution he/she should take care of such factors which are related to the quality and nature of the product. They are as follows:</p>	(5)
	<p>1. Unit value of the product</p> <p>When the product is very costly it is best to use a small distribution channel. For example, industrial machinery or gold ornaments are very costly products that is why for their distribution small distribution channel is used. On the other hand, for less costly products long distribution channel is used.</p> <p>2. Standardised or customised product</p> <p>Standardised products are those for which cost is pre-determined and there is no scope for alteration. For example: utensils of MILTON. To sell this long distribution channel is used. On the other hand, customised products are those which are made according to the discretion of the consumer and also there is a scope for alteration, for example; furniture. For such products face-to-face interaction between the manufacturer and the consumer is essential. So for these direct sales is a good option.</p> <p>3. Perishability</p> <p>A manufacturer should choose minimum or no middlemen as channel of distribution for such an item or product which is of highly perishable nature. On the contrary, a long distribution channel can be selected for durable goods.</p> <p>4. Technical nature</p> <p>If a product is of technical nature, then it is better to supply it directly to the consumer. This will help the user to know the necessary technicalities of the product.</p> <p>OR</p> <p>II) Considerations related to market</p> <p>Market considerations are given below</p> <p>1. Number of buyers If the number of buyers is large then it is better to take the services of middlemen for the distribution of the goods. On the contrary, the distribution should be done by the manufacturer directly if the number of buyers is less.</p> <p>2. Types of buyers</p> <p>Buyers can be of two types: General Buyers and Industrial Buyers. If the more buyers of the product belong to general category then there can be more middlemen. But in case of industrial buyers there can be fewer middlemen.</p> <p>3. Buying habits</p> <p>A manufacturer should take the services of middlemen if his/her financial position does not permit him/her to sell goods on credit to those consumers who are in the habit of purchasing goods on credit.</p> <p>4. Buying quantity It is useful for the manufacturer to rely on the services of middlemen if the goods are bought in smaller quantity.</p> <p>5. Size of market</p> <p>If the market area of the product is scattered fairly, then the producer must take the help of middlemen.</p>	
32.	<p>i) This is a Horizontal Merger (merger between companies in the same industry producing similar products).</p> <p>Benefits: Reduces competition; Increases market share; Achieves economies of scale (lower production costs).</p>	(5)

	<p>ii) This is a Vertical Merger (merger between companies at different stages of production in the same industry). Benefits: Ensures steady supply of raw materials; Reduces production delays; Improves coordination between supply and manufacturing.</p> <p>iii) This is a Conglomerate Merger (merger between companies in unrelated industries). Benefits: Diversification of business; Reduces overall risk (loss in one industry can be balanced by profit in another); Expands business portfolio.</p>																									
33.	<table border="1"> <thead> <tr> <th>Details</th><th>Polo T Shirts</th><th>Oversize</th><th>Round Neck</th></tr> </thead> <tbody> <tr> <td>Sales price per unit (Rs.)</td><td>500</td><td>400</td><td>200</td></tr> <tr> <td>Variable cost per unit (Rs.)</td><td>240</td><td>200</td><td>120</td></tr> <tr> <td>Contribution (SP – VC)</td><td>260</td><td>200</td><td>80</td></tr> <tr> <td>Sales mix %</td><td>60</td><td>30</td><td>10</td></tr> <tr> <td>Weighted Average Contribution</td><td>$260 \times 60/100 = 156$</td><td>$200 \times 30/100 = 60$</td><td>$80 \times 10/100 = 8$</td></tr> </tbody> </table> <p>Total Weighted Average per unit = $156 + 60 + 8 = 224$ Overall breakeven point= Fixed Cost / Contribution = $6,72,000/224 = 3,000$ units Product wise break-even point Breakeven point of Polo T Shirts = $3,000 \times 60\% = 1,800$ Breakeven point of Oversize = $3,000 \times 30\% = 900$ Breakeven point of Round Neck = $3,000 \times 10\% = 300$ Product Break-even point in rupees Breakeven point of Polo T Shirts = $1,800 \times 500 = 9,00,000$ Breakeven point of Oversize = $900 \times 400 = 3,60,000$ Breakeven point of Round Neck = $300 \times 200 = 60,000$</p> <p style="text-align: center;">OR</p> <p>Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise.</p> <p>Two Objectives are</p> <ul style="list-style-type: none"> i) To ensure regular and adequate supply of funds to the concern. ii) To ensure adequate returns to the shareholders. iii) To ensure optimum funds utilization. <p>Three key elements</p> <p>Financial planning : Management need to ensure that enough funding is available at the right time to meet the needs of the business. In the short term, funding may be needed to invest in equipment and stocks, pay employees and fund sales made on credit. In the medium and long term, funding may be required for significant additions to the productive capacity of the business or to make acquisitions.</p> <p>Financial control : Financial control is a critically important activity to help the business ensure that the business is meeting its objectives. Financial control addresses questions such as:</p> <ul style="list-style-type: none"> i) Are assets being used efficiently? ii) Are the business's assets secure? iii) Does management act in the best interest of shareholders and in accordance with business rules? <p>Financial decision-making : The key aspects of financial decision-making relate to investment, financing and dividends:</p> <p>Investments must be financed in some way – however there are always financing alternatives that can be considered.</p> <p>Whether profits earned by the business should be retained rather than distributed to shareholders via dividends.</p> <p>If dividends are too high, the business may be starved of funding to reinvest in growing revenues and profits further.</p>	Details	Polo T Shirts	Oversize	Round Neck	Sales price per unit (Rs.)	500	400	200	Variable cost per unit (Rs.)	240	200	120	Contribution (SP – VC)	260	200	80	Sales mix %	60	30	10	Weighted Average Contribution	$260 \times 60/100 = 156$	$200 \times 30/100 = 60$	$80 \times 10/100 = 8$	(5)
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34.	i) Rights issue is a method of raising additional finance from existing shareholders by offering	(5)																								

securities to them on pro-rata basis i.e. giving them a right to a certain number of shares in proportion to the shares they are holding.

ii) SEBI (Securities Exchange Board of India)

iii) Public issue and Private Placement.

iv) (1) growth and expansion, (2) retiring existing debt (3), corporate marketing and development (4) acquisition capital.

OR

i) Small Industries Development Bank of India (SIDBI) it was established in April 1990.

ii) SIDBI's objectives are:

1) Initiate steps for technological up gradation, and/or modernization of existing units.

2) Expand channels for marketing of SSI sector products in India and abroad.

3) Promote employment – oriented industries.

iii) Small Industries Development Fund and Small Industries Development Assistance Fund

iv) All forms of business organisation are eligible for refinance assistance for:

a) Setting up of new venture b) Expansion c) Modernisation d) Diversification of existing units for all activities