



COMMON PRE-BOARD EXAMINATION
ENTREPRENEURSHIP - Code No. 066
Class-XII-(2025-26)



MARKING SCHEME

SECTION A		
1	D. Trading related idea	1
2	B. Assertion and Reason both are correct and Reason is not the correct explanation of Assertion.	1
3	C. Increase in pollution because of use of old machinery.	1
4	D. Illumination; Incubation; Verification	1
5	B. Ability to develop a trend-spotter mind	1
6	D. Innovation	1
7	A.(i); (ii); (iv)	1
8	C. Scheduling	1
9	B. Brand Mark	1
10	A. A paid form of communication	1
11	B. Public Relations	1
12	A. Below the line	1
13	A. Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).	1
14	C. ₹151	1
15	A. (i)-(b); (ii)-(c); (iii)-(a)	1
16	C. Gross Working Capital = Cash + Accounts Receivable + Inventory + Other Current Assets	1
17	B. Capital Market	1

18	D. Both Statements are correct.	1
	SECTION B	
19	(i) Talk trends (ii) Read Trends/Watch trends/Think Trends – any one defined.	2
20	Partial manufacturing: If some or all the manufacturing process is to be subcontracted or outsourced, then the production plan should describe: i) Name and location of subcontractor(s) ii) Reasons for their selection iii) Cost and time involved iv) Any contracts that have been completed etc. Complete Manufacturing: If the manufacturing is to be carried out in whole by the entrepreneur, he/she will need to describe: i) the physical plant layout, ii) the machinery and equipment required to perform the manufacturing operations, iii) raw materials and suppliers names, addresses, terms and conditions, iv) cost of manufacturing v) any future capital equipment required etc.	2
21	An internal operational plan and A pitch deck with oral narrative	2
22	Attention – It catches the eye or ear and stands out amid the clutter of competing advertisements. Interest – It arouses interest and delivers sufficient impact in the message or offering. Desire – It creates a desire to learn more or crave ownership. Action – It spurs an action which leads to achievement of the ad’s original objective – i.e. it prompts potential customers to purchase or use your product or service. OR Direct sales strategy, sales people attack the competition head on when talking to the customer. They talk about each feature of the competition’s product and compare it to theirs. The term "negative selling" refers to the direct sales approach. Indirect sales approaches apply more subtle techniques by demonstrating features and benefits not available with the competition’s products or services without ever mentioning them by name. This more sophisticated, <u>positive sales strategy requires research and analysis of the competition.</u>	2
23	A corporate action in which a company buys most, if not all, of the target company's ownership stakes in order to assume control of the target firm. 1. Friendly acquisition 2. Reverse acquisition 3. Back flip acquisition 4. Hostile acquisition (Any 2 points) OR In <i>amalgamation</i> , two entities combine together and form a new entity, extinguishing both the existing entities. In the other form <i>absorption</i> , one entity gets absorbed into another. The latter does not lose its entity.	2

24	$EOQ = \sqrt{2PD/C}$ $= \sqrt{2 \times 900 \times 5/10}$ $= \sqrt{900}$ $= 30 \text{ units.}$	2
25	<p>(i) Manpower planning</p> <p>(ii).a) The total work to be done. b) How much work can an average person do in a specified period of time. c) Level of absenteeism expected. d) Rate of labour turnover. e) The present number of employees. f) The future plans for expansion and diversification. (Any 2)</p> <p>(iii) Business situation analysis Identify the target market</p> <p style="text-align: center;">OR</p> <p>(i) Organizational plan (ii) Components: i) the terms and conditions associated with the selected form ii) lines of authority and responsibility of members of the new venture iii) the names, designation, addresses and resumes of the members iv) stake of members in the organisation v) roles and responsibilities of each member vi) procedure for solving conflicts/disputes amongst members vii) forms of payment for the members of the organisation viii) voting rights, managerial and controlling rights of the members. (Any 4)</p>	3
26	<ol style="list-style-type: none"> 1) Marketing research 2) Industry sales 3) Survey of buyers' intentions 4) Expert opinions 5) Financial data on similar start-ups 6) Some trial experience of self or others. 	3
27	<p>Price Creaming or skimming Cost-plus pricing</p> <ol style="list-style-type: none"> 1. Biggest advantage of this is that company knows exactly the amount of expenditure that has incurred on making a product and therefore they can add profit margin accordingly which helps in achieving the desired revenue for a firm. 2. It is the simplest method to decide the price for a product because one has just to add up all the cost and then add profit which you want to earn which will give the price for a product. 3. Since the company is using its own data for deciding cost which makes it easier for a company to evaluate the reasons for escalations in expenses and therefore it can take corrective action immediately. <p style="text-align: center;">(Any one)</p>	3

28	<p>Business format franchise opportunity: This is the most popular form of franchising. In this approach, a company provides a business owner with a proven method for operating a business using the name and trademark of the company.</p> <p>Product franchise business opportunity: Manufacturers use the product franchise to govern how a retailer distributes their products. The manufacturer grants a store owner the authority to distribute goods by the manufacturer and allows the owner to use the name and trademark owned by the manufacturer.</p> <p>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.</p> <p>Business franchise opportunity ventures: These ventures typically require that a business owner purchases and distributes the products for one specific company. The company must provide customers or accounts to the business owner, and in return, the business owner pays a fee or other consideration as compensation.</p> <p style="text-align: center;">(Any one)</p>	3
29	<p>Business angel or informal investor or an angel investor, 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 convertible debt or ownership equity.</p> <p>1) Most angel investors are current or retired executives, business owners or high net worth individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards.</p> <p>2) As angel investors bear extremely high risk and are usually subject to dilution from future investment rounds. They expect a very high return on investment.</p> <p>3) Apart from investing funds, most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days.</p> <p>4) Their objective is to create great companies by providing value creation, and simultaneously helping investors realize a high return on investments.</p> <p>5) They have a sharp inclination to keep abreast of current developments in a particular business arena, mentoring another generation of entrepreneurs by making use of their vast experience.</p>	3
30	<p>i) Identification of opportunities to get first mover advantage: By keeping in touch with the changes in the external environment, an enterprise can identify opportunities and find strategies to capitalise on the opportunities at the earliest.</p> <p>ii) Formulation of strategies and policies: It helps in identifying threats and opportunities in the market. These can serve as the basis of formulation of strategies to counter threats and capitalise on opportunities in the market.</p> <p>iii) Tapping useful resources:</p>	5

	<p>If the company has a thorough knowledge of the external environment, it can tap raw materials, technology and even financial resources from the market at economical prices, at the right time.</p> <p>iv) Better performance: Proper understanding of the various elements of the external environment is necessary to take timely action to deal with threats and avail opportunities for the purpose of improvement in the performance of the firm.</p> <p>v) Sensitisation of entrepreneurs to cope up with rapid changes: A keen watch on the trends in the environment would help sensitise the entrepreneur to changing technology, competition, government policies and changing needs of the customers.</p> <p>i) Image building: If a company is sensitive to the external environment, it will come out with new products and services to meet the requirements of the customers. This would build the image or reputation of the firm in the eyes of the general public.</p> <p style="text-align: right;">(Any 5)</p>	
31	<p>The essential features of partnership are as follows:</p> <p>1) Two or more persons: Partnership is the outcome of a contract. Thus: a) There must be at least 2 persons to enter into contract to form partnership. b) Minors cannot form a partnership firm as they are incompetent to enter into contract but can be admitted to the benefits of a running firm. c) Maximum 50 persons.</p> <p>2) Agreement: The relation of partnership arises from contract and not from status. Though oral agreement is even acceptable but in practice written agreement is much more advisable as disputes can be resolved better with it.</p> <p>3) Profit sharing: The objective of the business is to make profits and distribute the same amongst partners. Any association initiated to do charity work is not partnership.</p> <p>4) Unlimited liability: Mostly, the liability of the partners of a firm is unlimited. Their personal properties can be disposed off to pay the debts of the firm if required. The creditors can claim their dues from any one of the partner or from all of them, meaning partners are liable: <input type="checkbox"/> Individually <input type="checkbox"/> Collectively</p> <p>5) Implied authority: There is an implied authority that any partner can act on behalf of the firm. The firm stands bound by the acts of partners.</p> <p>6) Mutual agency: The business of partnership can be carried on by all the partners or any one of them acting for all. Thus, every partner is principal as well as agent of other partners and of the firm. Thus, (i) Each partner is liable for acts performed by other partners, (ii) Each partner can bind other partners and the firm by his acts done in the ordinary course of business.</p> <p>7) Utmost good faith: Every partner is supposed to act honestly and give proper accounts to other</p>	5

	<p>partners. Thus, mutual faith and confidence in one another is the main strength of partnership.</p> <p>8) Restriction on transfer of shares: No partner can sell or transfer his share to anybody else without the consent of the other partners. By giving a notice for dissolution of the firm, a partner can show intention to discontinue as partner.</p> <p>9) Continuity: A partnership continues up to the time that all partners desire to continue it. Legally, a firm dissolves on the retirement, death, bankruptcy lunacy, or disability of a partner if not otherwise provided for in the partnership deed. (Any 5)</p> <p style="text-align: center;">OR</p> <p>1) Individual ownership: This business is exclusively owned by a single person.</p> <p>2) Individual management and control: "What is to be done, how it is to be done, and when it is to be done" - all affairs are managed and controlled by the sole proprietor. Though, competent people can also be employed for efficient management.</p> <p>3) Individual financing: All investment is made by the proprietor. Though, if required he/she has access to loans and debts to procure funds for business.</p> <p>4) No separate legal entity: Legally, the proprietor and proprietorship are one and the same business and owner exists together, thus with owner's death, business too dies.</p> <p>5) Unlimited liability: The proprietor is liable/responsible for all losses arising from business. In case the business assets are insufficient to pay off liabilities, his/her personal property can be called upon to pay his business debts.</p> <p>6) Sole beneficiary: The sole proprietor alone is entitled to all the profits and losses of business. So he/she puts his/her heart and soul to increase his/her profits.</p> <p>7) Easy formation and closure: Sole proprietorship is subjected to minimum legal formalities and regulations both at the time of commencing and/or closing.</p> <p>8) Limited area of operation: This form of business generally has a limited area of operation due to:</p> <ul style="list-style-type: none"> <input type="checkbox"/> limited finance availability <input type="checkbox"/> limited managerial abilities 	
32	<p>Acquiring new technology</p> <p>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 a competitive edge.</p> <p>Improved profitability</p> <p>Companies explore the possibilities of a merger when they anticipate that it will improve their profitability</p>	5

	<p>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.</p> <p>Acquiring a competency Companies also opt for M&A to acquire a competency or capability that they do not have and which the other firm does.</p> <p>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.</p>	
33	<p>Break even unit: Medi Heal = $8,00,000/80 = 10,000$ units Floor Cleaner = $1,50,000/75 = 2,000$ units Wrapping Paper = $80,000/10 = 8,000$ units.</p> <p>(ii) 1. The proportion of sales mix must be predetermined. 2. The sales mix must not change within the relevant time period. 3. All cost can be categorized as variable or fixed. 4. Sales price per unit, variable cost per unit and total fixed cost are constant. 5. All units produced are sold.</p>	5
34	<p>Venture capital is an equity based investment in a growth-oriented small to medium business to enable the investors to accomplish objectives, in return for minority shareholding in the business or the irrevocable right to acquire.</p> <p>1) Early stage financing This stage includes: (a) Seed capital (b) Pre-start up and start up (c) Second-round financing.</p> <p>2) Last stage financing /bridge /pre-public stage - Explain these steps.</p>	5