



COMMON PRE-BOARD EXAMINATION ENTREPRENEURSHIP - Code No. 066



Class-XII (2025-26)

SET:III

Time allowed: 3 Hrs.

Maximum Marks: 70

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. The question paper is divided into four sections – Section A, B, C and D.
3. In Section A: Questions number 1 to 18 are Multiple Choice Questions carrying 1 mark each.
4. In Section B: Questions number 19 to 24 are Short Answer type-I questions carrying 2 marks each.
5. In Section C: Questions number 25 to 29 are Short Answer type-II questions carrying 3 marks each.
6. In Section D: Questions number 30 to 34 are Long Answer type questions carrying 5 marks each.
7. There is no overall choice. However, an internal choice has been provided in Section B, C and D of question paper.

SECTION A

1. Techs Ltd. was listed on the stock exchange two years ago. Due to rapid growth and the launch of a new product line, the company needs additional funds to expand its operations. The management decides to issue more shares to the existing shareholders and the public to raise the required capital. Identify the type of issue being made by Techs Ltd. 1

A. Initial issue
B. New money issue
C. Further Issue
D. Initial Public Offer (IPO)
2. Assertion (A): Synergy is the most important component of mergers because it determines the increase in the value of the combined entity. 1
Reason (R): Synergy can be expressed as: $V(AB) > (VA+VB)$
Options:

A. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
C. Assertion (A) is true, but Reason (R) is false.
D. Assertion (A) is false, but Reason (R) is true.
3. _____ and creativity of an entrepreneur help in sensing the opportunity. 1

- A. Opportunities
 - B. Need
 - C. Vision
 - D. Problems
4. Rohan is planning to start a small bakery in his town. He has estimated the total cost required to set up the business, including equipment, raw materials, and other expenses. Now, he needs to figure out all possible ways to raise the required funds, such as loans, personal savings, or investors. The component of financial plan that identifies all possible sources from which funds can be obtained is called the _____ 1
- A. Proforma Investment decision
 - B. Proforma Financing decision
 - C. Economic and Social variable
 - D. Cash flow statement
5. In a rapidly changing environment, one rule of thumb applies: If you don't adapt, you don't endure. The concept which applies is _____. 1
- A. Idea field
 - B. Environment scanning
 - C. Business opportunity
 - D. Creativity
6. Identify the factors belonging to the *technological environment*: 1
- (i) Innovation in production methods
 - (ii) Level of consumer preferences
 - (iii) Availability of skilled labor
 - (iv) Government spending on research
- Options:
- A. (i) and (ii)
 - B. (i) and (iii)
 - C. (i) and (iv)
 - D. (iii) and (iv)
7. The ABC analysis is fundamentally based on which of the following principles? 1
- A. Just-In-Time (JIT) principle.
 - B. Economic Order Quantity (EOQ) model.
 - C. Pareto's 80/20 principle.
 - D. Reorder Principle
8. Riya wants to invest in the shares of a newly listed company for the first time. She approaches her broker to apply for these shares directly from the company. Which financial market is Riya participating? 1
- A. Primary market
 - B. Secondary market
 - C. Domestic market
 - D. Retail market

9. Which of the following is *not* a characteristic of a viable business opportunity? 1
- A. High return of return on investment
 - B. Dependence on government subsidy
 - C. Market acceptability of the product
 - D. Feasibility of the idea
10. “FlyHigh Airlines” adjusts the price of its tickets depending on the season, day of the week, and even the time of booking. The company believes that this flexible pricing approach helps it maximize revenue and manage demand effectively. Identify the pricing strategy adopted by FlyHigh Airlines. 1
- A. Skimming pricing
 - B. Penetration pricing
 - C. Variable pricing
 - D. Cost-plus pricing
- 11 Statement 1: Internal expansion increases a firm’s activities by enhancing its existing operations. 1
Statement 2: A way in which a firm can go for internal expansion is by taking over a rival business to expand market share.
- Options:
- A. Statement 1 is true and Statement 2 is false
 - B. Statement 1 is false and Statement 2 is true
 - C. Both statements are true
 - D. Both statements are false
- 12 Look at the following poster to identify the type of media used as promotion strategy: 1



- A. Outdoor
- B. Ambient
- C. Point of sale
- D. Website

- 13 **Source:** Judicial Committee of the Privy Council, 11 October 1960. 1
- Summary of the Case: Lee v/s Lee's Air Farming Ltd (1960)
- Mr Lee formed a company ("Lee's Air Farming Ltd") to carry on an aerial top-dressing business- applying fertilizers over farmland using aircraft. He was the sole director and also entered into a contract of employment with the company as its chief pilot. He lost his life in a plane crash while working for the company. His widow claimed compensation under the relevant Workers' Compensation Act, on the basis that Mr Lee was an employee of the company. The Court held that the company had an independent status and thus could enter into an employment contract with Mr Lee. The decision holds that upon incorporation, a company is distinct from its members or controllers — even when one individual holds all shares and exercises all control. Which feature of a joint stock company ensures this?
- A. Perpetual succession
 - B. Separate legal entity
 - C. Common seal
 - D. Artificial person
- 14 Choose the incorrect statement 1
- A. Larger the operating cycle, working capital required is more.
 - B. Shorter the operating cycle, working capital needed is less.
 - C. For a trading firm, the operating cycle will be small.
 - D. For a manufacturing firm, the operating cycle will be small.
- 15 When A Ltd. joins with B Ltd. dissolving B Ltd. is called _____ 1
- A. Amalgamation
 - B. Absorption
 - C. Acquisition
 - D. Franchising
- 16 Identify the one which is not an advantage of penetration pricing strategy. 1
- A. It increases market share quickly due to fast diffusion and adoption of practices.
 - B. It leads to high turnover of stock.
 - C. It creates goodwill among early users with the help of word of mouth
 - D. It helps to recover the cost of Research and development activities
- 17 The circulating capital for the following details of Mike Pvt. Ltd. will be _____. 1
- Stock ₹. 40,000, Trade creditors ₹. 32,000, Debtors ₹. 75,000, Cash ₹. 1,25,000, Dividend payable ₹. 50,000, Tax ₹. 44,000, Short term loan ₹. 61,000 and Short term investment ₹. 60,000.
- A. ₹.2,50,000
 - B. ₹.3,00,000
 - C. ₹.3,50,00
 - D. ₹. 2,75,000

- 18 Mr. Dale is an affluent businessman who has successfully managed multiple ventures and now has surplus funds. He is interested in investing in startups and early-stage companies that have innovative ideas and high growth potential. He is particularly keen on mentoring entrepreneurs and being part of their growth journey, rather than just lending money. What type of investor is Mr. Rajan? 1
- A. Commercial Bank
 B. Venture Capitalist
 C. Angel Investor
 D. Crowdfunding Platform

SECTION B

- 19 NanoTech Innovations, a small but highly innovative startup, wants to become a publicly listed company but does not want to go through the lengthy IPO process. MegaCorp Ltd., a listed company with limited growth prospects, was acquired by NanoTech in such a way that NanoTech’s shareholders gain majority control of the combined entity. Identify and explain the type of acquisition described in the case. 2
- 20 A craftswoman makes handmade jewelry and sells them to customers through Instagram and exhibitions. Describe the type of distribution channel she is using. 2
- 21 Rohit noticed that most smartphones in the market have standard batteries that drain quickly. He decided to launch a smartphone with a slightly larger battery and a faster charging feature than competitors, keeping the overall design almost the same. His goal was to attract more customers and compete effectively in the existing smartphone market. Mention the idea field from where he identified the idea. Specify its importance. 2
- 22 State any two objectives of environmental scanning. 2

OR

Manu is in the innovation process where he obtained the resources for setting up his business enterprise. Specify and explain the next two elements in this process.

- 23 What do you mean by Reorder Point? How is it calculated? 2
- 24 Jagdeep runs a mail order business for selling mobile phones, Dotcom. Annual demand for Dotcom is 3200. The annual holding cost per phone is 4 and the cost to place an order is 100. What is the economic order quantity? 2

OR

Jyoth sells two flavours of ice creams: Vanilla and Chocolate. Total fixed cost incurred for the products is Rs 50,000. Calculate the weighted average contribution

	Vanilla	Chocolate
Selling price per unit (Rs.)	40	20
Variable cost per unit(Rs.)	10	10
Sales Mix %	30 %	70 %

SECTION C

- 25 Explain the first three steps in the business plan component which focusses on work your plan. 3
- 26 Describe the different components of a brand. 3
- 27 A new beverage brand, “FreshFizz,” wants to promote its launch. The marketing team used the following strategies: 3

1. Placed TV and radio advertisements to create awareness among a wide audience.
2. Conducted in-store sampling and offered discounts to shoppers.
3. Combined online social media campaigns with traditional TV ads for maximum reach.

Identify and explain the promotional strategies used in these cases.

- 28 Explain any three factors to be considered by an entrepreneur while assessing the market. 3

OR

Explain the following factors of idea and opportunity assessment?

- (a) Application and use
- (b) Level of operation
- (c) Cost

- 29 Mention the objectives of problem identification. 3

SECTION D

- 30 This component of business plan outlines how an entrepreneur will operate and compete in the market. It provides answers to three key questions: *Where have we been? Where do we want to go? and How do we get there?* 5

- a) Identify the type of business plan being referred to.
- b) Answer the questions — “Where do we want to go?” *and* “How do we get there?” — by explaining the related steps involved in this plan.
- c) Mention any two ways in which a target market can be divided into smaller groups based on consumer characteristics.

OR

Riya Kapoor wanted to start an organic skincare products business in her hometown in Jaipur. While discussing her idea with her friend Meera Sharma, Meera advised her to first prepare a proper business plan so that she would not face problems in the future. Riya then requested Meera to explain the importance of a business plan. State any five points of importance that Meera might have explained to Riya.

- 31 Atul wanted to start his own enterprise. His friend advised him to first understand the market and produce goods according to current market trends. He also cautioned Atul 5

not to hire professional agencies for this task, as they charge high fees for preparing reports and analyzing industry trends. Hence, Atul decided to carry out this activity on his own. Identify the concept being referred to in the above case and explain its various methods.

32 The following are the details of ABAD Ltd. Calculate its ROI 5

- Annual Sales = ₹20,00,000
- COGS = ₹10,00,000
- Fixed Expenses = ₹3,00,000
- Depreciation = ₹2,00,000
- Interest on Loan is 10% per annum
- Tax Rate = 30%

Total Investment = ₹15,00,000 (Borrowed Fund + Owner's Fund = ₹10,00,000 + ₹5,00,000)

33 Ananya wanted to start her own fast-food outlet but did not have enough experience in branding and marketing. She approached a well-known burger chain, Burger Buzz, and obtained permission to use their brand name, recipes, logo, and business model. In return, she agreed to pay an initial fee and a percentage of her profits to Burger Buzz. Elaborate the advantages of this business arrangement for Ananya. 5

34 Ritika's company, GlowTech Cosmetics Pvt. Ltd., has been performing well in the market for the past five years. To expand its production facilities and introduce a new product line, the company requires a large amount of capital. The management decides to convert the private company into a public limited company and invite the general public to subscribe to its shares for the first time. Identify the form of raising capital in the primary market and describe four of its benefits. 5

OR

Ravi developed an innovative water purification device using natural filters. Initially, he used his own savings to test his idea and create a basic prototype. After getting positive feedback, he needed funds to start production and launch his product in the market. A year later, as sales began to grow rapidly, he again required additional funds to expand distribution and upgrade technology. Finally, when his business became stable and he planned to go public, he sought large-scale investment for expansion and marketing at a national level.

- (a) Identify the various stages of financing that Ravi's venture went through.
(b) Elaborate each type of financing.

******END OF THE QUESTION PAPER******