ST. XAVIER'S SENIOR SECONDARY SCHOOL, DELHI – 110054

Class 12 Time : 1½ hrs.

18-12-2017 Pre-Annual Test in ENTREPRENEURSHIP M. Marks : 40

1. Gupta Ltd., are the manufacturers of sports motorcycles. They want to manufacture low cost scooters using latest technology. For financing the project they have estimated a capital requirement of Rs. 50 lakhs. The company wants to finance the project by borrowing from a financial institution. Name any two financial institutions they can approach for the same. (1)

2. Differentiate between capital budget and cash budget. (1)

3. Name the two things that are taken care in a reorder point. (1)

4. List any four advantages of Employees Stock Option Plan. (2)

5. Deepak Ltd., has been manufacturing cycles since 2010. Their market share in this field is 35%. They decided to introduce new cycles with advanced gear systems in 2015. For the same they estimated their financial requirements to be 20 crore. They decided to raise the same through a limited number of sophisticated investors. Identify this kind of issue. Explain. (2)

6. In 2015 Jaya Ltd, started a toy manufacturing unit using robot technology. The toys manufactured by the company became popular amongst children. But since the cost of the toys was high, the company could not earn good profit. The business is of high risk along with higher expected returns. The company wants to increase production so that they can reduce cost per unit. For this the company wants additional investment of Rs. 50 lakhs. The company approached Ashok who has just retired from Indian Space Research Organisation and who is an influential person. Ashok agreed to give the loan to the company provided that his loan is converted into equity shares after two years. The company agreed to Ashok's proposal.
   a) What type of investor is Ashok?
   b) State any one features of the same. (2)

7. Following are the balances of current assets and current liabilities of X ltd., Cash Rs. 20,000/-; outstanding expenses- Rs. 5,000/-; Creditors- Rs. 15,000/-; Debtors - Rs. 50,000/-; Short term loans - Rs. 4,000/-; Short term investments - Rs .30,000/-; Long term loans- Rs. 1,00,000/-; Stock - Rs. 70,000/-.
   Calculate the gross and net working capital of X Ltd. (3)

8. You have started a beauty parlour business. You spent 5,00,000 to open the parlor of which you invested 3,00,000/- of your own money and borrowed a loan for 2,00,000. Interest rate per annum is 4%. Sales revenue per month is 35,000. Cost of goods sold is 10,000 per month. Fixed expenses per month is 15,000 (salary 7,000, rent and utility 8,000), depreciation 1,000/- and tax @ 8%. Calculate the Return on Equity. (3)

9. Hemant's grandfather owned a huge agricultural firm in the name of 'Organica'. The company had huge acres of land in Kerala where it grew spices. The company planned to expand and was planning to buy land in Coorg, Karnataka where it will grow coffee. While visiting the place, Hemant saw that the villagers had to walk more than 10 kms of hilly terrain to reach the hospital and he also felt that the villagers did not have any work in the evening apart from doing agricultural work in the morning.
   For expansion purposes he required money and the chief financial officer of his company suggested that they raise the required funds directly from the public. Hemant also decided to open a hospital and a skill development centre for the villagers in the evening wherein they

can learn a lot of new skills.
Explain the method of raising funds directly from the public and the primary advantage that Hemant stands to gain from it. Also state any two values that he wants to spread. (4)

10. To regulate and supervise the securities market in India, this statutory body was constituted in 1998.
    a) Identify this body
    b) Give any three powers of this body.
    c) State any one value which the statutory body as identified in (a) above tires to inculcate among the members of the securities market. (4)

11. Naman and Arpit and Ramesh are in a partnership business to operate a retail jewellery store. They plan to prepare a budget for the year 2017-18 but since they are preparing a budget for the year first time, explain to them the different steps of the budgeting process. Which value is exhibited by them for preparing a budget? (6)

12. Best Electronics Ltd., are the manufacturers of 'Air Conditioners' and 'Air Purifiers'. Their fixed costs are Rs. 32,00,000/- per year. The sales price and variable cost per unit of 'Air conditioners' and 'Air purifiers' are given below:

	Air Conditioners	Air Purifiers
Sales Price	20,000	5,000
Variable cost	15,000	3,000

During the year the company could sell 1000 Air conditioners and 1500 Air purifiers and could not break even. The Air conditioners and Air purifiers were sold in the proportion of 2:3 throughout the year.
Calculate break even in units as well as in rupees. (6)

-x-x-x-x-x-x-x-