

## Enterprise Planning

MCQ's

1. What is an entrepreneur?
  - A. Someone who invests time and money to start a business.
  - B. Someone who makes a lot of money.
  - C. Someone who takes a risk to make a profit.
  - D. **Both A & C.**
  
2. Capital is:
  - A. Prohibitive cost of entry.
  - B. A guarantee that a company will be successful.
  - C. A & B.
  - D. **Amount invested in the business.**
  
3. The following are included in a business plan
  - A. Financial information, production plans, personnel policies.
  - B. Goals of the business and how they will be achieved.
  - C. A step by step plan for the success of your business.
  - D. **All of the above.**
  
4. Quality Control is defined as:
  - A. How many units to produce
  - B. what to produce.
  - C. The amount customer will pay for the product.
  - D. **Ensure the product is according to the standard.**
  
5. A market survey is important because it tells you:
  - A. How many & what types of people are shopping at a store.
  - B. Tells you what the customer will buy.
  - C. Tells you how much the customer will pay for the product.
  - D. **All of the above.**
  
6. A partnership deed usually contain the particulars relating to \_\_\_\_\_
7. (A) Name of firm and partners.  
(B) Nature of business and duration of firm.

(C)Capital contribution, profit/loss sharing ration and other agreed terms.

(D)**All of these.**

7.A business unit whose ownership and management are vested in one person.

- a) Partnership
- b) JHUF
- c) Co- operative society
- d) **Sole proprietorship**

8.Minimum paid up capital required for the establishment of private company is \_\_\_\_\_ a)  
10 lacks rupees

- b) 5 lacks rupees
- c) **1 lakh rupees**
- d) 7 lakhs rupees

9.As per the Co-operative Societies Act, 1912 the rate of dividends paid to the members is restricted to \_\_\_\_\_

- a) 15 %
- b) 7 %
- c) **9%**
- d) 10%

9.Under this plan the transformation of raw material into finished product takes place with the help of energy, capital, manpower and machinery.

- a) Operational plan
- b) **Production plan**
- c) Financial plan
- d) Organisational plan

## **LONG ANSWER TYPE BOARD QUESTIONS**

1. “One-time transaction or dealing in goods and services is not business, even if one earns profit in return”. Identify the essential characteristics of a business missing from the given details.

Ans: **Regularity.**

**Business must be done regularly.**

2. Tom Monaghan, the founder of Domino's Pizza, had a tough childhood, was raised in orphanages and foster homes. In 1960, Monaghan and his brother Jim BORROWED \$ 900 and bought a foundering Pizzeria in Ypsilanti, Michigan. Jim left within the year, but Tom hung on, surviving two near – bankruptcies and a fire. Monaghan worked eighteen hours a day seven days a week, whole heartedly making Domino's Pizza – A GIANT MNC world over a household name. Started as sole and today a MNC – a long successful journey of 'one big man'.

a) Identify the form of organization when it started from the details given above. Ans: **Sole proprietorship.**

3. These types enterprise falls in the category of either being a small or a medium scale enterprise and have direct contact with the customers. Their capital and managerial requirements are higher as compared to that of sole proprietorship.

Identify the form of organization based on the information relating to suitability.

Ans: **Partnership.**

4. Discuss the reasons why private companies are more desirable.

Ans: **1) Only two members are required to form a private company.**

**2) Only two directors are required to constitute the quorum to validate the proceedings of the meetings.**

**3) Such company can file a statement in lieu of prospectus with the Registrar of Companies.**

**4) It can commence its business immediately after incorporation.**

**5) Holding of a statutory meeting or filing of a statutory report is required by a private company.**

**6) Maintaining of index of members is not required by a private company.**

**7) Directors of the private company need not have qualification shares.**

5. It is a ten-digit alphanumeric number, issued by the Income Tax Department. It enables the department to link all transactions of the —person with the department. a) Name the concept discussed above.

b) Who are the people who should possess the above identified concept?

Ans: **a) Permanent Account Number (PAN)**

**b) All existing assesses or taxpayers or persons who are required to furnish a return of income, even on behalf of others, must obtain PAN.**

6. It 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. It's a formal statement of a set of business goals, the reasons they are believed attainable and the plan for reaching those goals along with the background information about the organization or/and team attempting to reach those goals. a) Identify the concept

b) Who should prepare the above mentioned concept?

c) Explain its significance.

Ans: **a) Business Plan.**

**b) The entrepreneur can prepare it with consultation with Lawyers, Accountants, Marketing consultants, Engineers, Internet sites, Friends, relatives, mentors.**

**c) The business plan helps in determining the viability of the venture in a designated market. It helps in satisfying the concerns, queries, and issues of each group of people interested in the venture.**

**It provides room for self-assessment and self-evaluation, requiring entrepreneur to think through various scenarios and plan ways to avoid obstacles.**

7. Identify the format of business plan

It is a three minute summary of the business plan's executive summary. This is often used as a teaser to awaken the interest of potential funders, customers, or strategic partners.

Ans: **Elevator pitch**

8. It is a system whereby there is achieved a smooth and coordinated flow of work within the factory so that, by planning and control of all the productive operations in all the stages of manufacture, the final product is completed in accordance with the plans. a) Identify the type of business plan from the given details.  
b) Explain its elements.

Ans: **a)Operational Plan.**

**b) 1) Routing; 2) Scheduling, 3) Dispatching, 4) Follow-Up, 5) Inspection, 6) Shipping**

- 9.Explain the components of financial plan.

Ans: **Major financial items that should be included in the financial plan are:**

- a) Proforma investment decisions**
- b) Proforma financing decisions**
- c) Proforma income statements**
- d) Proforma cash flow**
- e) Proforma balance sheet**
- f) Break-even analysis**
- g) Economic and social variables**

- 13."The people working in a firm make it what it is."

a)Which element of business plan is referred from the above given details? b)  
Explain its content.

Ans: **a) Manpower planning**

- b) 1)What kind of people are required? 2) How many people are required?**
- 3) How will they be selected?**

14. What are the steps involved in preparing a marketing plan?

Ans: **Business situation analysis.**

**Identify the target market**

**Conduct SWOT analysis**

**Establish goals**

**Defining the marketing strategy**

**Implementation and monitoring of the plan**

15. Differentiate between public company and private company. [Sample paer-2014-15] Ans:

**Private company 1) has a minimum of two and a maximum of fifty members excluding its past and present employees. 2) restricts the right of its members to transfer shares. 3) prohibits an invitation to the public to subscribe for any shares or debentures of the company, or accept any deposits from persons other than its directors, members or relatives. 4) has a minimum paid up capital of one lakh rupees. 5) uses the word 'Pvt. Ltd.' at the end of its name.**

**Public company 1) has minimum seven people to commence with no upper limit to membership 2) does not restrict any transfer of shares 3) invites public to subscribe for**

its shares, debentures and public deposits. 4) has a minimum paid up capital of five lakh rupees. 5) uses the word 'Ltd.' at the end of its name.

16. Gaurav started a factory for manufacturing bags for the students of nursery and primary classes. He invested Rs2, 00,000/- of his own and obtained a loan of Rs10, 00,000/-from bank. He made the instruction plan describing the details that were needed for the operation of machines by the workers. Identify and explain the format of 'business plan' described in the above Para [2015-16]

Ans: **An internal operational plan: A detailed plan describing planning details that are needed by management but may not be of interest to external stakeholders.**

17. Name and define the form of business organization in which the liability of its members is limited. State one more feature of this form of business organization.[2015-16]

Ans: **Joint Stock Company: A company can be described as an artificial person having a separate legal entity, perpetual succession and a common seal. Artificial person**

20. It restricts the right of its members to transfer shares and prohibits an invitation to the public to subscribe for any shares or debentures of the company, or accept any deposits from persons other than its directors, members or relatives.

- a) Name the type of organization.
- b) Why is the identified organization more desirable? Give any three reasons. [SP 2018]

Ans: **Private company.**

21. Bharghavi started a School bag business with her brother. Both were very excited about the new venture. With meticulous planning and a lot of hard work they were able to sell 1,000 bags in the first year. But they did not earn any profit. Both were happy because they were not at loss and revenue generated was equal to the cost. Now they were moving towards earning profit in the second year.

- (a) Identify the component of financial plan discussed above.
- (b) By giving any four points state how this component is useful for the entrepreneur. [SP 2018]

Ans: **Break Even Analysis.**

**Calculation of BEP is quite useful for the entrepreneur as it helps in assessing:**

- 1) **The minimum level of output to be produced.**
- 2) **The effect of change in quantity of output upon the profits.**
- 3) **The selling price of the product.**
- 4) **The profitable options in line of production.**

22. Sandeep had started his business of dairy products in 2013. He wanted to expand his business but did not have the necessary funds. One of his friends suggested that he should approach Mr. Goel, a venture capitalist for further funds. When Sandeep approached Mr.Goel, he was given three minutes for explaining his business proposition.

- a) Identify and explain the format of business plan referred in the above para.

**Elevator pitch**

- a) A hopeful, entertaining slide show and oral narrative that is meant to trigger discussion and interest potential investors in reading the written presentation, i.e. the

executive summary and a few key graphs showing financial trends and key decision making benchmark.

**A pitch deck with oral narrative**

- b) A written presentation for external stakeholders: A detailed, well written, and pleasingly formatted plan targeted at external stakeholders.

**A written presentation for external stakeholders**

- c) An internal operational plan: A detailed plan describing planning details that are needed by management but may not be of interest to external stakeholders.

**An internal operational plan**

[sample 2014-15]

## CASE STUDY TYPE QUESTIONS

23. Deepika wanted to pitch in to reduce the financial crisis prevailing in her house and thought of working as a cook. She started working in three different households, one Punjabi, one Gujrati and one South Indian family. She soon realised that all the three households have different cuisine. All the families greatly appreciated the time frame within which she had mastered the local cuisine. After working for them for a year, she decides to open a small eating joint of her own along with two of her friends named Apna Bhoj. They decided to share profits equally and that each one of them will be liable for acts performed by the other two. Soon the eatery became a hotspot because of the fusion platter which was being offered.

- (i) Identify the kind of business organization which was set up by Deepika and her friends.  
(ii) Quoting the lines from the paragraph, state the features of this form of business organization.  
[Sample paper 2014-15]

24. Ramsaran, an auto-mechanic, was working in a city. But due to ill health of his parents he was compelled to shift to his village. The village was approximately 2 km away from the nearest highway. He noticed that vehicles which broke down had no repair facility in that area. This gave him an idea to open an Auto-service Centre for earning his livelihood. He motivated some young boys of his village to join him for providing this service. He trained them and employed them in his workshop. (i) Identify the source from which Ramsaran's idea emerged.

- (ii) State any other source of idea and one value mentioned in the above para.