

BUDHA DAL PUBLIC SCHOOL PATIALA
Second Term Examination (23 December 2023)

Class XII (Commerce)
Subject - Business Studies
(Set - A)

Time: 3hrs

M.M. 80

General Instructions

1. All questions are compulsory.
2. Questions from 1 to 20 carrying 1 mark each.
3. Questions from 21 to 24 carrying 3 marks each.
4. Questions from 25 to 30 carrying 4 marks each.
5. Questions from 31 to 34 carrying 6 marks each.

Q1. MD of Perk Ltd, Paul suggested that since the economy is buoyant, the company should invest in _____ market to take advantage of economy.

- a) Primary b) Secondary c) Money d) Capital

Q2. Which concept of control management is based on the belief that if you try to control everything you may end up controlling nothing?

- a) Critical point control b) Key result areas c) Management of exceptions d) Deviations

Q3. Shikhar is a sales manager in DC Enterprises. He encourages the rest of 10 team members to set their own objectives and takes decision. He respects the opinions of others and supports them in performing their duties.

He interacts with them on personal level about work related issues as well as other topics not related to work or organization. He doesn't follow a proper chain of command while interacting with them.

Shikhar follows which type of leadership style?

- a) Autocratic b) Democratic c) Laissez - faire d) Both (b) and (c)

Q4. The manager of 180 Ltd. calculated total sales and revenue earned by each sales executive to conduct appraisals at the end of the year.

Which step of controlling is highlighted here?

- a) Setting performance standards
b) Measurement of actual performance
c) Comparing actual performance with standard
d) Analysing deviations

Q5. Ganga's grandfather was unwell. He called Ganga and gave her a box containing cash and certain papers which were crumpled. He saw them carefully and found that these were share certificates. Ganga now wants to know the process through which he can trade in these shares. He also learnt about the trading procedure and got to know about SEBI as well.

Which process would have been done by Ganga to facilitate trading?

- a) Demutualisation b) Remutualisation c) Dematerialisation d) Rematerialisation

Q6. Rahul Mehta purchased a car for Rs. 17 lakhs from an automobile company. Later on, he found defects in its engine. Suggest to him the appropriate authority, where he could file a complaint under Consumer Protection Act.

- a) District Commission b) State Commission c) National Commission d) Supreme Court of India

Q7. IM Ltd. issued prospectus for subscription of its shares for Rs. 100 crores. The issue was over subscribed. Later, SEBI inspected the prospectus and found some misleading statements about management of company. Identify the function performed by SEBI.

- a) Regulatory function b) Protective c) Development d) Both (a) and (b)

Q8 Sushil bought a box of butterscotch ice-cream of a reputed brand from a local shopkeeper. On opening the box, he found a piece of stone in the box. He reported the matter to the shop keeper, who forwarded his complaint to the concerned company. Within two days, representative of the company visited Sushil's residence with an apology and as a replacement offered him a new ice-cream pack with two other flavour of ice-cream as compensation for the inconvenience caused to him. State the consumers right exercised by Sushil.

- a) Right to be informed b) Right to seek redressal c) Right to safety d) Right to consumer education

Q9. Match the following :

Column I	Column II
i) Zero coupon bonds	a) Call money
ii) Used for bridge financing	b) Treasury bills
iii) Short term instruments used for inter bank dealings	c) Certificate of deposit
iv) Instrument issued by commercial banks and development financial institutions.	d) Commercial papers

- a) i-(a), ii-(b), iii-(c), iv-(d) b) i-(b), ii-(d), iii-(a), iv-(c)
 c) i-(c), ii-(a), iii-(d), iv-(d) d) i-(d), ii-(c), iii-(b), iv-(a)

Q10. Assertion (A) : Depository holds securities in electronic form.

Reason (R) : Depository is formed for the purpose of free transferability of securities with speed, accuracy and securities.

Alternatives:

- 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 and 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.

Q11. Why do all financial decisions, major or minor, aim to ensure that benefits from the investment exceed the cost so that some value addition takes place and the market price of equity shares is maximized?

- a) For achieving the objective of wealth maximisation
 b) For achieving the objective of profit maximisation
 c) Both option (a) and (b)
 d) None of the above

Q12. The return on Investment (BOI) of Bhumi Ltd., a real estate company ranged between 15% - 17% for the past two years. In order to finance its expansion plans the company has the following option for borrowing delots.

Option A : Rate of Interest 12%

Option B : Rate of Interest 18%

Which of the two sources of debts, option A or option B would you recommend?

- a) Option A b) Option B c) Either (a) or (b) d) None of the above

Q13. Nidhi is working as the Human resource consultant in a firm manufacturing footwear, which is facing a problem of high employee turnover. Nidhi has recommended that the good employees should be rewarded in a way that it creates a feeling of ownership among the employees and at the same time makes them contribute towards the growth of the organization.

Identify the incentive which has been suggested by Nidhi.

- a) Productivity linked wage incentives
- b) Schemes
- c) Profit sharing
- d) Co - partnership

Q14. 'Narchetna' a popular consumer organisation in Chandigarh, has filed a case against a yogurt manufacturing company in the National Consumers disputes redressal commission. The yogurts were marketed as being "clinically and scientifically/ proven to boost immune system and helps to regulate digestion. However, on conducting laboratory tests the claims found to be wrong. Name any party who could have also file a complaint in the above case

- a) Any consumer
- b) The Central Government
- c) Any State Government
- d) All of the above

Q15. What is the proportion of debt in the total capital of the business called?

- a) Financial leverage
- b) Financial management
- c) Capital structure
- d) None of the above

Q16. Abel purchases 91 days financial instrument with a face value of Rs. 40000 for Rs. 380000. On the maturity date, he received Rs. 400000. The minimum value of purchase these type of financial instrument is Rs. 25000 and in multiples thereof.

Identify the type of financial instrument being described above.

- a) Treasury bills
- b) Commercial paper
- c) Certificate of deposit
- d) None of the above

Q17. Which among the following is not a feature of leadership?

- a) It tries to bring change in the behaviour of others
- b) It is an internal feeling.
- c) It indicates interpersonal relations between leaders and followers.
- d) It is a continuous process

Q18. This decision determined the overall cost of capital and the financial risk of the enterprise.

- a) Dividend decision
- b) Capital budgeting decision
- c) Investment decision
- d) Financing decision

Q19. Sugandha Limited is small scale business unit manufacturing incenses. The standard output for a worker engaged in packaging of incenses cones is 100 units in one day. But it is noticed that all the workers are able to perform at a much higher level as compared to the standard set. Therefore, the supervisor decided to revise the standards. Identify the point of importance of controlling being highlighted in the above case.

- a) Controlling helps in judging accuracy of standards.
- b) It ensures efficient use of resources.
- c) It helps in improving employee motivation.
- d) It facilitates coordination in action.

Q20. When Aaradhya in spite of paying the full price of the plot as per the terms and conditions of the allotment letter, was not given the possession of the plot by the builder, she filed a case in the State Commission. Identify the right of consumers being exercised in the given case.

- a) Right to safety
- b) Right to be heard
- c) Right to seek redressal
- d) Right to consumer education

Q21. Adwitiya is a company enjoying market leadership in the food brands segment. It's portfolio includes three categories in the food business namely snack foods, juices and confectionery. Keeping in line with the growing demand for packaged food it now plans to introduce ready - to - eat foods. Therefore, the company has planned to undertake investments of nearly Rs. 450 crores for its new line

of business. As per the current financial report, the interest coverage ratio of the company and return on investment is higher. Moreover, the corporate tax rate is high.

In context of the above case:

- a) As a financial manager of the company, which source of finance will opt for debt or equity, to raise the required amount of capital? Explain by giving any two suitable reasons in support of your answer.
- b) Why are shareholders of the company like to gain from the issue of debt by the company?

Q22. Gagan has joined as a Managing Director of True Help Ltd. a company engaged in the business of providing road side assistance to the vehicle owners. He was previously working in an automobile company. As a part of the joining incentive, the company has allotted him 400 shares of the company. In context of the above case:

- a) Identify and explain the type of financial incentive offered to Gagan. Also, state any two other method that can be used to offer financial incentives to the employees.

Q23. If anything goes wrong with the performance of key activities, the entire organization suffers. Therefore, the organization should focus on them :

Explain the statement with a suitable example.

Q24. Himanshu purchased a new car from Galaxy motors for Rs. 25 lakh. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5000 km, 1000 km and 15000 km respectively. When Himanshu took the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the district Commission. Being not satisfied, with the decision of the district Commission he decided to file an appeal against it after two months. Can Himanshu appeal against the decision of the district Commission?

Give reason in support of your answer.

Q25. Riya and Jiya are working in different departments, but are very close friends. During lunch time, Riya informs Jiya that due to the impact Covid - 19 on business organization, many people have lost their jobs.

Identify and explain the type of communication highlighted in the above said case.

Also state two advantages and one disadvantage of this type of communication.

Q26. Which institution is known as watch dog of securities market in India?

What functions of above identified institution make it watch dog? Explain in detail.

Q27. Timely Ltd. is a manufacturer of premium wall clocks. The company has been doing extremely well and has been able to carve a niche in the market. The company recently decided to go global.

To achieve the above objective, the company decided to increase its production to 30,000 units per month. But after two months, the management observed that only 45,000 units were manufactured. Company is opting for a good control system in order to achieve the target on time. In context to this, give any four advantages of controlling.

Q28. Kynaa, a beauty product e - commerce company, is diversifying into men's grooming. It is also tapping the demand for beauty products in the fashion industry and amid professionals such as make up artists. As it diversified its online presence, Kynaa is also expanding its physical presence. They have 41 outlets across 18 cities presently and plan to expand to 180 outlets. Each store requires a capital expenditure of 60 - 80 lakh rupees. The company has decided to raise funds by issuing equity shares but not directly to the public, rather by offering them to brokers who will further help to sell to general public.

Identify and briefly explain the method of floatation followed by the company. Also name and explain the other two methods of floatation that can be used by the company for raising funds from the public, in the primary market.

Q29. Dreamz house is a company engaged in developing and promoting housing projects. The total capital of the company is Rs. 75,00,000 out of which Rs. 30,00,000 has been raised from loans. Compute the following:

- a) The debt - equity ratio of the firm.
- b) The percentage of debt in the total capital of the firm.
- c) Also explain the term trading on equity.

Q30. Rakesh is working under his Superior Neeraj. He always communicate useful ideas and suggestions to his superior regarding the reduction of cost, improvement in the product etc. Neeraj implements his suggestions and has always found favourable results but he never appreciated Rakesh for his suggestions. Now, Rakesh decides not to communicate any suggestions or idea to Neeraj.

Identify and explain the factor which acts as a communication barrier. Explain three other factors of the same group of communication barriers.

Q31. Ayesha purchased 1 litre carton milk from 24 × 7 convenience store. After drinking the milk, she felt irritation, rashes and tiny bumps all over her body. Her sister, Sarah saw the carton milk and realized that products has already expired.

Sarah rushed to the store to inquire about the same. Salesman informed her to contact to the customer care center for the reason that they supplied them milk on daily basis.

Sarah connected with their customer care cell who refused to take her complaint. Now, Sarah wants to file complaint in district Commission and wants to seek compensation for the treatment of her sister.

- a) Identify the responsibility neglected by Ayesha and the rights violated by the company.
- b) Can Sarah file complaint in District Commission on behalf of her sister?

Also state other parties who can file a complaint.

Q32. i) Explain following functions of SEBI.

- a) Regulatory function b) Development functions d) Protective functions
- ii) Differentiate between 'Primary market' and 'Secondary market' on any three basis.

Q33. Explain any six factors affecting the decision that determines the amount of profit earned to be distributed and to be retained in the business.

Q34. Ram Rahim is the sales head of Good Fortune Ltd. His team includes three people. Each of the three team members supposed to see 20 electric mixers in a month.

At the end of the month of March, he checked the reports of sales persons. Two members sold less than 20 mixers, whereas one member sold more than 20 mixers.

He decided to hear the reasons of non-accomplishment of target. The reasons they disclosed was the inadequate supply of mixers which head to less sales.

Ram Rahim directed the production department to ensure timely supply of mixers in future.

- a) Name the function of management discussed above.
- b) State the steps of function identified in part (i) by quoting the lines.