

FIRST TERM EXAMINATION (2024-25)
CLASS XII - BUSINESS STUDIES (054)

TIME-3 HOURS

M.M.80

General instructions:

- This question paper contains 34 questions. Answers should be brief and to the point.
- Answers to the questions carrying 3 marks may be from 50 to 75 words. Answers to the questions carrying 4 marks may be about 150 words. Answers to the questions carrying 6 marks may be about 200 words. Attempt all parts of a question together.
- Question 1-20 carry 1 mark, question 21-24 carry 3 Marks, question 25-30 carry 4 marks and question 31-34 carry 6 marks.

- Q1 At times, a business may concentrate on producing goods with fewer resources but (1)
cannot achieve the targeted production. In such a case, the business is said to be
- a) Effective but not efficient c) Both effective and efficient
b) Efficient but not effective d) Neither effective nor efficient
- Q2 To become a CA in India a candidate has to clear a specific examination conducted by (1)
the Institute of Chartered Accountants of India. Identify the feature of Profession to
which the above statement is related
- a) Professional association c) Service motive
b) Ethical code of conduct d) Restricted entry
- Q3 The CEO of Best Media Ltd. Ms. Anupama wants to get maximum output from the (1)
employees at a competitive cost. On the other hand Raman, an employee of the
company wants to get the maximum salary while working the least. The principle of
Fayol being violated by Raman is
- a) Remuneration c) Discipline
b) Equity d) Subordination of individual interest to general interest.
- Q4 The concept of "mental revolution" as prescribed by Taylor, involves, change in the (1)
mindset of:
- a) Worker towards the management
b) Management towards the workers
c) Workers and management towards one another from competition to
cooperation
d) Customers towards the management of the organization.
- Q5 The objective of which of the following technique of scientific management is to (1)
determine the number of workers to be employed in an organization?
- a) Method study c) Motion study
b) Time study d) Differential piece rate plan
- Q6 The principles of pure science are considered to be valid in nature. (1)
OR
_____ scientific management technique insists on hiring specialized or experts for each job
- Q7 With rising pollution levels, consumers are becoming conscious about the harmful (1)
effects of polluted air, so the demand for home air-purifiers increasing day by day.
Which dimension of business environment is discussed here:
- a) Political environment c) Social environment
b) Economic environment d) Technological environment
- Q8 Who are referred to as the Specific forces? Give two examples. (1)
OR
What do you mean by First mover Advantage?

Q9 Planning is not a guarantee of success of a business." Comment (1)

Q10 Assertion (A): Planning enables manager to look ahead and anticipate changes to deal with uncertain events. (1)

Reason (R): Planning involves rational decisions.

- a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
- b) Both Assertion and Reason are true but Reason is not the correct explanation of Assertion.
- c) Assertion is true but Reason is false.
- d) Assertion is false but Reason is true.

Q11 "Planning is looking ahead and controlling is looking back." Discuss. *deviation & control* (1)

Q12 For the following two statements choose the correct option (1)

Statement I: - Advertising is an impersonal form of communication

Statement II: - Advertising Lacks direct feed back

Choose the correct option from the options given below

- a) Statement I is correct and II is wrong
- b) Statement II is correct and I is wrong
- c) Both the statements are correct
- d) Both the statements are incorrect

RIGID

Q13 Assertion (A): Control should focus on each and every activity in an organization. (1)

Reason (R): It is easy to keep a check on each and every activity.

- a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
- b) Both Assertion and Reason are true and Reason is not the correct explanation of Assertion.
- c) Assertion is true but Reason is false.
- d) Assertion is false and Reason is true.

Q14 _____ is a number assigned to each transaction by the stock exchange and is printed on the contract note. (1)

- a) Client code number
- b) Permanent account number
- c) Unique order number
- d) Depository participant number

Q15 Which of the following statement is INCORRECT? (1)

- a) Providing liquidity to securities is one of the functions of stock exchange.
- b) Process of holding securities in electronic form is known as dematerialization
- c) SEBI performs the regulatory function of controlling insider trading imposing penalties for such practices.
- d) Capital market consist of commercial banks, development bank, stock.

Q16 What is financial intermediation? (1)

- a) The process which leads to increase in the market price of equity shares.
- b) The process by which allocation of funds is done.
- c) The process which maximizes current price of the shares.
- d) The process which identifies the gap in savings.

Q17 The size of the assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision. (1)

Q18 Lites limited manufactures LED bulbs with a current production capacity of 800 bulbs a day. Sam the marketing manager of the company surveyed the market and decided to supply bulbs to Five-star hotels also. He anticipated the higher demand in future and decided to buy sophisticated machines to further improve the quality and quantity of the bulbs produced. (1)

Identify the factor affecting the fixed capital requirements of the company

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to increase in profit earned by the equity shareholders due to presence of financial charges like interest. (1)

- a) Capital structure
- b) Earnings per share
- c) Trading on equity
- d) Return on investment ^{Debt}_{T.C}

Q20 From the following identify the channels of distribution in which goods pass from the manufacturer to the retailers who in turn, sell them to the final users. (1)

- a) One level channel
- b) Two level channel
- c) Three level channel
- d) Zero level channel

Q21 Ashita works in a company where her basic task is to integrate diverse element and coordinate the activities of different departments according to the overall objectives of the organization. At which level of management is Ashita working? State any two functions to be performed by her at this level other than those discussed in the above paragraph. (3)

Q22 Two big banner movies are scheduled to be released on the same date. On the last moment release of one movie has to be postponed due to the opposition of people due to some unethical content related to their religion was shown in that movie. The other movie was released on time and made huge profit as there was no competition and movie which was postponed suffered loss. Identify the feature of business environment highlighted here. Also explain two other features of business environment. (3)

Totally
Uncertainty
Dynamic
Complex
Sum of sp + 20

Q23 Differentiate between single use plans and standing plans. (in table form) (3)

OR

A company wants to introduce a new product. What type of a plan should it prepare? Identify and explain the type of plan.

Q24 Explain the importance of the concept which enables the companies to tackle the uncertainty in respect of availability and timing of funds and helps in smooth functioning of the organization. (3)

Q25 The management of Max Ltd. strongly believe that the members of the organization should work towards fulfilling the common organizational goals. This requires team work and integration of efforts of all the individuals, departments and specialists. This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Managers need to reconcile differences in approach, timing, efforts and interest. At the same time it should enable all its members to grow and develop. Thus there is a need to harmonize individual goals and organizational goals. State the concept of management being discussed here. Also explain any three features of the concept identified above. (4)

Q26 The Directors of Rico Ltd. decided to declare bonus issue of equity shares to the shareholders in its Annual General meeting. Immediately one of the directors purchased 50,000 shares from the market and sold them at a very high price, as the bonus was declared and made a capital gain from it. (4)

- a) Identify the type of malpractice used by the director.
- b) Name the authority which regulates such behavior. Explain the functions performed by them.

Q27 State and explain briefly any 4 points of importance of controlling function of management. (4)

OR

Explain the first four steps in the controlling process.

Identifying
&
Evaluating

Legal

Q28 The court has passed an order that all the schools must have water purifier for the school children as the society in general is more concerned about the quality of life. Innovative techniques are being developed to manufacture water purifier at competitive rates. Incomes are rising and children at home are also drinking purified water. The government is also showing positive attitude towards the water purifier business. Identify the different dimensions of business environment by quoting lines from the above para. ^{social} ^{technological} ^{economic} ^{political} Legal

Q29 Briefly explain the next four steps in the process of planning which the manager will have to follow after using conjecture about what might happen in future. (4)

Q30 Name the communication tool which help in improving the image of the company. Explain any three ways in which the company can use this tool. OR

What is meant by Physical Distribution? Explain its major components. (4)

Q31 Briefly explain the significance of the principles of management? OR

Explain the principles of Scientific management as given by F.W. Taylor. (6)

Scientific Decisions
Optimum use of resources
Social Responsibility
Dynamic Change

Q32 Good food is a famous chain selling large variety of products in the Indian market. Their products include sweets, biscuits, chips and other grocery items. It charges higher price compared to its competitors. Besides it offers regular discounts and easy credit terms to its retailers. It has four of its own retail stores. It also sells through various grocery stores so that the products are made available at the right place, in the right time and in the right quantity. It regularly used different communication tools to increase its sales. The above para describes the combination of variables used by Good food to prepare its market offering. Identify and explain the variables. (6)

0.07
24/100

Q33 What is meant by a stock exchange? State the functions performed by it. (6)

Q34 Determining the relative proportion of various types of funds depends upon various factors. Explain any six such factors OR

A Textile company wants to raise funds of ₹40,00,000 for its new project. The management is considering the following mix of debt and equity to raise this amount.

Option I Debt nil and equity- ₹40,00,000

Option II Debt ₹10,00,000 and equity- ₹30,00,000 Option III Debt ₹30,00,000 and equity ₹10,00,000

Other details are as under -

Interest rate on debt is 9%

Tax rate is 30%

Face value per share is 100 each

EBIT is ₹8,00,000

- 1 Identifying
- 2 Evaluating
- 3 selecting
- 4

10,00,000
1%

0.06
49/30000

30,00,000
1%
= 30,000

(6) 5,30,000

a) Under which of the three options will the company be able to take advantage of Trading on Equity.

b) Does EPS always rise with increase in debt?

- 1 Perseverance
- 2 Reliberate

~~UNCERTAINTY~~

0.02
22/1000