

**INTERNATIONAL INDIAN SCHOOL-DAMMAM**

**SECOND TERM EXAMINATION – 2017.**

CLASS:- XII  
SUBJECT:- BUSINESS STUDIES

MARKS:-80  
TIME :- 3hrs.

SET A

**GENERAL INSTRUCTIONS**

- *Answers to questions carrying 1 mark may be from one word to one sentence.*
  - *Answers to questions carrying 3 marks may be about 50-70 words.*
  - *Answers to questions carrying 4-5 marks may be about 150 words.*
  - *Answers to questions carrying 6 marks maybe be about 200 words.*
  - *Attempt all the questions*
- 1 'Identifying and dividing the work' is the first step in the process off one of the functions of management. **Identify the function.** 1
  - 2 What do you mean by Financial Risk. 1
  - 3 Vikas uses 'Kuber Cabs 'for travelling in the city. He received a text message "Add ₹222 on Kaytm and get 20% cash back on having minimum ten trips till 15th April, 2017." **Identify the technique of sales promotion used by the company.** 1
  - 4 Which principles of management suggest that the employees should not leave the organization frequently? 1
  - 5 Heena is working in a company on permanent basis. As per the job agreement she had to work for 8 hours a day and was free to work overtime. Heena worked overtime, due to which she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realized that she was fulfilling only some of her needs while some other needs still remained to be fulfilled. **By quoting lines from the above para, identify which needs of Heena is not fulfilled under the need hierarchy.** 1
  - 6 VPL Ltd., a reputed truck manufacturing company, needs Rs.20 crores as additional capital to expand its business. Mr.Anoop Jindal, the CEO of the company, wants to raise funds through equity. The Finance Manager, Mr. Nikhil Sachdeva, suggests that the existing shareholders be offered the privilege to subscribe to new issue of shares as per the terms and conditions of the company which was agreed by Mr.Anoop Jindal. **Name the method through which the company decided to raise additional capital.** 1
  - 7 "To see whether plans are being implemented and activities are being performed according to schedule", is a step of planning process. **Identify the step.** 1

- 8 Isha Machines was a renowned name for quality sewing machines since 1960. Mr Suresh, the owner of Isha Machines was worried as the production had declined during the last three months. He directed the production Manager to find out the reason. The production Manager ordered the different supervisors to prepare a performance report of the workers working under them. **Identify the step taken by the production Manager that is related to one of the functions of management.** 1
- 9 Pramod, a sales representative of 'Omida Ltd' has changed seven jobs in the last one year. He is a hard-working person but is not able to finalize deals with the customers due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a mis-understanding between him and his clients. 3
- a) **Identify the communication barrier discussed above.**
  - b) **State the category of this communication barrier.**
  - c) **Explain any other communication barrier of the same category.**
- 10 Explain any three functions of packaging? 3
- 11 Business of "Sameer auto Pvt Ltd is confined only to one state. Now it intends to extend the same to two other states. Mr. Junaid, the managing director of the company, is busy in making a plan to this effect. First of all, he contacted HR manager, both were of the opinion that they would require 75 more employees to extend their business to two new states. On looking at the records of existing employees, they found that 8 employees were going to retire very shortly. Besides, two employees were proceeding on long term study leave abroad for two years. Thus, company would now require 85 employees in all. HR manager recommended that out of the total vacant posts, 15 be reserved for women. Mr. Junaid gladly accepted the proposal. Now, HR manager was to decide as to what arrangement be made for the appointment of needed persons. According to this plan some employees would be recruited with the help of existing employees and for some other placement agencies operating in the market would be contacted. 3
- a) **Describe what function of management has been referred to in the above paragraph?**
  - b) **What sources of recruitment are being used by HR manager? Explain briefly.**
- 12 Saqib Ltd. is a large credit worthy company operating in the Kashmir Valley. It is an export oriented unit, dealing in exclusive embroidered shawls. The floods in the Valley have created many problems for the company. Many craftsmen and workers have been dislocated and raw material has been destroyed. The firm is therefore, unable to get an uninterrupted supply of raw material, and the duration of the production cycle has also increased. To add to the problems of the organisation, the suppliers of raw material who were earlier selling on credit are asking the company, for advance payment or cash payment on delivery. The company is facing a 3

liquidity crisis. The CEO of the company feels that taking a bank loan is the only option with the company to meet its short term shortage of cash.

**As a finance manager of the company name and explain the alternative to bank borrowing that the company can use to resolve the crisis.**

- 13 Microgarments Ltd. is dealing in export of garments. The performance of the company has been upto the expectations in the past. Keeping up with the latest technology, the company decided to upgrade their machinery. For this, the Finance Manager, David, estimated the quantitative requirements of funds and their timings. This will help him in linking the investment and the financing decisions on a continuous basis. So, he began with the preparation of a sales forecast for the next four years. He also collected all possible data about the profit estimates in the coming years. By doing this he wanted to be sure about the availability of funds within the business. For the remaining funds he is trying to find out the viable sources from outside. **Identify the financial concept discussed in the above para. Also, state the objectives to be fulfilled by the financial concept, so identified.** 3
- 14 Explain any four points which highlights the importance of controlling. 4
- 15 Mr. Raman Kher is the production manager of "Kher Milk Products Pvt Ltd." He is producing several milk products. Various alternatives are available for producing each product. It is the endeavor of Mr. Kher that best and cheap alternative be adopted in production. He has made a special arrangement in his department. According to it, a proper place will be earmarked for everything used in the production department. He has also directed the employees of the department that everything should be available at its decided place. There is a provision for awarding punishment to those who ignore this direction. All activities of Mr. Kher's department are closely related to each other. To maintain balance among them he makes special efforts so that there is no obstruction in production. 4
- a) **Quoting the lines, identify Which techniques of scientific management is being practiced by the company in the above paragraph.**
  - b) **Quoting the lines, identify the principle of Henry Fayol is being followed by the company.**
- 16 Anoop Gaur started 'Cat's Eye', a company for providing cyber security solutions to businesses. Its objective to prevent, detect, respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was not only a person of integrity but also did his work with utmost honesty and sincerity. The business started growing day by day. 4
- He was delighted when he was offered a big project by the Ministry of Science and Technology. While working on the project he found that the volume of work made it impractical for him to handle all the work by himself. Therefore, he decided to expand the team. The company maintained a close connection with an

engineering college in the State. During a campus placement, Aarav and Pranshi were appointed to work for the new project.

He found the new employees capable, enthusiastic and trustworthy. Anoop Gaur was thus, able to focus on the objectives and with the help of Aarav and Pranshi, the project was completed on time. Not only this, Anoop Gaur was also able to extend his area of operations. On the other hand, Aarav and Pranshi also got opportunities to develop and exercise initiative.

**(a) Identify and explain briefly the concept used by Anoop Gaur in the above case which helped him in focussing on the objectives.**

**(b) Also, explain any three points of importance of the concept identified in part (a).**

- 17 Explain the following as factors affecting the requirements of fixed capital. 4
- i) **Scale of operation**
  - ii) **Choice of techniques**
  - iii) **Technology upgradation**
  - iv) **Financing alternatives.**

- 18 Having transformed 2500 Kirana stores across eight cities in to virtual super markets, the start up Quick Bizz further decided in advance, to collaborate with 15000-20,000 store owners in top 30 cities of the country by the end of this year. The company has set its eye on digitizing over 1,00,000 kirana stores over next 18-24 months. 4

**A. Identify and explain the step in the process of one of the functions of management discussed above.**

**B. Also explain the last step to be performed by Quick Bizz as part of the process.**

- 19 R&T Reality, the property development arm of the construction and engineering giant R&T in a recent report to the media shared that it is betting on bigger and better projects providing greater benefits to the customers, lower prices and faster execution to boost its growth. The spokesperson of the company informed the media that besides the innovative features, quality and brand, the fair pricing followed by the company is also a hit with the buyers. He said that the company is also focusing on accurate, speedy and timely delivery. Proper communication with the market was being maintained through advertising. Even dealers were to be offered incentives to boost the sales. 4

**The above para describes the combination of variables used by R&T Reality to prepare its market offering. Identify and explain the variables.**

20 What is meant by 'Secondary market'? Explain the first four steps which are involved in the screen-based trading for buying and selling of securities in the secondary market. 5

21 'Viyo Ltd.' is a company manufacturing textile. It has a share capital of rupees 70 lakhs. The earning per share in the previous year was rupees 0.25. For diversification, the company requires additional capital of rupees 30 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned profit of rupees 7 lakh on capital employed. It paid tax @40%. 5

**(a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.**

**(b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.**

22 Mr. Sohail Khan, after completing his studies is working in the production department of 'Bharath Chemicals Limited'. There are fifty persons working at different post in his department. He tries hard to keep a watch over the Routine Activities of all the employees. He observed one of the employee, Kamal and a few others working on machines. They were running the machines in a wrong manner. The machines were very sophisticated. Mr. Khan at once explained the right method of working to them. He wanted to solve this problem of the employees for good. He called a meeting of his subordinates. He took this decision that the company will have to organize training of the employees immediately. They also decided that all the employees will drop a suggestion each in the suggestion-box daily, so that the different activities of the department may be improved speedily. It was announced that the employees giving valuable suggestions shall be rewarded. 5

**a) Which function of management is being discharged by Mr. Khan by keeping a watch over the Routine Activities?**

**b) Which method of training of the employees will be suitable to be adopted here? Explain**

**c) Which style of leadership is being followed by Mr. Khan?**

**d) Which method of motivation will be decided to be adopted in the meeting of employees?**

- 23 Medi Instruments Ltd. is a company dealing in the distribution of medical instruments. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. 6

In the meeting, Sanjay, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally to explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for the same. Hitesh, another Zonal Head, added that since lot of money had been spent on the import of the machines, the company was short of funds to pay the additional staff, as suggested by Sanjay.

Revansh, a newly appointed Zonal Head of South Zone, suggested that since the size of the order was not large, a detailed study of the factors determining the choice of channels of distribution was required before making the right choice.

**(a) Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.**

**(b) Also, explain briefly the other considerations to be taken care of in each factor identified in part (a).**

- 24 Explain the functions of stock exchange. 6
- 25 The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers. 6
- A. **Name the function of management performed by GIPRA to maintain a satisfactory work force.**
- B. **Identify and explain the two steps in the process of the function of management discussed above.**
- C. **Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps.**