

SAMPLE Question Paper 9

(Questions-Answers) BUSINESS STUDIES

A Highly Simulated Practice Question Paper for
CBSE Class XII Examination

Time : 3 hrs

General Instructions*

1. Answer to questions carrying 1 mark may be from one word to one sentence.
2. Answer to questions carrying 3 marks may have about 50 to 75 words.
3. Answer to questions carrying 4 marks may have about 150 words.
4. Answer to questions carrying 6 marks may have about 200 words.
5. Attempt all the parts of a question together.

SECTION A : Objective Type Questions

1. "Spirit of invention and innovation among people" is the component of _____ environment?
(a) Legal environment
(b) Technological environment
(c) Social environment
(d) Economic environment
2. The impact of financial leverage on the profitability of a business can be seen through which analysis?
(a) EBT-EPS
(b) EAT-EPS
(c) EBIT-EPS
(d) EBIT-EBT
3. Philippines aero group PAL Holdings announced discounted fares, starting low as ₹ 1,599 for domestic destinations operated by its Indian joint venture carrier and ₹ 2,599 for international flights operated by other group airlines under a limited period offer.
Suggest the medium of communication, which can be used by the firm to inform a large number of people about the new fares.
(a) Personal selling
(b) Sales promotion
(c) Advertising
(d) Public relations

*You are advised to attempt this sample paper without referring the answers given here. However, cross check your answers with the answers given at the end after you complete the paper.

4. Which concept helps to increase the return on equity shares with a change in the capital structure of a company?
 - (a) Trading on equity
 - (b) Debt financing
 - (c) Equity financing
 - (d) Capital structure
 5. Sumitra filed a case against Mahindra Ltd in the National Commission. But, she was not satisfied with the order of the National Commission. Name the authority, where she can appeal against the decision of National Commission.
 - (a) District Commission
 - (b) Central Commission
 - (c) Supreme Court of India
 - (d) None of these
 6. Board of Directors of 'Fun Ltd' formulated a policy to spread the decision-making authority in subordinates. What that policy matter is known as?
 - (a) Delegation
 - (b) Decentralisation
 - (c) Dispersal
 - (d) Both (b) and (c)
 7. Having transformed 3,000 Kirana stores across eight cities into virtual super markets, the start-up quick flee further decided in advance, to collaborate with 18,000-22,000 store owners in top 40 cities of the country by the end of this year. The company has set its eye on digitizing over 2,00,000 Kirana stores over next 24-30 months. Identify the step in the process of planning discussed above.
 - (a) Setting objectives
 - (b) Developing premises
 - (c) Evaluating alternative courses
 - (d) Selecting an alternative
 8. Choose the correct option regarding the arrangement of current assets in order of liquidity from highest to lowest.
 - (a) Marketable securities, cash, debtors, bills receivables
 - (b) Prepaid expenses, cash, marketable securities, bills receivables
 - (c) Bills receivables, cash, marketable securities, debtors
 - (d) Cash, marketable securities, bills receivables, debtors
 9. Natural disaster like flood in Kerala lead to failure of production sales strategies of many companies. Which limitation of planning is highlighted?
 - (a) Planning leads to Rigidity
 - (b) Planning may not work in Dynamic Environment
 - (c) Planning reduces Creativity
 - (d) Planning does not Guarantee Success
 10. An analysis that reveal the number and type of employees available with the organisation is
 - (a) workforce analysis
 - (b) workload analysis
 - (c) medical examination
 - (d) internal source
- Or "Directing takes place wherever superior-subordinate relations exist". Identify the characteristic of directing highlighted in the given statement.
- (a) Directing is a continuous process
 - (b) Directing flows from top to bottom
 - (c) Directing takes place at every level of management
 - (d) Directing initiates action

11. Match the Column I with Column II on the basis of Maslow's need hierarchy theory of motivation.

Column I	Column II
A Stability of Income	(i) Self-actualisation
B Acceptance and Friendship	(ii) Basic physiological need
C Growth	(iii) Security need
D Shelter	(iv) Affiliation need

Codes

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|-----|-------|-------|-----|------|-----|------|-------|-------|-----|
| A | B | C | D | A | B | C | D | | |
| (a) | (iii) | (iv) | (i) | (ii) | (b) | (ii) | (iv) | (iii) | (i) |
| (c) | (iv) | (iii) | (i) | (ii) | (d) | (ii) | (iii) | (iv) | (i) |

Or Himesh is a senior manager in a software consultancy firm. He regularly prepares performance reports of his subordinates as part of appraisal. The step of control process highlighted here is

- (a) measuring performance
- (b) compare performance against standards
- (c) analysing deviation
- (d) taking corrective action

12. If large number of shareholders of the firm are from middle income group and age group who prefer regular income, then the firm should prefer giving

- (a) low dividend
- (b) no dividend
- (c) high dividend
- (d) None of these

Read the following text and answer question no. 13-16 on the basis of the same.

CVS is a renowned multiplex operator in India. It owns around 280 screens in 55 properties at 36 locations in the country. Considering the fact that there is more growing trend among the people to spend more of their disposable income on entertainment, company planned to add more screen at existing locations and start at new locations also.

Further, they plan to add food chain also at their locations. The company planned to float equity shares in market to raise the desired capital. The issue was fully subscribed and paid. Over the years, the sale and the profit of the company have increased tremendously and it has been declaring higher dividend and the market price of its share has increased manifold.

13. Which financial decision is highlighted in the lines, "Considering the fact that there is more growing trend among the people to spend more of their disposable income on entertainment, company planned to add more screen at existing locations and start at new locations also"?

- (a) Investment decision
- (b) Financing decision
- (c) Dividend decision
- (d) None of these

14. Identify the decision involved in the lines, "The company planned to float equity shares in market to raise the desired capital. The issue was fully subscribed and paid."

- (a) Financing decision
- (b) Investment decision
- (c) Dividend decision
- (d) None of these

15. The above case highlights the fulfillment of one of the prime objectives of financial management by CVS company. Identify the objective.
- Profit maximisation
 - Increasing customer base
 - Wealth maximisation of shareholders
 - None of the above

16. "Over the years, the sale and the profit of the company have increased tremendously and it has been declaring higher dividend and the market price of its share has increased manifolds". The quoted lines highlight one of the factors affecting dividend decision. Identify the factor.

- Taxation policy
- Legal restrictions
- Stability of earnings
- None of these

Read the following text and answer question no. 17-20 on the basis of the same.

Jeet, General Manager of X Ltd (company manufactures perfumes and deodorants) is always keen to reduce the costs. In this quest, he makes use of resources in the most optimum manner. Due to this, company also saves resources and money. However, due to delicate handling of resources, the target is always delayed.

The company also strives to add more fragrances as well as different add-ons with the product. This all is done by the company to remain ahead of changes made by the competitors. Since the company is involved in using some chemical resources, it decided to have a social audit conducted to determine the extent to which company is discharging its obligations.

17. At which level of management, Jeet is working?

- Top
- Middle
- Lower
- Shop floor

18. The company (X Ltd) is

- efficient
- effective
- Both (a) and (b)
- None of these

19. Which characteristic of management is highlighted in the lines, "The company also strives to add more fragrances as well as different add-ons with the product. This all is done by the company to remain ahead of changes made by the competitors"?

- Pervasive
- Goal oriented
- Continuous
- Dynamic function

20. Which objective is highlighted in the lines, "Since the company is involved in using some chemical resources, it decided to have a social audit conducted to determine the extent to which company is discharging its obligations"?

- Organisational
- Social
- Both (a) and (b)
- Personal

SECTION B : Short Answer Type I Questions (3 Marks)

21. Write the starting point, focus and means of societal concept of marketing.
Or Explain briefly any three factors to which the marketer should pay attention before fixing the price of a product.
22. Samiksha and Amit were both working in a multi-national company. Samiksha was a hard worker and was quite proficient in her work. At the time of performance appraisal, the performance of Samiksha was judged better than Amit.

Even then, their boss Mr Raj Kashyap decided to promote Amit, stating that being a female Samiksha would not be able to handle the complications of a higher post.

- (i) Identify and explain the principle of management which was not being followed by the company.
- (ii) State two effects of violating the principle.

Or Bring out the differences between time study and motion study.

23. Ankit is a marketing head in Avenue Ltd. He prepare sales target for upcoming year. For this, he analyse the previous year's sales data, growth trend of the company, market demand, competitors strategy, etc.

The activities performed by Ankit in the given case highlights one of the characteristic of planning. Identify and comment on the characteristic so identified.

24. What do you understand by operating cycle?

SECTION C : Short Answer Type II Questions (4 Marks)

25. "Management is a process of getting things done effectively and efficiently." In the light of the above sentence, explain the concept of effectiveness and efficiency with the help of an example. Also state how they are complementary to each other.

26. Diwali, Eid, Holi and Christmas are auspicious occasions in our country. People are in a festive mood during this period and are willing to spend more. Producers are offering varieties of sweets, dishes, cards, gifts, clothes and many more products, to satisfy the diverse needs of the consumers and also earn profits in return. Why is it necessary to study such values of customers for a business unit?

27. Ashutosh Fabrics Ltd has a plan of increasing profits by 30%. For this, it has incurred a lot of time and money. But the competition starts increasing, so it could not change the plan to beat its competitors as huge amount of money had already been spend to the pre-decided plan. It caused huge losses to the company. Identify and explain any two limitations of planing highlighted in this case by quoting lines.

28. Marketing companies make use of a number of promotional tools to popularise various products according to their nature, use, size of market, financial resources, target market, media etc. Identify and explain the promotional tool of marketing mix which plays a persuasive, service and informative role and thereby link a business firm to its customers. Also, explain by giving any three reasons how this tool helps in increasing the sales of businessmen.

Or Kamal is the production manager of Fairly Glow Ltd, which is engaged in the production of cosmetics. The profits of the company are continuously declining. Therefore, the directors of Fairly Glow have decided to take stern steps to reduce costs and increase sales. These decisions have been transferred downline and immediate actions is asked to be taken. Kamal is producing a fairness cream and decides to use a very cheap and harmful ingredient which affects the skin of the customer to reduce the variable cost. Does Government of India provide any law and legislation to protect the interest of consumer? Which right of consumer has the company overlooked in this case?

29. Due to steep increase in Cash Reserve Ratio (CRR) by the RBI, NPB Bank is facing acute shortage of cash which may result in imposition of penalty by RBI and a loss of goodwill. Being the financial advisor of the bank, advise that how can it meet these short-term obligations, alongwith reasons in support of your answer.

Or

A newly promoted company, dealing in garments have ascertained the fund requirements to procure fixed assets as well as cater the day-to-day expense of the business. However, the manager has not yet decided upon the sources of finance to be used. The decision regarding determination of sources of finance is dependent on many factors. Discuss any four such factors.

30. Arnab has been appointed as a manager in 'Tifco Gears Ltd', engaged in a business of giving vehicles on rent. However, he does not know who he has to take orders from and to whom he is accountable. There is no reporting relationship established in the company.
- Identify the step of organising process being overlooked in the above case.
 - Also, state the two steps which are performed before the step identified in (i) above.

SECTION D : Long Answer Type Questions (6 Marks)

31. "Though advertising is one of the most frequently used media of promotion of goods and services, yet it attracts lot of objections." In the light of this statement, explain the meaning of advertising and any five of it's objections.
32. Sahil, the director of a textile company, is planning to manufacture bags for the utilisation of waste material from one of his textile unit. For this, he decided to setup a new manufacturing unit. He also thought of giving equal opportunities to men and women.

For this, he selected S Chatterjee, Inderjeet Kaur, Aslam and Sarabjeet as heads of sales, accounts, purchase and production departments.

- Identify and state the next two steps that Sahil has to follow in the staffing process after selecting the above heads.
- What benefits does a company derive by following the process of staffing?

Or

Ram Rahim is the sales head of Good Fortune Ltd His team includes three people. Each of the three team members supposed to sell 20 electric mixers in a month. At the end of the month of March, he checked the reports of sales persons. 2 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 reason they disclosed was the inadequate supply of mixers which lead to less sales. Ram Rahim directed the production department to ensure timely supply of mixers in future.

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

33. RK & Co Ltd is engaged in manufacturing machine components. The target production is 300 units daily. The company had been successfully attaining this target until two months ago. Over the last few months, it has been observed that daily production varies between 150-200 units.
- (i) Identify the possible causes for the decline in production and the steps to be taken to achieve the desired targets.
 - (ii) Which function of management is being discussed in the above question?
34. Discuss in brief the different styles of leadership.

Or

Explain the three important components of staffing.