



INDIAN SCHOOL AL WADI AL KABIR

DEPARTMENT OF COMMERCE

TERM 2- SAMPLE PAPER

BUSINESS STUDIES (054) SAMPLE PAPER 1

MAX. MARKS:40

TIME: 2 HOURS

GENERAL INSTRUCTIONS:

- This is a Subjective Question Paper containing 12 questions.
- This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.
- 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
- 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
- 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
- This question paper contains Case/Source Based Questions.

S.NO	QUESTIONS	MARKS
1	<p>Atul-The Assistant Manager, Vikas-the Marketing Head and Leena-The Human Resource Manager of 'Montac Enterprises Ltd.' decided to leave the company. The Chief Executive Officer of the company called the Human Resource Manager, Leena and requested her to fill up the vacancies before leaving the organisation. Leena suggested that her subordinate Miss Rama Wadhwa is very competent and trustworthy, if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Rama Wadhwa contacted 'Smith Recruiters' who advertised for the post of marketing head for 'Montac Enterprises Ltd'. They were able to recruit a suitable candidate for the company. Atul's vacancy was filled up by screening the database of unsolicited applications lying in the office.</p> <p>i. Name the internal/external sources of recruitment used by 'Montac Enterprises Ltd.' to fill up the above-stated vacancies.</p> <p>ii. Also state anyone merit of each of the above-identified source of recruitment</p>	2

2	<p>Somnath Ltd. is engaged in the business of export of garments. In the past, the performance of the company had been up to the expectations. In line with the latest technology, the company decided to upgrade its machinery. For this, the Finance Manager, Dalmia estimated the amount of funds required and the timings. This will help the company in linking the investment and the financing decisions on a continuous basis. Dalmia therefore, began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this, he wanted to be sure about the availability of funds from the internal sources of the business. For the remaining funds he is trying to find out alternative sources from outside.</p> <p>Identify the financial concept discussed in the above para. Also state the objectives to be achieved by the use of financial concept, so identified.</p>	2
3	<p>State the method of training in the below statement. “Trainee is put under the guidance of a master worker to acquire a higher level of skill. For example, to become plumber, electrician, etc.”</p> <p>Explain two more methods of training belonging to the same category.</p>	2
4	<p>AS Ltd.’ is a large company engaged in assembling of air-conditioners. Recently the company had conducted the ‘Time’ and ‘Motion’ study and concluded that on an average, a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembling of air-conditioners per day is 800 units only. To find out the reason, the company compared actual performance of each worker and observed through CCTV that some of the workers were busy in gossiping.</p> <ol style="list-style-type: none"> 1. Identify the function of management discussed above. 2. State the steps in the process of the function identified which are discussed in the above paragraph. 	2
5	<p>M/s Beta Ltd. deals in consumer goods. It employs 100 workers and 10 operative managers who give guidance and support to the workers while operating the machinery. The company has a policy of granting leave as per the requirement of the workers. Workers 3 H 3 are generally granted leave on festivals and special occasions. Recently on Puja festival, it received a big order. Workers are keen to take Puja holidays while management is pressing hard for overtime. This matter was placed before the Personnel Manager</p>	3

	<p>who called the meeting of operative managers and workers to inform them about the changes in the incentive plan which states payment of double wages for working overtime and triple wages for working on holidays. Workers without any pressure voluntarily took limited holidays and were able to increase their earning by working overtime and on holidays. During Board of Directors meeting, Personnel Manager was asked to update the management for achieving higher output, meeting timely supplies without any confrontation with workers. Personnel Manager replied, “I just used a carrot with no sticks approach”. By quoting the lines from above paragraph state any two elements of directing.</p>	
6	<p>Describe briefly Maslow’s need hierarchy theory of motivation OR</p> <p>Samita had been working as an assistant manager with Johnson Enterprises for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards work. When the manager senior to her retired, all her colleagues thought that now Samita would be promoted. But to everyone’s surprise, the vacant post was filled by an outsider, Mrs. Rita. Samita felt demoralized and her performance started declining. She would absent herself often and could not meet her targets. Mrs. Rita was a good leader who would not only instruct her subordinates but would also guide and inspire them. She notices Samita’s behaviour and felt that her performance could be improved. She started involving Samita in the decision-making issues related to the organisation and made her a part of a high-level joint-management committee. Samita was now punctual in office and her performance started improving.</p> <ol style="list-style-type: none"> 1. Identify the function of management being performed by Mrs. Rita. 2. Name the element of the above function of management which helped Rita improve Samita’s behaviour. 3. State any three features of the element identified in (2) above. 	3
7	<p>List any three factors affecting the fixed capital requirement of a company.</p>	3
8	<p>A critical point control (CPC) approach is followed by McDonald in the cooking and handling process so that any food safety threat can be prevented, eliminated, or reduced to an acceptable level. Hence, continuous monitoring of activities are undertaken to ensure that the process is right at each critical point control. The main principle followed for cooking at McDonald is “less amount</p>	3

	<p>many time” which can ensure the high quality and high fresh level of the food. For instance, if four hamburgers have to be made, a worker cannot cook all the four hamburgers at one time. The time figured out for making one hamburger is one hundred and forty-five seconds. Moreover, nearly all foods in the McDonald have the specific holding time, the holding time for hamburgers is ten minutes and for French fries is seven minutes. If it is not sold within that time it is thrown away. Also, the temperature of the milk sent by the supplier must be under 4° C, otherwise, it will be returned. In context of the above case:</p> <ol style="list-style-type: none"> 1. Name the steps involved in the controlling process which is being discussed in the above lines. 2. What do you understand by ‘critical point control’? Explain. 3. How does the controlling function of management help in accomplishing organizational goals and ensure efficient use of resources? 	
9	<p>Explain in detail the redressal agencies involved in protecting the rights of consumers.</p> <p style="text-align: center;">OR</p> <p>Suman bought a box of cheese of a reputed brand from a local shopkeeper. On opening the box, she found a piece of stone in the cheese. She reported the matter to the shopkeeper who forwarded her complaint to the concerned company. Within a week, the representative of the company visited Suman’s residence with an apology and as a replacement offered her a new cheese pack with four other varieties of cheese as compensation for the inconvenience to her. State the consumer right with Suman exercised. Also explain four other rights of consumer</p>	5
10	<p>Explain in detail the money market instruments</p>	5
11	<p>Aakansha, Nikita and Parishma are the owners of a handicraft unit in the urban area of Dibrugarh in Assam, which is involved in the manufacturing and marketing of Sital Pati, traditional mats and Jappi (the traditional headgear). They decided to shift this manufacturing unit to a rural area with an objective of reducing the cost and providing job opportunities to the locals. They followed the functional structure in this organisation with a view to increasing managerial and operational efficiency. They assessed and analysed the type and number of employees required, keeping in mind that they had to encourage the women and the people with special needs belonging to the rural area.</p>	5

	State the next three steps that they will have to undertake for obtaining a satisfied workforce for their handicraft unit.	
12	<p>“A business that doesn’t grow dies”, says Mr. Shah, the owner of Shah Marble Ltd. with glorious 36 months of its grand success having a capital base of RS.80 crores. Within a short span of time, the company could generate cash flow which not only covered fixed cash payment obligations but also create sufficient buffer. The company is on the growth path and a new breed of consumers is eager to buy the Italian marble sold by Shah Marble Ltd. To meet the increasing demand, Mr. Shah decided to expand his business by acquiring a mine. This required an investment of RS.120 crores. To seek advice in this matter, he called his financial advisor Mr. Seth who advised him about the judicious mix of equity (40%) and Debt (60%). Mr. Seth also suggested him to take loan from a financial institution as the cost of raising funds from financial institutions is low. Though this will increase the financial risk but will also raise the return to equity shareholders. He also appraised him that issue of debt will not dilute the control of equity shareholders. At the same time, the interest on loan is a tax-deductible expense for computation of tax liability. After due deliberations with Mr. Seth, Mr. Shah decided to raise funds from a financial institution.</p> <ol style="list-style-type: none"> 1. Identify and explain the concept of Financial Management as advised by Mr. Seth in the above situation. 2. State the four factors affecting the concept as identified in part (1) above which have been discussed between Mr. Shah and Mr. Seth. <p style="text-align: center;">OR</p> <p>Kay Ltd. is a company manufacturing textiles. It has a share capital of Rs. 60 lakhs. In the previous year, its earning per share was Re. 0.50. For diversification, the company requires an additional capital of Rs. 40 lakhs. The company raised funds by issuing 10% debentures for the same. During the year, the company earned a profit of Rs.8 lakhs on the capital employed. It paid tax @ 40%.</p> <ol style="list-style-type: none"> 1. State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly. 2. Also state any three factors that favour the issue of debentures by the company as part of its capital structure 	5