



**INDIAN SCHOOL MUSCAT  
SECOND PRE - BOARD EXAMINATION  
BUSINESS STUDIES (054)**

CLASS: XII

TERM 2

Time Allotted: 2 hrs.

26.02.2022

Max. Marks: 40

**GENERAL INSTRUCTIONS:**

1. This is a Subjective Question Paper containing 12 questions.
  2. This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.
  3. 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
  4. 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
  5. 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
  6. This question paper contains Case/Source Based Questions.
- 
- 1 Staffing has been described as the managerial function of filling and keeping filled the positions in the organisation structure. Do you agree? Give reasons to support your answers. 2
  - 2 What is meant by the term 'Control by exception'? 2
  - 3 The employers of 'Food Darbar,' a restaurant, are trained through a structured programme that provides training in each area within the restaurant. The trainees learn the skills necessary for running each of the 12 workstations in the restaurant, from taking orders to the cooking area. This enables the employees to gain a broader understanding of all parts of the business and how the restaurant functions as a whole. Identify and explain type of training discussed above. 2
  - 4 'Nature of money market can be well explained with the help of its features'. State any two such features of money market. 2
  - 5 A reputed hostel, GyanPradan provides medical aid and free education to children of its employees. Which incentive is being highlighted here? State its category and name any two more incentives of the same category. 3
  - 6 Financial planning means estimating the requirements of a business and determining source of funds. Explain any three importance of Financial Planning. 3
  - 7 Pramod was a supervisor at 'Annapurna Aata' factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. Identify and describe the leadership style being adopted by Pramod. 3

- 8 Mr. Shantanu is a chief manager of a reputed company that manufactures garments. He called the production manager and instructed him to keep a constant and continuous check on all the activities related to his department so that everything goes as per the set plan. He also suggested him to keep a track of the performance of all the employees in the organisation so that targets are achieved effectively and efficiently. 3
- Explain the importance of managerial function discussed in above paragraph.

- 9 Explain the legal redressal mechanism available to consumers under the Consumer Protection Act, 2019. 5

OR

Jai Youth Club' organised a visit of its members to an old age home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the old age home were not hygienic. So, the Jai Youth Club members decided to clean the premises. During their cleanliness drive, they realised that the old age home also required pest control. But some of the inmates of the old age home were reluctant for it because they believed that the pest control may create health problems for them. Jai Youth Club, therefore, decided to provide ethical, safe and odourless pest control. They showed to the inmates of the old age home a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The inmates happily agreed and the pest control was carried out. The effect of the pest control started wearing off after a fortnight. Jai Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, Jai Youth Club filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.

State any five directions that might have been issued by the court.

- 10 Vikas Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organisation are very happy and they discussed how they came in contact with this organisation. Aman said that he was introduced by the present Sales Manager, Mr. John. Benu said that he had applied through the newspaper and was appointed as H.R Manager. Vaibhav said that he was neither related to any of the employee of the organisation nor there was any advertisement in the newspaper even then he was directly called from IIM, Ahmedabad from where he was about to complete his MBA 5
- (a) The above discussion is indicating an important function of management. Name the function of management
- (b) The management function identified in part (a) follows a particular process. Explain the step of this process which is being in the above para
- (c) Identify the sources of the step identified in part (b) by quoting the lines from the above para.
- 11 'Radhika Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their 5

investments.

It has taken a loan of ₹40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement

The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.

Quoting the lines from the above discussion identify and explain such factors.

**OR**

Company ABC is an unlevered firm. It has capital employed of ₹20,00,000 (divided into equity shares of ₹100 each). The company's present Earnings before interest and tax (EBIT) is ₹4,00,000 p.a. For expansion of the business, the company requires additional funds of ₹10,00,000. The management of company ABC is considering the following alternatives for raising funds:

Alternative I: Issue of equity shares of the same category

Alternative II: Obtain 10% Bank Loan

Assuming that due to COVID - 19 outbreak, the rate of return on investment will decrease by 5% after expansion, which alternative should be use by the company in order to maximize the shareholder's wealth? The tax rate is 30%. Show your working clearly.

- 12 Madhuri wants to buy shares of Babar Enterprises, through her broker Mahender. She has a Demat Account and a bank account for cash transactions in the securities market. Madhuri has provided her PAN number, Bank Account Details, etc. and placed an order with Mahender to buy shares of Babar Enterprises, specifying the number of shares and the price. An order confirmation slip has been issued to Madhuri by her broker, Mahinder. 5
- Discuss the subsequent steps involved in the screen-based trading for buying and selling of securities in this case

**End of the Question Paper**



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6. This question paper contains Case/Source Based Questions

- 1 Staffing is 'putting people to jobs'. Do you agree? Give reasons to support your answers. 2
- 2 What is meant by the term 'control by exception'? 2
- 3 After passing his secondary school examination, David left the school at the age of 15 years and started getting training under his father. His father, a renowned electrician, had worked for many companies. Identify and explain type of training method carried out between David and his father? 2
- 4 Nature of money market can be well explained with the help of its features. State any two such features of money market. 2
- 5 Financial planning means estimating the requirements of a business and determining source of funds. Explain any three importance of Financial Planning. 3
- 6 A reputed hostel, GyanPradan provides medical aid and free education to children of its employees. Which incentive is being highlighted here? State its category and name any two more incentives of the same category. 3
- 7 In an organisation all the employees take things easy and are free to approach anyone for minor queries and problems. This has resulted in everyone talking to each other and thus resulting in inefficiency in the office. It has also resulted in loss of secrecy and confidential information being leaked out. What system do you think the manager should adopt to improve communication? 3

- 8 Mr. Shantanu is a chief manager of a reputed company that manufactures garments. He called the production manager and instructed him to keep a constant and continuous check on all the activities related to his department so that everything goes as per the set plan. He also suggested him to keep a track of the performance of all the employees in the organisation so that targets are achieved effectively and efficiently. 3
- Explain the importance of managerial function discussed in above paragraph.

- 9 State any five responsibilities that a consumer should discharge while purchasing, using and consuming goods and services. 5

OR

Jai Youth Club' organised a visit of its members to an old age home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the old age home were not hygienic. So, the Jai Youth Club members decided to clean the premises. During their cleanliness drive, they realised that the old age home also required pest control. But some of the inmates of the old age home were reluctant for it because they believed that the pest control may create health problems for them. Jai Youth Club, therefore, decided to provide ethical, safe and odourless pest control. They showed to the inmates of the old age home a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The inmates happily agreed and the pest control was carried out. The effect of the pest control started wearing off after a fortnight. Jai Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, Jai Youth Club filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.

State any five directions that might have been issued by the court.

- 10 Vimal Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organisation are very happy and they discussed how they came in contact with this organisation. Aman said that he was introduced by the present Sales Manager, Mr. John. Benu said that he had applied through the newspaper and was appointed as H.R Manager. Vaibhav said that he was neither related to any of the employee of the organisation nor there was any advertisement in the newspaper even then he was directly called from IIM, Ahmedabad from where he was about to complete his MBA. 5

- (a) The above discussion is indicating an important function of management. Name the function of management
- (b) The management function identified in part (a) follows a particular process. Explain the step of this process which is being in the above para
- (c) Identify the sources of the step identified in part (b) by quoting the lines from the above para.

- 11 Ansh and Vansh Ltd. a firm manufacturing textiles, wished to diversify their business. They were considering two options, either to diversify into manufacturing tooth-paste or switches. They wanted to invest in the purchase of land, to set up a manufacturing unit in the backward areas of 5

Gujarat, which would also lead to the generation of employment opportunities in the area, but only after fulfilling all legal requirements and taking appropriate steps to ensure that the environment was not polluted. The finance manager of the company, Mr. Amitabh was asked by the management to prepare a report on the factors which should be considered while making the above investment decision.

(a) State any two factors that Mr. Amitabh would give in his report.

(b) Also state any three reasons which makes it important for the above decision to be made carefully

**OR**

Company Y is an unlevered firm. It has capital employed of ₹20,00,000 (divided into equity shares of ₹100 each). The company's present Earnings before interest and tax (EBIT) is ₹4,00,000 p.a. For expansion of the business, the company requires additional funds of ₹10,00,000. The management of company Y is considering the following alternatives for raising funds:

Alternative I: Issue of equity shares of the same category

Alternative II: Obtain 10% Bank Loan

Assuming that due to COVID - 19 outbreak, the rate of return on investment will decrease by 5% after expansion, which alternative should be use by the company in order to maximize the shareholder's wealth? The tax rate is 30%. Show your working clearly.

- 12 Madhuri wants to buy shares of Babar Enterprises, through her broker Mahender. She has a Demat Account and a bank account for cash transactions in the securities market. Madhuri has provided her PAN number, Bank Account Details, etc. and placed an order with Mahender to buy shares of Babar Enterprises, specifying the number of shares and the price. An order confirmation slip has been issued to Madhuri by her broker, Mahinder. 5

Discuss the subsequent steps involved in the screen-based trading for buying and selling of securities in this case.

**End of the Question Paper**



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  6. This question paper contains Case/Source Based Questions
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- 1 Staffing finds the right people for the right job. Do agree? Give reasons to support your answers. 2
  - 2 What is meant by the term 'control by exception'? 2
  - 3 Identify and explain the method of training where the Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. 2
  - 4 Nature of money market can be well explained with the help of its features. State any two such features of money market. 2
  - 5 Mr. Shantanu is a chief manager of a reputed company that manufactures garments. He called the production manager and instructed him to keep a constant and continuous check on all the activities related to his department so that everything goes as per the set plan. He also suggested him to keep a track of the performance of all the employees in the organisation so that targets are achieved effectively and efficiently. 3  
Explain the importance of managerial function discussed in above paragraph.
  - 6 A reputed hostel, GyanPradan provides medical aid and free education to children of its employees. Which incentive is being highlighted here? State its category and name any two more incentives of the same category. 3
  - 7 Pramod was a supervisor at 'Annapurna Aata' factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. 3  
Identify and describe the leadership style being adopted by Pramod.

- 8 Financial planning means estimating the requirements of a business and determining source of funds. Explain any three importance of Financial Planning. 3
- 9 As a well-informed customer, what kind of quality certification marks you will look for before buying products? Specify any five. 5

OR

Jai Youth Club' organised a visit of its members to an old age home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the old age home were not hygienic. So, the Jai Youth Club members decided to clean the premises. During their cleanliness drive, they realised that the old age home also required pest control. But some of the inmates of the old age home were reluctant for it because they believed that the pest control may create health problems for them. Jai Youth Club, therefore, decided to provide ethical, safe and odourless pest control. They showed to the inmates of the old age home a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The inmates happily agreed and the pest control was carried out. The effect of the pest control started wearing off after a fortnight. Jai Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, Jai Youth Club filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.

State any five directions that might have been issued by the court.

- 10 Varun Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organisation are very happy and they discussed how they came in contact with this organisation. Aman said that he was introduced by the present Sales Manager, Mr. John. Benu said that he had applied through the newspaper and was appointed as H.R Manager. Vaibhav said that he was neither related to any of the employee of the organisation nor there was any advertisement in the newspaper even then he was directly called from IIM, Ahmedabad from where he was about to complete his MBA. 5
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  - (c) Identify the sources of the step identified in part (b) by quoting the lines from the above para.
- 11 Tata Steel, the biggest steel producer in the Indian private sector has acquired Corus, (formerly known as British Steel) in a deal worth ₹8.6 billion in 2007. This makes Tata Steel the fifth largest steel producer in the world. Tata Steel raised a debt of over ₹8 billion to finance the transaction. The deal will be paid for by Tata Steel UK, a special purpose vehicle (SPV) set up for the purpose. This SPV received funds from Tata Steel routed through a Singapore subsidiary. Another company of the Tata group, Tata Sons Ltd., invested ₹1 billion dollars for preference shares along with Tata Steel which will invest an equal amount. Tata Steel, the acquirer company, arranged about 36,500 crores of rupees to finance the take-over. Tata Steel raised this amount through a combination of 5



debt and equity. This decision affected the capital structure of Tata Steel.

“Tata Steel, the biggest steel producer in the Indian private sector has acquired Corus, (formerly known as British Steel) in a deal worth ₹8.6 billion in 2007.” Identify the financial decision highlighted here. Also, state any two factors affecting this decision.

“Tata Steel raised a debt of over ₹8 billion to finance the transaction...Tata Steel raised this amount through a combination of debt and equity.” Identify the financial decision highlighted here. Also, state any two factors affecting this decision

**OR**

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**End of the Question Paper**