

SET**A**

**INDIAN SCHOOL MUSCAT
FINAL EXAMINATION 2022
BUSINESS STUDIES (054)**

CLASS: XII

Max. Marks: 80

MARKING SCHEME

QN.NO	VALUE POINTS	MARKS SPLIT UP
1	Restricted Entry	1
2	Top level of management	1
3	Unity of command	1
4	Relativity	1
5	Technological	1
6	Coping with rapid changes	1
7	Economic reforms aimed at liberating the industry	1
8	Functional Organization	1
9	Delegation	1
10	Responsibility	1
11	Formal organization	1
12	Democratic style	1
13	Critical point control	1
14	Private placement	1
15	Commercial Paper	1
16	Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).	1
17	Demat account	1
18	Product mix	1
19	Place	1
20	Marketing concept	1
21	1. Personal/Human or individual objective.	3

	2. (i) Organizational objective (ii) Social objective			
22	a. Aptitude tests – Potential for learning new skill b. Personality tests - Tests person’s maturity and emotions c. Trade test – Measure existing skills			3
23		Capital Market	Money market	3
	Participants	Financial institutions, banks, corporate bodies, foreign investors and ordinary public.	RBI, banks, financial institutions and finance companies are the main participants.	
	Instruments	Equity shares, preference shares, debentures, bonds, etc	Call loans, treasury bill, commercial bill, commercial papers, certificate of deposit, etc.	
	Duration	Period of maturity is more than one year.	Period of maturity ranges from one day to one year.	
<p style="text-align: center;">OR</p> <p>Commercial Paper – Short term, unsecured, negotiable and transferable promissory note. Issued by the credit worthy companies. Maturity 15 days to 1 year. For bridge financing (floatation cost)</p> <p>Call Money – Short term, 1 to 15 days’ interbank transactions to maintain cash reserve ratio</p> <p>Certificate of Deposit – Short term, unsecured, issued by commercial banks and financial institutions to individuals during tight liquidity</p>				
24	Controlling helps in “Judging accuracy of standards” and “Ensuring order and discipline” as explained below: 1. Judging accuracy of standards: An efficient control system enables management to determine whether the standards set are accurate and objective. This is because it helps to helps to review and revise the standards in light the changes taking place in the organization and in the environment. 2. Ensuring order and discipline: Controlling helps to minimize dishonest behavior on the part of the employees by keeping a close check on their activities. Thus, it creates an atmosphere of order and discipline in the organization. <p style="text-align: center;">OR</p> <p>Fourth Step in controlling process - Analyzing deviation</p> <p>a. Critical point control – Key result areas are set as critical points</p> <p>b. Management by exception – Deviation beyond permissible limits to brought to the notice of the management.</p>			3
25	Planning reduces creativity: Plans are usually formulated at the top level. Middle and lower level managers are expected to follow them. Therefore, much of initiative and creativity inherent in them gets lost. They do not take any initiative to make changes in the plans according to the changes prevailing in the business environment. Importance of planning 1. Planning provides directions			4

	<ul style="list-style-type: none"> 2. Planning reduces the rules of uncertainty 3. Planning reduces overlapping and wasteful activities 4. Planning promotes innovative ideas 5. Planning facilitates decision making 6. Planning establishes standards for controlling <p style="text-align: right;">(Any three)</p>	
26	<p>i) “Rama is working in a company on a permanent basis”. According to above line Rama is able to fulfil her following needs: (a) Physiological needs</p> <p>ii) Needs of Rama which still remained to be satisfied are: Affiliation Need: It refers to the need for affection, since to belongingness, acceptance and friendship. Safety needs: For protection. Esteem Need: It refers to the need for self-respect, autonomy, status, recognition and attention.</p> <p style="text-align: center;">OR</p> <p>The incentive that is being given to Siyaram Singh are:</p> <p>a. Non-financial incentive: 'Employee Recognition programs' as he was given a certificate of good performance and,</p> <p>b. Financial incentive: 'Pay and allowances' as he was given a 10 % increase in salary.</p> <p>The incentive to employees</p> <ul style="list-style-type: none"> a. Profit Sharing b. Perquisites – Medical Aid 	4
27	<p>Following are the steps involved in the selection process: -</p> <p>(i) Preliminary Screening: Preliminary screening helps the manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for reasons, which did not appear in the application forms.</p> <p>(ii) Selection Tests: An employment test is a mechanism (either a paper and pencil test or an exercise) that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality</p> <p>(iii) Employment Interview: Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from interviewer.</p> <p>(iv) Reference and Background Checks: Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.</p>	4
28	<p>Two specific barriers to communication in Lakhan's e-mail were:</p> <p>(a) (i) Faulty translations (ii) Technical jargon</p> <p>(b) Measures to overcome communication barriers: (Any two)</p> <p>(i) Lakhan should communicate according to the needs, education and understanding</p>	4

	<p>levels of subordinates.</p> <p>(ii) He should take proper feedback to improve the communication process and make it more responsive.</p> <p>(iii) He should regularly follow up communication and review the instructions given to subordinates.</p> <p>(iv) He should be aware of languages, tone and content of the message to make it understandable to the receiver.</p>																					
29	<p>1. Capital budgeting decision has been taken by Manoj.</p> <p>2. The factors affecting Capital Budgeting Decision are as follows:</p> <p>A. Cash inflows:</p> <p>B. Rate of return</p> <p>C. Investment criteria</p> <p style="text-align: center;">OR</p> <p>Factors affecting</p> <p>1. Stability of earnings- “It has been consistently earning good profits for many years”</p> <p>2. Cash flow position- There is availability of enough cash in the company and good prospects for growth in future.</p> <p>3. Growth- good prospects for growth in future.</p> <p>4. Shareholders preference- It has many shareholders who prefer to receive a regular income from their investments</p> <p>Contractual constraints- It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement</p>	4																				
30	<p>Calculation of EPS</p> <table><tr><td>Share capital</td><td>60,00,000</td></tr><tr><td>10% debentures</td><td>40,00,000</td></tr><tr><td>Total</td><td>100,00,000</td></tr><tr><td>Profit before int and tax</td><td>8,00,000</td></tr><tr><td>Less: Int</td><td>4,00,000</td></tr><tr><td>Less: Tax</td><td>1,60,000</td></tr><tr><td>Profit available to shareholders</td><td>2,40,000</td></tr><tr><td>EPS (2,40,000/6,00,000)</td><td>0.40</td></tr><tr><td>New face value assumed to be Rs.10</td><td></td></tr><tr><td>EPS before issue of debentures (given)</td><td>0.50</td></tr></table> <p>Therefore, shareholders have lost in respect of earnings per share on diversification.</p> <p>Three factors that favor the issue of debentures:</p> <p>1. Low cost of debt</p> <p>2. Tax deductible interest</p> <p>3. No dilution of control</p>	Share capital	60,00,000	10% debentures	40,00,000	Total	100,00,000	Profit before int and tax	8,00,000	Less: Int	4,00,000	Less: Tax	1,60,000	Profit available to shareholders	2,40,000	EPS (2,40,000/6,00,000)	0.40	New face value assumed to be Rs.10		EPS before issue of debentures (given)	0.50	4
Share capital	60,00,000																					
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31	<p>The various principles of management that Raj is applying for the successful management of his eye care center are described below:</p> <p>1. Order: According to Fayol, “People and materials must be in suitable places at</p>	6																				

	<p>appropriate time for maximum efficiency.” The principle of order states that ‘A place for everything (everyone) and everything (everyone) in its (her/his) place’. A sense of orderliness will lead to increased productivity and efficiency in the organization.</p> <ol style="list-style-type: none"> 2. Espirit De Corps: According to Fayol, “Management should promote a team spirit of unity and harmony among employees.” A manager should replace T with ‘We’ in all his conversations with workers to promote teamwork. This approach will give rise to a spirit of mutual trust and belongingness among team members. It will also reduce the need for using penalties. 3. Equity: According to Fayol, “Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible.” This principle emphasizes on kindness and justice in the behavior of managers towards workers. The managers should not discriminate against anyone on account of gender, religion, language, caste, belief or nationality etc. 4. Scalar Chain: The formal lines of authority from highest to the lowest ranks. This chain should not be violated for the formal communication. 	
32	<p>The different types of plans discussed above are listed below:</p> <ol style="list-style-type: none"> 1. Objectives: Objectives are the end results of the activities that-an organization seeks to achieve through its existence. All other activities within the organization are directed towards achieving these objectives. “One of her objectives was to earn 10% profit on the amount invested in the first year.” 2. Policy: A policy is a set of general guidelines that helps in managerial decision making and action. “It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months’ credit from farmers cultivating only organic crops.” 3. Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities. “She also decided to follow the steps required for marketing of the products through her own outlets.” OR “The exact manner in which the production activities are to be carried out.” 4. Rule: A rule is a specific statement relating to the general norms in terms of Do’s and Don’ts that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation. “While working on the production table, a penalty of Rs.100 per day for not wearing caps, gloves and aprons was announced.” 5. Budget: A budget refers to a financial plan that is expressed in numerical terms. “Mohan also prepared a statement showing the number of worker’s different products for the forthcoming quarter.” <p style="text-align: center;">OR</p> <p>(a) Function of Management Planning:</p> <p>(b) Steps:</p> <ol style="list-style-type: none"> 1. Setting objectives 2. Developing premises 3. Identifying alternative courses of action 4. Evaluating alternative courses 5. Selecting an alternative <p style="text-align: right;">(Explain)</p>	6
33	<p>The company X Ltd is working in a centralized way, which is not giving enough time to the higher officials to think of better policies, strategies to handle the changes in the changing environment. The company should thus get decentralized so that the routine type of work,</p>	6

	<p>involving minor decisions can be looked after by the lower levels. This will give/save more time for the directors and divisional heads to plan strategies to fight with competition.</p> <p>Advantages of Decentralization:</p> <ol style="list-style-type: none"> 1. Develops initiative amongst subordinates: It helps to promote confidence because the subordinates are given freedom to take their own decisions. 2. Quick and better decisions: The burden of managerial decisions does not lie in the hands of few individuals but gets divided among various persons which helps them to take better and quick decisions. 3. Relieves the top executives from excess workload: The daily managerial works are assigned to the subordinates which leaves enough time with the superiors which they can utilize in developing new strategies. 4. Managerial Development: It means giving authority to the subordinates up to the lower level to take decisions regarding their work. In this way the opportunity to take decisions helps in the development of the organization. 5. Better Control: It makes it possible to evaluate performance at each level which results in complete control over all the activities. 	
34	<p>(i.) Gathering information and analyzing market information.</p> <p>(ii.) Standardization and Grading.</p> <p>(iii.) Branding</p> <p style="text-align: right;">(Explain)</p> <p style="text-align: center;">OR</p> <p>(i.) Marketing</p> <p>(ii.) Selling</p> <p>(iii) Production</p> <p>(iv.) Societal</p> <p>(v.) Product</p> <p style="text-align: right;">(Explain)</p>	6

SET**B**

**INDIAN SCHOOL MUSCAT
FINAL EXAMINATION 2022
BUSINESS STUDIES (054)**

CLASS: X II

Max. Marks: 80

MARKING SCHEME

QN.NO	VALUE POINTS	MARKS SPLIT UP
1	Management as an art	1
2	Effective and efficient	1
3	Stability of tenure	1
4	Coping with rapid changes	1
5	Functional Organization	1
6	Technological	1
7	Delegation	1
8	Relativity	1
9	Economic reforms aimed at liberating the industry	1
10	Personal barrier	1
11	Private placement	1
12	Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).	1
13	Commercial Paper	1
14	Formal organization	1
15	Demat account	1
16	Product mix	1
17	Responsibility	1
18	Critical point control	1
19	Marketing concept	1
20	Place	1
21	Organizational objective- Growth- company decided to increase production to meet higher sales Social objective- employ people from the nearby villages	3
22	(A) The function of management being performed by GIPRA to maintain a satisfactory work force is Staffing. (1 mark) (B) The two steps of staffing discussed above are: a. Training and development: The organization should facilitate employee learning by having either in-house training centers or have forged alliances with training and educational institutes to ensure continuing learning of their employees. The organizations also benefit. b. Performance Appraisal: All organizations have some formal or informal means of appraising their employee's performance. Performance Appraisal means evaluating an	3

	employee’s current and/or past performance as against certain predetermined standards. The performance appraisal process includes defining the job, appraising performance, and providing feedback.															
23	<p>Controlling helps in “Judging accuracy of standards” and “Ensuring order and discipline” as explained below:</p> <ol style="list-style-type: none">1. Judging accuracy of standards: An efficient control system enables management to determine whether the standards set are accurate and objective. This is because it helps to helps to review and revise the standards in light the changes taking place in the organization and in the environment.2. Ensuring order and discipline: Controlling helps to minimize dishonest behaviour on the part of the employees by keeping a close check on their activities. Thus, it creates an atmosphere of order and discipline in the organization. <p style="text-align: center;">OR</p> <p>Fourth Step in controlling process - Analyzing deviation</p> <ol style="list-style-type: none">a. Critical point control – Key result areas are set as critical pointsb. Management by exception – Deviation beyond permissible limits to brought to the notice of the management.			3												
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Duration	Period of maturity is more than one year.	Period of maturity ranges from one day to one year.														
25	<p>Planning may not work in dynamic environment.</p> <p>Importance of planning</p> <ol style="list-style-type: none">1. Planning provides directions2. Planning reduces the rules of uncertainty3. Planning reduces overlapping and wasteful activities4. Planning promotes innovative ideas5. Planning facilitates decision making6. Planning establishes standards for controlling			4												
26	<p>Following are the steps involved in the selection process: -</p> <ol style="list-style-type: none">1. Preliminary Screening: Preliminary screening helps the manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for reasons, which did not appear in the			4												

	<p>application forms.</p> <p>2. Selection Tests: An employment test is a mechanism (either a paper and pencil test or an exercise) that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality</p> <p>3. Employment Interview: Interview is a formal, in-depth conversation conducted to evaluate the applicant’s suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from interviewer.</p> <p>4. (iv) Reference and Background Checks: Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.</p>																	
27	<p>“Rama is working in a company on a permanent basis”. According to above line Rama is able to fulfil her following needs:</p> <p>(a) Physiological needs</p> <p>(ii) Needs of Rama which still remained to be satisfied are: Affiliation Need: It refers to the need for affection, since to belongingness, acceptance and friendship.</p> <p>(b) Safety or Security needs: Protection of employees Esteem Need: It refers to the need for self-respect, autonomy, status, recognition and attention.</p> <p style="text-align: center;">OR</p> <p>The incentive that is being given to Siyaram Singh are:</p> <p>a. Non-financial incentive: 'Employee Recognition programs' as he was given a certificate of good performance and,</p> <p>b. Financial incentive: 'Pay and allowances' as he was given a 10 % increase in salary. The incentive to employees</p> <p style="margin-left: 40px;">a. Profit Sharing</p> <p style="margin-left: 40px;">b. Perquisites – Medical Aid</p>	4																
28	<p>Calculation of earnings per share</p> <table border="1"><tr><td>Share capital</td><td>1,20,00,000</td></tr><tr><td>10% Debentures</td><td>80,00,000</td></tr><tr><td>Total</td><td>2,00,00,000</td></tr><tr><td>Profit before int and tax</td><td>16,00,000</td></tr><tr><td>Less: Int</td><td>8,00,000</td></tr><tr><td>Less: Tax</td><td>3,20,000</td></tr><tr><td>Net profit after tax</td><td>4,80,000</td></tr><tr><td>EPS 4,80,000/12,00,000</td><td>0.40</td></tr></table>	Share capital	1,20,00,000	10% Debentures	80,00,000	Total	2,00,00,000	Profit before int and tax	16,00,000	Less: Int	8,00,000	Less: Tax	3,20,000	Net profit after tax	4,80,000	EPS 4,80,000/12,00,000	0.40	4
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29	<p>(i) Investment decision/ Capital budgeting decision Investment/ Capital budgeting decision involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for their investors.</p> <p>(ii) Factors that affect capital budgeting decision are:</p> <p>(a) Cash flows of the project (b) Rate of return of the project. (c) Investment criteria</p> <p style="text-align: center;">OR</p> <p>Factors affecting</p> <p>1. Stability of earnings- “It has been consistently earning good profits for many years”</p>	4																

	<ol style="list-style-type: none"> 2. Cash flow position- There is availability of enough cash in the company and good prospects for growth in future. 3. Growth- good prospects for growth in future. 4. Shareholders preference- It has many shareholders who prefer to receive a regular income from their investments 5. Contractual constraints- It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement 	
30	<ol style="list-style-type: none"> a. Faulty Translation and its meaning b. Semantic Barriers c. Words with different meaning, Unclearified assumption/ Technical jargon 	4
31	<ol style="list-style-type: none"> (i.) Gathering information and analyzing market information. (ii.) Standardization and Grading. (iii.) Branding <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> (i.) Marketing (ii.) Selling (iii.) Production (iv.) Societal (v.) Product 	6
32	<p>The company X Ltd is working in a centralized way, which is not giving enough time to the higher officials to think of better policies, strategies to handle the changes in the changing environment. The company should thus get decentralized so that the routine type of work, involving minor decisions can be looked after by the lower levels. This will give/save more time for the directors and divisional heads to plan strategies to fight with competition.</p> <p>Advantages of Decentralization:</p> <ol style="list-style-type: none"> 1. Develops initiative amongst subordinates: It helps to promote confidence because the subordinates are given freedom to take their own decisions. 2. Quick and better decisions: The burden of managerial decisions does not lie in the hands of few individuals but gets divided among various persons which helps them to take better and quick decisions. 3. Relieves the top executives from excess workload: The daily managerial works are assigned to the subordinates which leaves enough time with the superiors which they can utilize in developing new strategies. 4. Managerial Development: It means giving authority to the subordinates up to the lower level to take decisions regarding their work. In this way the opportunity to take decisions helps in the development of the organization. 5. Better Control: It makes it possible to evaluate performance at each level which results in complete control over all the activities. 	6
33	<p>The principles of Management Applied by Radhika are as follows:</p> <p>Division of Work: “For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialised job.”</p> <p>This principle is applicable to all kinds of work both technical as well as managerial. It helps to produce more and facilitates better work for the same effort thereby enhancing specialisation.</p> <p>Centralisation and Decentralisation: “The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further</p>	6

	<p>discount rests with Radhika as the final authority.”</p> <p>The concentration of decision-making authority is called centralisation whereas its dispersal among more than one person is known as decentralisation. This principle helps to balance subordinate involvement through decentralisation with managers’ retention of final authority through centralisation</p> <p>Discipline: “Therefore, after six months when the business was doing well, she awarded a cash bonus to each of these employees to honour her commitment.”</p> <p>This principle requires good superiors at all levels, clear and fair agreements and judicious application of penalties. It refers to the obedience to organisational rules and employment agreement which are necessary for the working of the organisation.</p> <p>Radhika has violated “Equity” Principle of Management. This principle emphasizes on kindness and justice in the behaviour of managers towards workers. The managers should not discriminate against anyone on account of gender, religion, language, caste, belief or nationality etc. “However, when it comes to settling the conflicts among her employees, she tends to be more biased towards her female employees.”</p>	
34	<p>The different types of plans discussed above are listed below:</p> <ol style="list-style-type: none"> 1. Objectives: Objectives are the end results of the activities that-an organization seeks to achieve through its existence. All other activities within the organization are directed towards achieving these objectives. “One of her objectives was to earn 10% profit on the amount invested in the first year.” 2. Policy: A policy is a set of general guidelines that helps in managerial decision making and action. “It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months’ credit from farmers cultivating only organic crops.” 3. Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities. “She also decided to follow the steps required for marketing of the products through her own outlets.” OR “The exact manner in which the production activities are to be carried out.” 4. Rule: A rule is a specific statement relating to the general norms in terms of Do’s and Don’ts that guide the behavior of people. It commands strict obedience and a penalty is likely to be imposed on its violation. <p>“While working on the production table, a penalty of Rs.100 per day for not wearing caps, gloves and aprons was announced.” Budget: A budget refers to a financial plan that is expressed in numerical terms. “Mohan also prepared a statement showing the number of workers’ different products for the forthcoming quarter.”</p> <p style="text-align: center;">OR</p> <p>(a) Function of Management Planning: (b) Steps:</p> <ol style="list-style-type: none"> 1. Setting objectives 2. Developing premises 3. Identifying alternative courses of action 4. Evaluating alternative courses 5. Selecting an alternative <p style="text-align: right;">(Explain)</p>	6

SET**C**

**INDIAN SCHOOL MUSCAT
FINAL EXAMINATION 2022
BUSINESS STUDIES (054)**

CLASS: XII

Max. Marks: 80

MARKING SCHEME

QN.NO	VALUE POINTS			MARKS SPLIT UP
1	Management is an intangible force.			1
2	Effective and not efficient			1
3	Differential Piece Wage System			1
4	Coping with rapid changes			1
5	Delegation			1
6	Responsibility			1
7	Economic reforms aimed at liberating the industry			1
8	Functional Organization			1
9	Formal organization			1
10	Technological			1
11	Personal Barriers			1
12	Critical point control			1
13	Relativity			1
14	(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).			1
15	Product mix			1
16	Idea			1
17	Demat account			1
18	Marketing concept			1
19	Treasury Bill			1
20	Private placement			1
21		Capital Market	Money market	3
	Participants	Financial institutions, banks, corporate bodies, foreign investors and ordinary public.	RBI, banks, financial institutions and finance companies are the main participants.	
	Instruments	Equity shares, preference shares, debentures, bonds, etc	Call loans, treasury bill, commercial bill, commercial papers, certificate of deposit, etc.	

	<table border="1"> <tr> <td>Duration</td><td>Period of maturity is more than one year.</td><td>Period of maturity ranges from one day to one year.</td></tr> <tr> <td></td><td></td><td></td></tr> </table> <p style="text-align: center;">OR</p> <p>Commercial Paper – Short term, unsecured, negotiable and transferable promissory note. Issued by the credit worthy companies. Maturity 15 days to 1 year. For bridge financing (floatation cost)</p> <p>Call Money – Short term, 1 to 15 days’ interbank transactions to maintain cash reserve ratio</p> <p>Certificate of Deposit – Short term, unsecured, issued by commercial banks and financial institutions to individuals during tight liquidity</p>	Duration	Period of maturity is more than one year.	Period of maturity ranges from one day to one year.				
Duration	Period of maturity is more than one year.	Period of maturity ranges from one day to one year.						
22	<p>Nisha as one of the heads should conduct manpower planning, analyses the workload and the work force, and analyses and initiate the “staffing process”.</p> <ol style="list-style-type: none"> 1. Recruitment 2. Selection 3. Placement and Orientation <p style="text-align: right;">(Explain)</p>	3						
23	<p>Controlling helps in “Judging accuracy of standards” and “Ensuring order and discipline” as explained below:</p> <ol style="list-style-type: none"> 1. Judging accuracy of standards: An efficient control system enables management to determine whether the standards set are accurate and objective. This is because it helps to helps to review and revise the standards in light the changes taking place in the organization and in the environment. 2. Ensuring order and discipline: Controlling helps to minimize dishonest behaviour on the part of the employees by keeping a close check on their activities. Thus, it creates an atmosphere of order and discipline in the organization. <p style="text-align: center;">OR</p> <p>Fourth Step in controlling process - Analyzing deviation</p> <ol style="list-style-type: none"> a. Critical point control – Key result areas are set as critical points b. Management by exception – Deviation beyond permissible limits to brought to the notice of the management. 	3						
24	<p>Aman would have satisfied both Ahmad and Ally by giving the following explanation: Management is a profession. However, it is not a full-fledged profession like legal, accounting or medical professions because it does not meet the exact criteria of a profession.</p> <p>The application of the features of a profession to management is examined below:</p> <ol style="list-style-type: none"> 1. Well-defined body of knowledge 2. Restricted Entry 3. Professional Association 4. Ethical code of conduct 5. Service motive. 	3						
25	<p>Following are the steps involved in the selection process: -</p> <ol style="list-style-type: none"> (i) Preliminary Screening: Preliminary screening helps the manager 	4						

	<p>eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for reasons, which did not appear in the application forms.</p> <p>(ii) Selection Tests: An employment test is a mechanism (either a paper and pencil test or an exercise) that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality</p> <p>(iii) Employment Interview: Interview is a formal, in-depth conversation conducted to evaluate the applicant’s suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from interviewer.</p> <p>(iv) Reference and Background Checks: Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.</p>																							
26	<p>a. Faulty Translation and its meaning</p> <p>b. Semantic Barriers</p> <p>c. Words with different meaning, Unclear assumption/ Technical jargon</p>	4																						
27	<p>(a) Earnings per share before diversification = Rs.0.50</p> <p>Calculation of Earnings per share after issue of Debentures: (assuming face value of Rs.100 per share)</p> <table><tr><th>PARTICULARS</th><th>RS.</th></tr><tr><td>Share Capital</td><td>60,00,000</td></tr><tr><td>10 % Debentures</td><td>40,00,000</td></tr><tr><td>Total</td><td>1,00,00,000</td></tr><tr><td>Profit before interest and tax</td><td>8,00,000</td></tr><tr><td>Less : Interest</td><td>4,00,000</td></tr><tr><td>Profit before Tax</td><td>4,00,000</td></tr><tr><td>Less : Tax @ 40%</td><td>1,60,000</td></tr><tr><td>Profit available to share holders</td><td>2,40,000</td></tr><tr><td>Earnings per share = 2,40,000 / 60,000</td><td>= Rs. 4</td></tr><tr><td></td><td></td></tr></table> <p>This clearly shows that the shareholders have gained after the issue of debentures since the Earnings per share has increased from Rs.0.50 to Rs.4.</p>	PARTICULARS	RS.	Share Capital	60,00,000	10 % Debentures	40,00,000	Total	1,00,00,000	Profit before interest and tax	8,00,000	Less : Interest	4,00,000	Profit before Tax	4,00,000	Less : Tax @ 40%	1,60,000	Profit available to share holders	2,40,000	Earnings per share = 2,40,000 / 60,000	= Rs. 4			4
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28	<p>i) “Rama is working in a company on a permanent basis”. According to above line Rama is able to fulfil her following needs:</p> <p>(a) Physiological needs (ii) Needs of Rama which still remained to be satisfied are: Affiliation Need: It refers to the need for affection, since to belongingness, acceptance and friendship.</p> <p>(b) Safety or Security need: Protection needs. Esteem Need: It refers to the need for self-respect, autonomy, status, recognition and attention.</p> <p>OR</p>	4																						

	<p>The incentive that is being given to Siyaram Singh are:</p> <p>a. Non-financial incentive: 'Employee Recognition programs' as he was given a certificate of good performance and,</p> <p>b. Financial incentive: 'Pay and allowances' as he was given a 10 % increase in salary. The incentive to employees</p> <p>a. Profit Sharing</p> <p>b. Perquisites – Medical Aid</p>	
29	<p>(a) Capital budgeting decision.</p> <p>(b) The factors affecting Capital Budgeting Decision are as follows: A. Cash inflows: B. Rate of return C. Investment criteria</p> <p style="text-align: center;">OR</p> <p>Factors affecting</p> <ol style="list-style-type: none"> 1. Stability of earnings- “It has been consistently earning good profits for many years” 2. Cash flow position- There is availability of enough cash in the company and good prospects for growth in future. 3. Growth- good prospects for growth in future. 4. Shareholders preference- It has many shareholders who prefer to receive a regular income from their investments 5. Contractual constraints- It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement 	4
30	<p>Planning reduces creativity: Plans are usually formulated at the top level. Middle and lower level managers are expected to follow them. Therefore, much of initiative and creativity inherent in them gets lost. They do not take any initiative to make changes in the plans according to the changes prevailing in the business environment.</p> <p>Importance of planning</p> <ol style="list-style-type: none"> 1. Planning provides directions 2. Planning reduces the rules of uncertainty 3. Planning reduces overlapping and wasteful activities 4. Planning promotes innovative ideas 5. Planning facilitates decision making 6. Planning establishes standards for controlling 	4
31	<p>The company X Ltd is working in a centralized way, which is not giving enough time to the higher officials to think of better policies, strategies to handle the changes in the changing environment. The company should thus get decentralized so that the routine type of work, involving minor decisions can be looked after by the lower levels. This will give/save more time for the directors and divisional heads to plan strategies to fight with competition.</p> <p>Advantages of Decentralization:</p> <ol style="list-style-type: none"> 1. Develops initiative amongst subordinates: It helps to promote confidence because the subordinates are given freedom to take their own decisions. 2. Quick and better decisions: The burden of managerial decisions does not lie in the hands of few individuals but gets divided among various persons which helps them to take better and quick decisions. 3. Relieves the top executives from excess workload: The daily managerial works are 	6

	<p>assigned to the subordinates which leaves enough time with the superiors which they can utilize in developing new strategies.</p> <p>4. Managerial Development: It means giving authority to the subordinates up to the lower level to take decisions regarding their work. In this way the opportunity to take decisions helps in the development of the organization.</p> <p>5. Better Control: It makes it possible to evaluate performance at each level which results in complete control over all the activities.</p>	
32	<p>(i.) Gathering information and analyzing market information. (ii.) Standardization and Grading. (iii) Branding</p> <p style="text-align: center;">OR</p> <p>(i.) Marketing (ii.) Selling (iii) Production (iv.) Societal (iv) Product</p> <p style="text-align: right;">(With Explanation)</p>	6
33	<p>The different types of plans discussed above are listed below:</p> <ol style="list-style-type: none"> 1. Objectives: Objectives are the end results of the activities that-an organization seeks to achieve through its existence. All other activities within the organization are directed towards achieving these objectives. “One of her objectives was to earn 10% profit on the amount invested in the first year.” 2. Policy: A policy is a set of general guidelines that helps in managerial decision making and action. “It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months’ credit from farmers cultivating only organic crops.” 3. Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities. “She also decided to follow the steps required for marketing of the products through her own outlets.” OR “The exact manner in which the production activities are to be carried out.” 4. Rule: A rule is a specific statement relating to the general norms in terms of Do’s and Don’ts that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation. “While working on the production table, a penalty of Rs.100 per day for not wearing caps, gloves and aprons was announced.” 5. Budget: A budget refers to a financial plan that is expressed in numerical terms. “Mohan also prepared a statement showing the number of workers different products for the forthcoming quarter.” <p style="text-align: center;">OR</p> <p>(a) Function of Management Planning: (b) Steps:</p> <ol style="list-style-type: none"> 1. Setting objectives 2. Developing premises 3. Identifying alternative courses of action 4. Evaluating alternative courses 5. Selecting an alternative <p style="text-align: right;">(Explain)</p>	6
34	<p>The various principles of management violated are</p> <ol style="list-style-type: none"> (i) Division of work people need specialization for effective performance. (ii) Unity of command. An employee in an organization must receive instruction from only one person. 	6

	<ul style="list-style-type: none"> (iii) Discipline. All the employees and the shareholders must respect the rules, regulations and agreements that govern the organization. (iv) Esprit-de-corps. Promoting team spirit helps a lot in achieving organizational goals. (v) Remuneration. The compensation payable to the employees in the organization should be fair and reasonable. (vi) Subordination of individual interest to general. The interest of all the employees should also be linked with organizational objectives. (vii) Initiative. Employees should be given freedom to function in the organization with creativity and innovation. 	