

# SAMPLE PAPER-2

Time: 2 Hours

Maximum Marks: 40

1. Monetary incentive involves:

- (a) cash  
(c) challenging job

- (b) recognition  
(d) participation in decision making

1

2. Network of formal communication is:

- (a) single chain (b) wheel (c) circular (d) all of these

1

3. In Demat account securities are kept in \_\_\_\_\_ form (Fill in the blank)

1

Ans. Dematerialised

4. SEBI regulates transactions on \_\_\_\_\_. (Fill in the blank)

1

Ans. Stock exchange

5. Match the following.

1

## Column-I

- A. Types of Financial Market  
B. Call Money  
C. E-IPOs  
D. Depository

## Column-II

- (a) Issue of securities through Online system  
(b) Money market and capital market  
(c) Institution which maintains securities in electronic form  
(d) Short term finance repayable on demand

Ans. A. (b), B. (d), C. (a), D. (c)

6. In the following question a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct option on the base of these statements:

1

**Assertion (A) :** Internship training is a joint program in which educational institutions and business firms cooperate.

**Reason (R) :** Development ensures overall growth of an employee.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)  
(b) Both (A) and (R) are true but (R) is not the correct explanation of (A)  
(c) (A) is true but (R) is false  
(d) (A) is false but (R) is true

Ans. (b)

7. In the following question a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct option on the base of these statements:

1

**Assertion (A) :** A leader has subordinates and manager has followers.

**Reason (R) :** Authoritative leader takes all the decisions without consulting his subordinates.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)  
(b) Both (A) and (R) are true but (R) is not the correct explanation of (A)  
(c) (A) is true but (R) is false  
(d) (A) is false but (R) is true

Ans. (d)

8. List any two methods of floatation of securities in the primary market.

1

Ans. (i) Private placement

(ii) e-IPO

9. Standards are set in quantitative as well as in qualitative terms. Identify the type of standards when it is set in terms of 'cost' to be incurred.

1

Ans. Quantitative

10. Whose interests and welfare is protected by Consumer Protection Act?

1

Ans. Consumers

11. How many rights are provided to consumers under Consumer Protection Act?

1

Ans. Six

12. Define consumer according to the consumer protection Act, 2019. Who can file a complaint and against whom?

3

Ans. A Consumer is a person who buys goods and hires or avails of any service for consideration but does not include a person who obtains goods for resale or goods or service for any commercial purpose.

Any Consumer, one or more consumers on behalf of numerous consumers, any registered consumers' associations, central Government or state Government, legal heir or representative of a deceased consumer can file a complaint against a product manufacturer, product service provider or product seller.

13. Distinguish between monetary and non-monetary incentives.

3

Basis	Monetary Incentive	Non-monetary Incentive
(i) Meaning	It refers to reward which can be calculated in terms of money.	It refers to reward which cannot be measured in terms of money.
(ii) Suitability	More effective in case of lower level employees	More effective in case of higher level employees.
(iii) Satisfaction of needs	Satisfy basic level needs	Satisfy higher level needs

14. Explain the steps in controlling

4

OR

'A.S. Ltd.' is a large company engaged in assembly 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 assembly 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 C.C.T.V. that some of the workers were busy in gossiping.

(a) Identify the function of management discussed above.

(b) State those steps in the process of the function identified which are discussed in the above paragraph.

Ans. Steps in controlling are as follows:

(i) The first step is setting performance standards against which actual performance would be measured.

(ii) Second step is measuring actual performance.

(iii) Third step is comparison of actual performance with standards to find deviations.

(iv) Fourth step is analysis of deviations. These deviations and their causes are reported to the appropriate authority for action.

(v) Last step is taking corrective action which depends on causes of deviations.

OR

(a) Controlling

(b) The steps in the process of the functions discussed in the above paragraph are as follows.

(i) Setting performance standards

The target volume of the company in a day is assembling of 1,000 units of air-conditioners. Standards are the criteria against which the actual performance would be measured.

(ii) Measurement of actual performance

Even then the assembly of air-conditioners per day is 800 units only.

Measurement of actual performance with the standards in an objective and reliable manner.



- (iii) Comparing actual performance with the standards  
'... the company compared actual performance of each worker'.  
Comparing actual performance with the standards to find the deviation, if any.
- (iv) Analysing deviations for their causes.  
'observed through C.C.T.V. that some of the workers were busy in gossiping.

15. Describe briefly the steps involved in the process of staffing.

4

Ans. Steps involved in the process of staffing are as follows—

- (i) Estimating manpower requirements which involve forecasting and determining future manpower needs of the organisation.
- (ii) Recruitment which refers to a process of searching for prospective employees and encouraging them to apply for the job
- (iii) Selection which involves choosing the best person out of the pool of prospective candidates.
- (iv) Training and development which involves improving the job knowledge and competence of employees in order to enable them to perform their job efficiently.

16. U-phone Ltd. is a manufacturer of advanced category of mobile phones the company trained its engineers from Japan. It markets mobile phones domestically as well as internationally. The company had a substantial market share and had a loyal customer following because of quality of its U-phone. From the last financial year, the company had been unable to achieve its targets because of competition in the market. The company is planning to revamp its controlling system.

4

- (a) Identify the concepts if management involved in the paragraph.
- (b) State the steps of revamped controlling process to be followed by the company to solve the problem.
- (c) What benefits may company be getting by getting engineers trained from Japan?
- (d) State any one type of training.

Ans. (a) Staffing and Controlling

- (b) (i) Analysing deviations  
(ii) Taking corrective actions
- (c) Efficiency in production
- (d) Induction training

17. Explain the factors affecting the dividend policy.

5

OR

'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 ₹ 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 ₹ 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 apprised 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.

(a) Identify and explain the concept of Financial Management as advised by Mr. Seth in the above situation.

- (b) State the four factors affecting the concept as identified in part 'a' above which have been discussed between Mr. Shah and Mr. Seth.

Ans. Factors affecting dividend decision:

- (i) Earnings: It is a major determinant since dividends are paid out of earnings.
- (ii) Stability of earnings: A company having stable earning can declare higher dividends.



- (iii) Stability of dividends: i.e., paying fixed dividend per share increases the market price of shares.
- (iv) Growth opportunities: Less dividend is paid if good growth opportunities are there.
- (v) Cash flow position: More dividend can be paid if cash flow position is strong.

**OR**

- (a) Capital structure. It refers to proportion of debt and equity used for financing business operations.
- (b) (i) Cash flow position (ii) Floatation cost
- (iii) Risk consideration (iv) Tax rate

**18. You are a finance manager of a newly established company. The directors have asked you to determine the amount of fixed capital requirement for the company. Explain any six factors that you will consider while determining the fixed capital requirement.**

**OR**

What is the use of Demat account? Explain the trading procedure on a stock exchange.

**Ans.** Factors determining the fixed capital of an enterprise are given below:

- (i) **Nature of business:** A manufacturing enterprise and a public utility concern require a large amount of fixed capital as compared to a trading or commercial concern.
- (ii) **Scale of operations:** A large-scale enterprise generally requires greater fixed capital than a small-scale enterprise. For instance, a large-scale steel enterprise like the Tata Steel requires huge investment in fixed assets in comparison with a mini steel plant.
- (iii) **Choice of technique:** A capital-intensive enterprise requires higher investment in plant and machinery than a labour-intensive enterprise. For example, more capital is needed in a powerloom unit than in a handloom unit.
- (iv) **Technology upgradation:** In industries like computers, assets become obsolete faster and are replaced much sooner. Therefore, organisations using assets which are prone to obsolescence require more fixed capital.
- (v) **Growth prospects:** A fast-growing enterprise needs more investment in fixed assets than a slow-growing enterprise.
- (vi) **Diversification:** When a firm diversifies into new areas, its investment in fixed assets increases.

**OR**

Demat account is an account which is opened with a depository participant to keep securities in dematerialised or electronic form.

Trading procedure on a Stock exchange is as follows:

- (i) **Choice of Broker:** First of all the buyer or seller of securities chooses the broker through whom the deal is to be made.
- (ii) **Opening Demat Account:** The investor opens a demat account with a depository participant. He also needs to have a bank account.
- (iii) **Placing the Order:** The investor places an order with his broker specifying the details of securities to be bought or sold.
- (iv) **Execution of Order:** The broker buys/sells the securities as per the order, whenever the desired price occurs in the stock market.
- (v) **Issue of Contract Note:** The broker sends a note to the investor specifying the securities, the price, the total amount of the deal and the brokerage.
- (vi) **Settlement:** The investor pays money by cheque and the securities are transferred from the seller's account to the buyer's demat account.

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