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| **Periodic Test I (2023 -24)** | | | | | | | | | | | | | |
| **Subject: Business Studies**  **Grade: XII** | | | | | | Max. Marks:35Time:80 Mts | | | | | | | |
| **Name:** | | | | | | | | | | | **Section:** | **Roll No:** | |
| *General Instructions:*   * This question paper contains 13 questions. * Marks are indicated against each question. * Answer should be brief and to the point. * Answers to the questions carrying 3 marks may be from 25 to 50 words. * Answers to the questions carrying 3 marks may be from 50 to 75 words. * Answers to the questions carrying 4 marks may be about 150 words. * Answers to the questions carrying 6 marks may be about 200 words. * Attempt all parts of the questions together. | | | | | | | | | | | | | |
| 1 | Ramesh is running a real estate construction company. He must meet clients on a regular basis in order to make deals. For every decision, he makes he must be cautious as he knows once he has made a decision, he can’t go back which will mean abandoning of the project. So, he evaluates every decision before he makes it. That is why he pays a lot of attention to what his clients are saying and figures out which portion of the deal is in his capacity and favor. Recently his company pumped an amount of Rs.50 crores in a project and he knows this project can affect the returns of the firms, in the long run, both positively as well as negatively. All this is a part of the business in which he has established himself. He knows that the funds invested are only likely to give returns in the future and impact the future prospects of his business. The chances of success in any business are more when one does a lot of research. He has to involve a considerable portion of his funds and block them in long-term projects. Thorough research is required to grow funds at the lowest cost possible. He is a very stable-minded entrepreneur. Which concept of management has been highlighted in the above case | | | | | | | | | | | | 1 |
|  | a | Factors affecting Fixed capital | | | | | b | | | Importance of Fixed Capital | | |  |
|  | c | Importance of Financial Planning | | | | | d | | | Objective of Financial Planning | | |  |
| 2. | An organization wanting to have more liquid assets would raise relatively more amount on a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | | | | | | | 1 |
|  | a | | Long term Basis | | | | b | | | Medium Term Basis | | |  |
|  | c | | Short Term Basis | | | | d | | | Long and Short Term Basis | | |  |
| 3 | A soft drink company has decided to run an advertisement campaign. It will hire many famous Bollywood celebrities for this purpose. The advertisement campaign could involve more than ‘150 crores. Every major newspaper is mentioning about it. Identify the type of decision | | | | | | | | | | | | 1 |
|  | a | | | Investment decision | | | | b | | Financing Decision | | |  |
|  | c | | | Working capital decision | | | | d | | All of the above | | |  |
| 4 | A long battle lies ahead for Adani Group Chief Financial Officer Jugeshinder Singh , who has been at the forefront of the group’s attempt at damage control amid the conglomerate’s deepest crisis yet. Right after Hindenburg Research published its damning report on Adani Group, accusing it of financial misdeeds, accounting fraud, and stock manipulation, Singh set out to correct the course. Mention the objective he is trying to achieve | | | | | | | | | | | | 1 |
|  | a | | | | Profit Maximization | | | | b | Wealth Maximization | | |  |
|  | c | | | | Growth Maximization | | | | d | Short Trading | | |  |
| 5 | In the following cases identify the type of decision. Also identify the factors affecting the decisions:  Utkarsh cooperative bank has decided to issue equity, but it is concerned about the control management will lose. So, after a lot of brainstorming the board of directors decided to take a loan from a bank and debt from other sources | | | | | | | | | | | | 2 |
|  |  | | | | | | | | | | | |  |
| 6 | ‘Mahindra and Mahindra’is producing 1,00,000 trucks and generating revenue of Rs.1,000 crores annually, has recently acquired the world’s second-largest truck manufacturing company. After this acquisition, ‘Mahindra and Mahindra ’ will become the world’s largest truck manufacturer. For financing the acquisition the company had to arrange about Rs.41,000 crores through debt and equity. State and explain the function performed by the company for arranging the funds through debt and equity. | | | | | | | | | | | | 2 |
|  |  | | | | | | | | | | | |  |
| 7 | The cost of debt is less than the cost of equity. Still, a company cannot go with the entire debt. Why? | | | | | | | | | | | | 3 |
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| 8 | There are two brothers: Shobhit and Mohit. Shobhit starts a tourist and travel agency. His idea is to take his business to great heights. Though he doesn’t have experience in this business, yet he wants to give this business a try. He feels that if he gives the best quality services then his business will reach great heights. Mohit starts a thermometer manufacturing business. He too like his brother wants to take his business toward great success. He is new to this business and is busy getting to know about the technical side of the business as much as possible. He wants to make the best quality thermometers that are ultrasensitive to temperature changes and can resist shocks. Despite all these good ambitions in mind a sudden shock takes place for both brothers. The economy shows signs of recession and within a few months is totally engulfed by it. What will happen to the working capital requirement of the two businesses described in the above case? Which of the two businesses do you think will see greater impact of this change? | | | | | | | | | | | | 3 |
|  |  | | | | | | | | | | | |  |
| 9 | Explain briefly “Availability of Raw Material “ that affect the working capital requirement of a company | | | | | | | | | | | | 3 |
|  |  | | | | | | | | | | | |  |
| 10 | How do ‘Choice of Technique’ and ‘Nature of Business’ affect the ‘Fixed Capital’ requirements of a company? Explain. | | | | | | | | | | | | 4 |
|  |  | | | | | | | | | | | |  |
| 11 | Suzlon Ltd. is thinking to modernize its Plant and Machinery. It would require a huge expenditure. Mr. Reuben, the Finance Manager of the company has to estimate how much funds would be required and also from where to raise these funds. Mr. Reuben wants that the funds should be available at just the right time. The profits of the company are high and the cash flows of the company were very stable even though the economy is in a bearish phase. The management has asked Mr. Reuben to decide the source of raising the funds however they want to retain control over the business.  (a) Name the process which will help in estimating the fund requirements at the right time.  (b) Which source should the company opt for, debt or equity? Justify your answer by giving three reasons in support of your answer | | | | | | | | | | | | 4 |
|  |  | | | | | | | | | | | |  |
| 12 | TTIL. earned a net profit of Rs. 50 crores. Ankit the finance manager of TTIL wants to decide how to appropriate these profits. Identify the decision that Ankit will have to take and discuss any five factors which help him in taking this decision. | | | | | | | | | | | | 5 |
|  |  | | | | | | | | | | | |  |
| 13 | An organization is busy preparing its financial blueprint for its future operations. The idea is to create a satisfactory amount of money that should be there in the reach of the organization at the right time.   1. Which concept of financial management has been highlighted in the above case? 2. Explain any four importance of the concept mentioned in point (a) | | | | | | | | | | | | 5 |