

XII Business Studies - Unofficial Answer Key – Term II – Dec 2018

1. d) Planning
2. b) Informal Organisation
3. b) Aptitude Test
4. d) Promotion
5. a) Bills Payable
6. Net working capital = Current Assets – Current Liabilities
7. Benefits of Planning:

a. Provides direction	d. Encourages innovation and creativity
b. Reduces uncertainty	e. Guides decision making
c. Reduces overlapping and wasteful activities	f. Facilitates control

(Any 4 points)
8. Objectives of Financial Management:

a) Profit maximization – Maximum return on investment	
b) Wealth maximization – Increase the wealth of shareholders	(With brief explanation)
9. Factors affecting investment decision:

a) Cash flow of the project	
b) The rate of return	
c) Investment criteria involved	(Any 2 points with explanation)
10. Levels of Management:

a) Top Level	b) Middle Level	c) Lower Level	(Site suitable examples)
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11. **Motion Study** – Helps to eliminate unnecessary movements of men & material while doing a job.
Fatigue Study – To determine the rest intervals in doing a job. This would help to recoup the energy lost in continuous work.
12. Differences - Centralisation and Decentralisation (Not mentioned in NCERT Text Book)

Centralisation	Decentralisation
a. Authority with the top management	Authority disseminates among lower levels
b. Communication flows vertically	Open and free
c. Decision making is slow	Comparatively faster

(Any other 3 comparisons)

13. Importance of controlling:

a) Accomplishing organizational goals	e) Ensures order and discipline
b) Judging accuracy of standards	f) Coordination
c) Effective use of resources	g) Decision making
d) Improving employee motivation	

(Any 3 points with explanation)

14. Match the following:

A	B
a. Equity share capital	Owned capital
b. Debentures	Debt capital
c. Retained profit	Internal source of financing

15. Dimensions of business environment:

Chart showing Economic environment – Social Environment – Technological Environment – Political Environment – Legal Environment

16. Differences – Time Rate and Piece Rate system of Wage Payment: (Not in NCERT Text Book)

Time Rate	Piece Rate
a. Wages on the basis of time spent	On the basis of output
b. Possibility of idle time	No chance for idle time
c. Ensures quality of work	Quality may not be ensured
d. Lack of incentive for efficient workers	Encourages motivated workers

(Any other 4 suitable differences)

17. Maslow's Need Hierarchy theory of motivation:

Chart showing Basic needs – Safety needs – Social needs – Esteem needs – Self actualization needs (With proper explanation)

18. Importance of Leadership:

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|---|--------------------------------------|
| a. Influences behavior of people | d. Handles conflicts effectively |
| b. Personal relations | e. Provides training to subordinates |
| c. Introduces changes in the organisation | |

(Any 4 points with explanation)

19. Modern techniques of controlling:

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|------------------------------|----------------------------------|
| a. Return on investment | d. Management audit |
| b. Ratio analysis | e. PERT & CPM |
| c. Responsibility accounting | f. Management Information System |

(Any 4 points with explanation)

20. Capital Structure – Mix or composition of long term sources of funds.

Factors affecting capital structure:

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|---|-------------------------------------|
| a. Trading on equity | e. Cost of debt |
| b. Cash flow ability for servicing debt | f. Tax rate |
| c. Interest coverage ratio | g. Flotation cost |
| d. Return on investment | h. Control Capital market condition |

(Any 4 points with explanation)

21. Functions of Management: Planning – Organisaing – Staffing – Directing – Controlling

(With explanation)

22. Delegation of Authority – Assigning work to others and giving them authority to do it.

Elements of Delegation:

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|--------------|-------------------|-------------------|--------------------|
| a. Authority | b. Responsibility | c. Accountability | (With explanation) |
|--------------|-------------------|-------------------|--------------------|

23. Methods of Training:

On the job training: Apprenticeship – Coaching – Internship – Job rotation.

Off the job training: Class room lectures – Film shows – Case study – Computer modeling – Vestibule training – Programmed instructions.

(Any 5 points with explanation)

24. Non Financial Incentives – Incentives that cannot be measured in terms of money.

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|-----------------------------------|---------------------------------|
| a. Status | e. Employee recognition Program |
| b. Organizational climate | f. Job security |
| c. Career advancement opportunity | g. Employee participation |
| d. Job enrichment | h. Employee empowerment |

(Any 5 points with explanation)

25. Factors affecting dividend decision:

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|--------------------------|-----------------------------|
| a. Amount of earning | d. Growth opportunities |
| b. Stability of earning | e. Cash flow position |
| c. Stability of dividend | f. Shareholders' preference |

(Any 5 points with explanation)

26. Barriers of communication – Any type of hurdles or block in the path of communication.

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|---------------------------|----------------------------|
| a. Semantic barrier | c. Organizational barriers |
| b. Psychological barriers | d. Personal barriers |

(With proper explanation and examples)

27. Selection Process:

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|---|---------------------------|
| a. Preliminary Screening | d. Checking references |
| b. Selection Test - Trade test, Aptitude test, Interest test, Personality test, Intelligence test | e. Selection decision |
| c. Interview | f. Medical examination |
| | g. Job offer |
| | h. Contract of employment |

(With explanation)

28. Differences: Formal and Informal Organization

Formal Organization	Informal Organization
a. Created deliberately	Originates spontaneously
b. To achieve pre-determined objectives	To satisfy social and cultural needs of employees
c. Well defined authority and responsibility	Based on human emotions and sentiments
d. Prescribed pattern for behavior of members	Mutual consent of members
e. Communication through official lines	Based on convenience
f. Managers are leaders by positions in the organization	Leaders re chosen by the group members
g. Usually stable	Life of informal organization is usually short
h. Rigid structure of relationship	Highly flexible
i. Exists independently	Exists within the framework of formal organisation