BRAIN INTERNATIONAL SCHOOL

(2026-2027)
PRACTICE PAPER 1
CLASS-XII
Subject – BUSINESS STUDIES (054)

Time: 3 Hrs	Class – XII	MM: 80

General Instructions

1. This question paper contains 34 questions. All the questions are compulsory except where internal choice has been given.
2. Questions Number 1-20 are of one mark each. Answers should be to the point.
3. Questions Number 21-24 are of three marks each. Answers should be in 50 to 75 words.
4. Questions Number 25-30 are of four marks each. Answers should be about 150 words.
5. Questions Number 31-34 are of six marks each. Answers should be about 200 words.

Q1. Which statement is not correct, with respect to an 'Organisation Structure'?

(A) Ensures coordination among human and physical resources.

(B) Ensures smooth flow of communication.

(C) Specifies relationship between people, work and resources.

(D) Establishes standards for controlling.

Q2. Prema Steel Ltd.' an Indian company producing 50 million tonnes of steel annually and generating revenue of 38 billion US dollars has recently acquired the world's second largest steel producing company, 'German Steels'. After this acquisition, Prema Steels Ltd. will become the world's largest steel producer. For this acquisition, Prema Steels Ltd. had to arrange about ₹ 50,000 crores through debt and equity. State the function performed by the company for arranging the funds through debt and equity.

A. Financing Decision

B. Financial Management

C. Capital budgeting Decision

D. Financial Planning

Q3. Chhavi purchased a pack of toffees. When she opened it, she felt the toffees were stale. She carefully read the label on the pack of toffees, which mentioned ‘‘If you are not satisfied with the product quality, write to our Customer Care Cell at Bell Foods Pvt. Ltd 509 Lajpat Nagar.’’ The company has set up its own consumer service and grievance cell to promote and protect the following right :

(A) Right to Safety

(B) Right to be Heard

(C) Right to be Informed

(D) Right to Consumer Education

Q4. _____ is the quality certification mark used in case of jewellery products.

A. ISI

B. AGMARK

C. ECO Mark

D. Hallmark

Q5. Match the following :-

1.Critical Point Control	a) Analyzing deviations
2.Management By Exception	b)Key Result Areas
3.Controlling	c)Controlling significant deviations
4.Quality control inspection	d)Sample Checking

Q6. Unfavourable financial leverage leads to

(A)Increase in Earning per share

(B)Decrease in Earning per share

(C)Earning per share is not affected

(D)Increase in tax

Q7. The package of TH Sooji Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving.

The function performed by the label in the above case is:

(A)Describing the product and specifies its contents.

(B)Identification of the product or brand.

(C)Helping in promotion of products.

(D)Grading of products

Q8. Which of the following is not a benefit of planning?

(a) Planning reduces overlapping and wasteful activities.

(b) Planning is a mental exercise.

(c) Planning provides directions.

(d) Planning reduces the risks of uncertainty.

Q9. Most marketing organisations spend a substantial amount of money to communicate availability, features, merits etc. of the products to target customers and persuade them to buy it through using a number of tools such as advertising, personal selling and sales promotion techniques like price discounts, free samples etc. Which of the following elements of marketing mix has been described above?

(A)Price mi (B)Product mix

(C)Promotion mix (D)Place mix

Q10. Tomato Limited, a food delivery service app recently faced criticism for the tampering of their product by their delivery boys. Tomato Limited, decided to put a hologram seal on the food packet in order to protect the contents from spoilage, leakage, pilferage, damage along with the tag with the safety warning to check the seal. Which concept of marketing discussed above is performing the important function of communicating with potential buyers and promoting the sale?

(A)Branding (B)Labelling

(C)Product designing and development (D)Packaging

Q11. Identify the correct sequence of steps involved in the communication process.

(a) Sender, Message, Encoding, Media, Decoding, Receiver, Feedback

(b) Sender, Decoding, Receiver, Feedback, Message, Encoding, Media

(c) Sender, Message, Encoding, Media, Decoding, Receiver, Feedback

(d) Sender, Media, Decoding, Receiver, Message, Encoding, Feedback

Q12. The lowest level of needs in the Need Hierarchy theory of motivation given by Abraham Maslow is :

(A)Safety needs (B)Esteem needs

(C)Self actualisation needs (D)Physiological needs

Q13. The Managing Director of 'Jayka Chemicals Pvt. Ltd.' held a meeting of all the departmental managers. In the meeting, the managing director said that besides doing their current work efficiently, they also had to make themselves capable of shouldering more responsibility in future as the company is going to add an additional product to its existing product line. For the realisation of this objective, he invited suggestions from all departmental heads. The Managing Director proposed a plan on the basis of the suggestions received. All the departmental heads carried out the plan. Identify the style of leadership mentioned here.

(A)Democratic style of leadership (B)Laissez Faire style of leadership

(C)Autocratic style of leadership (D)Free-Rein style of leadership

.Read the following text and answer question number 14 to 16 on the basis of the same:

SHEETLANI VERMA recently completed her post graduate diploma in Human Resource Management. A large steel manufacturing company, which employs 900 persons appointed her as its HRM. She has been given complete charge of the company's Human Resource Department. The company has an expansion plan in hand which may require another 300 persons for various types of additional requirements.

Q 14. Identify the step of one of the functions of management involved in the above case.

(A)Estimating manpower requirements

(B)Performance appraisal

(C)Training and development

(D)Selection

Q15. Identify the concept which will help in deciding the number of persons required in the steel organisation :

(A)Workforce analysis (B)Workload analysis

(C)Manpower analysis (D)Planning

Q16. Identify the next two steps in the staffing process:

(A)Recruitment and Selection

(B)Selection and Placement & Orientation

(C)Recruitment and Placement & Orientation

(D)Compensation and Promotion & Career Planning

Q17. Application for grant of leave, request for grants etc. are examples of:

(A)Downward communication (B)Upward communication

(C)Informal communication (D)Horizontal communication

Read the following text and answer question number 18 to 20 on the basis of the same:

Radhey Shyam Ltd. is a large credit worthy company manufacturing automobiles for the Indian market. It now wants to cater to other markets and decided to invest in new machines. For this, it requires long term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge flotation cost. To meet expenses of floatation cost the company decides to tap the money market.

Q18. Name the money market instrument the company can use for the above purpose.

(A)Commercial Paper (B)Debentures

(C)Commercial bill (D)Certificate of Deposit

Q19. Identify the duration for which the company can get funds through this instrument.

(A)1 day to 15 days

(B)15 days to one year

(C)15 days to 6 months

(D)15 days to 3 months

Q20. Identify any purpose for which the company can use this instrument other than the purpose mentioned above.

(A)Seasonal and working capital needs

(B)Purchase of tangible assets

(C)Purchase of intangible assets

(D)Acquisition and mergers

Q21. Shyam bought a pain relieving ointment after seeing it being displayed in the chemist's shop. The ointment tube was packed in a cardboard box. Identify and explain the different levels of packaging of the pain relieving medicine, when it was purchased by Shyam.

Q22. The workers of an organisation complain that their superior Mr. Bhupender does not listen to their suggestions and takes all the decisions without consulting them. Name the leadership style adopted by him and explain its disadvantages.

OR

Define the terms: Motive, Motivators and Motivation.

Q23 Explain the following as significance of ‘organising’ function of management:

(a) Benefits of specialisation

(b) Clarity in working relationships

(c) Development of personnel

OR

Explain any three points of importance of delegation.

Q24. Explain the next three steps to be followed in the process of controlling function of management after ‘Setting Standards’.

Q25. State any eight responsibilities of a consumer which should be kept in mind while purchasing the goods .

OR

Explain the following rights of consumers using suitable examples:

a. Right to Consumer Education

b. Right to Seek Redressal

Q26. Give the meaning of Divisional structure with the help of a diagram. Explain any two disadvantages of this structure.

Q27. Mr. Nath, a recently appointed production manager of Suntech Ltd., has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. After analysis, he found that employees were demotivated and not putting in their best for achieving the target. Mr. Nath's behaviour is good towards the employees. His attitude is always positive. So, he announced various incentive schemes for the employees like:

1. Installing awards or certificates for best performance

2. Rewarding an employee for giving valuable suggestions

3. Congratulating the employees for good performance

4, Identify the functions of management highlighted in the above paragraph.

5. State the incentive under which the employee are motivated.

Q28. What is meant by Financial Planning? Explain any three points which highlight its importance.

OR

Three companies – X, Y and Z belong to the same industry. Company X earns a profit of ` 80,000 on a capital of ` 8,00,000. Company Y earns a profit of ` 75,000 on a capital of ` 5,00,000 and company Z earns a profit of ` 48,000 on a capital of ` 6,00,000. Comment on the capitalization of these three companies if the Normal Rate of Return in the industry is 10%.

Q29. Mr. Rakesh Kumar has been appointed by Suntek Limited to ensure that the performance of employees is going as per the plans made. In the report which he submitted to the management, he mentioned that the carriage charges had

risen by 8%, labour absenteeism had risen from the previous year from 5% to 15%. He felt that this increase in absenteeism required immediate action of management on priority basis.

a. Identify and explain the step of one of the management functions referred above.

b. Identify and explain the principle due to which increase in absenteeism required immediate action of management.

Q30. Mr. Nitin was the Chairman of Taran Bank. The bank was earning good profits.Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce taking over of Vena Bank. Mr. Nitin knew that the share prices of Taran Bank would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest ₹5 crores in shares of his bank promising him the capital gains.

As expected, the share prices went up by 40% and the market price of shares was now Rs.7 crores. He earned a profit of Rs.2 crores. He gave Rs.1 crore to Mr. Nitin and kept Rs.1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Nitin. By quoting the lines from the above pare identify and explain any two functions that were performed by SEBI in the above case.

Q31. Advertising and Personal Selling both are communication tools used by the marketers to promote their products. Yet they differ in their approach. Differentiate between the two by giving any six points.

Q32. Abhishek Ltd' is manufacturing cotton clothes. 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 investments.
It has taken a loan of Rs. 50 lakhs from ICICI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the 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 any four such factors.

Q33. To satisfy the social and the psychological needs, which type of incentives are needed ? Explain any five types of such incentives.

OR

Give the meaning of 'Directing'. Explain any five points that highlight the importance of directing.

Q34. Harsh works as a manager in a software company. He opened a Demat account with a broking house in order to trade in securities with the money he received as his first performance bonus. Since then he has been very active in stock trading under the guidance of a stock broker. However, ,when he was hospitalized for a few days this year, his wife received several calls from the his stock broker for permission to transact on Harsh's behalf. Though she told him to wait till her husband had recovered, the stock broker went ahead and executed the transactions. When Harsh got home from hospital, he discovered that the unauthorized transactions had led to a loss for him. Harsh complained to the broking house, but they claimed he had authorized the transactions. Keeping in new, the guidelines issued by the National Stock Exchange that he had read in the national newspaper Harsh demanded proof and threatened to file a complain. Since, the broking house had no evidence that the deals had been authorized they made good the loss that Harsh had incurred due to the transaction. In the context of the above case? 1. What is a Demat account? Why it is required? 2. Who is acting as the depository participant for Harsh? 3. Name

the document that is illegally enforceable and helps to settle the claims between the investor and the broker.

OR

Define primary market. Explain five methods of floatation of new securities in

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PRACTICE PAPER 2

CLASS-XII

Subject – BUSINESS STUDIES (054)

Time: 3 Hrs	Class – XII	MM: 80

General Instructions

1. This question paper contains 34 questions. All the questions are compulsory except where internal choice has been given.

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5. Questions Number 31-34 are of six marks each. Answers should be about 200 words.

Q1. Which of the following is considered the essence of management?

(a) Planning (b) Coordination (c) Staffing (d) Controlling

Q2. Management is considered a multidimensional activity because it involves:

(a) Management of work (b) Management of people (c) Management of operations (d) All of the above

Q3. Which principle of management states that an employee should receive orders from only one superior?

(a) Unity of Direction (b) Unity of Command (c) Discipline (d) Scalar Chain

Q4. The technique of Scientific Management which involves determining the standard time required to perform a job is:

(a) Method Study (b) Motion Study (c) Time Study (d) Fatigue Study

Q5. Which dimension of the business environment includes changes in people's tastes, preferences and lifestyle?

(a) Economic (b) Social (c) Political (d) Legal

Q6. Which of the following is a single-use plan?

(a) Policy (b) Rule (c) Budget (d) Procedure

Q7. The process of assigning duties and establishing relationships among employees is known as:

(a) Staffing (b) Organising (c) Directing (d) Controlling

Q8. Which element of delegation refers to the obligation of a subordinate to perform the assigned task?

(a) Authority (b) Responsibility (c) Accountability (d) Decentralisation

Q9. Recruitment through campus placements is an example of:

(a) Internal source (b) External source (c) Promotion (d) Transfer

Q10. Which of the following is a non-financial incentive?

(a) Bonus (b) Commission (c) Employee recognition (d) Profit sharing

Q11. The process of influencing people to work willingly towards organisational goals is called:

(a) Motivation (b) Leadership (c) Communication (d) Supervision

Q12. Which step of controlling involves comparing actual performance with standards?

(a) Setting standards (b) Measurement of performance (c) Comparing performance (d) Taking corrective action

Q13. Which financial decision is concerned with determining the proportion of debt and equity in the capital structure?

(a) Investment decision (b) Financing decision

(c) Dividend decision (d) Working capital decision

Q14. The market where existing securities are bought and sold is known as:

(a) Primary market (b) Secondary market (c) Money market (d) Capital market

Q15. Which institution regulates the securities market in India?

(a) RBI (b) SEBI (c) NABARD (d) SBI

Q16. Which element of the marketing mix deals with activities such as advertising, personal selling and sales promotion?

(a) Product (b) Price (c) Place (d) Promotion

Q17. The right of a consumer to be protected against hazardous goods and services is called:

(a) Right to Choose (b) Right to Safety (c) Right to Information (d) Right to be Heard

Assertion–Reason Questions

For Questions 18–20, choose the correct option:

(a) Both Assertion (A) and Reason (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.

Q18. Assertion (A): Coordination is required at all levels of management.
Reason (R): Coordination integrates the efforts of different departments and individuals towards common organisational objectives.

Q19. Assertion (A): Planning reduces the risk of uncertainty.
Reason (R): Planning completely eliminates all future uncertainties and risks.

Q20. Assertion (A): Financial markets help in the mobilisation of savings and their channelisation into productive uses.
Reason (R): Financial markets provide liquidity to financial instruments.

Q21. Explain any three features of management.

OR

Explain any three functions of marketing.

Q22. Explain any three limitations of planning.

Q23. ABC Ltd. is expanding its business and requires 50 new employees. The HR manager first estimates the manpower requirements, then invites applications through advertisements. After receiving applications, the company conducts tests and interviews to select suitable candidates.

Answer the following:

(a) Identify the first step of the staffing process followed by the HR manager.

(b) Name the source of recruitment used by the company if it advertises vacancies in newspapers.

(c) State one importance of staffing.

Q24. A company manufactures high-quality packaged food products. To increase its sales, it conducts market research to understand customer preferences, develops attractive packaging, fixes competitive prices, appoints distributors and retailers, and advertises its products through television and social media. It also offers discounts to attract new customers.

Answer the following:

(a) Identify the marketing function involved in understanding customer preferences through market research.

(b) Identify the element of the marketing mix involved in fixing competitive prices.

(c) State any one importance of advertising for the company.

Q25. Explain any four principles of management given by Henri Fayol.

Q26. Explain any four importance of business environment.

Q27. Differentiate between functional structure and divisional structure on any four bases.

Q28. A manager of a company observes that employees are not performing efficiently. To improve their performance, he introduces employee recognition programmes, provides opportunities for promotion and encourages workers to participate in decision-making. He also communicates organisational goals clearly and guides employees in completing their tasks.

Answer the following:

(a) Identify the element of directing that involves guiding employees while performing their work.

(b) Identify the type of incentive provided through employee recognition.

(c) State any two importance of directing.

OR

State any two importance of coordination.

Q29. XYZ Ltd. plans to purchase new machinery to increase its production capacity. The finance manager estimates the amount of funds required, considers the risk involved and evaluates the expected return. The company also decides the proportion of debt and equity to be used for financing the machinery.

Answer the following:

(a) Identify the financial decision involved in purchasing machinery.

(b) Identify the financial decision concerned with deciding the proportion of debt and equity.

(c) State any two factors affecting the investment decision.

OR

State any two factors affecting the financing decision.

Q30. A company launches a new range of skincare products. It conducts market research, identifies customer needs and develops products accordingly. The company also ensures that the products meet quality standards and provides attractive packaging. To attract customers, it offers discounts and advertises through social media.

Answer the following:

(a) Identify the marketing function involved in identifying customer needs.

(b) Name the marketing function related to maintaining quality standards.

(c) Explain any two functions of marketing.

OR

Explain any two functions of marketing management.

Q31. Explain the six steps involved in the process of planning.

Q32. Mr. Sharma is the production manager of a manufacturing company. He notices that workers are using different methods to complete the same task, resulting in wastage of time and resources. He decides to introduce scientific methods to improve efficiency. He appoints specialists to guide workers in different areas, studies the movements involved in performing a task to eliminate unnecessary movements and determines the standard time required to complete each job.

Answer the following:

(a) Identify the technique of Scientific Management involved in appointing specialists to guide workers.

(b) Identify the technique used to eliminate unnecessary movements.

(c) Identify the technique used to determine the standard time required to complete a job.

OR

(c) Explain the technique of fatigue study and its importance in improving workers' efficiency.

Q33. A company sets a target of producing 10,000 units per month. At the end of the month, the production manager finds that only 8,000 units have been produced. He compares the actual production with the predetermined standards, identifies the reasons for the shortfall and takes corrective measures by providing additional training to workers and improving the production process.

Answer the following:

(a) Identify the first step in the controlling process.

(b) Identify the step in which actual performance is compared with predetermined standards.

(c) Explain the last two steps of the controlling process.

OR

(c) Explain the importance of controlling by stating any four points.

Q34. Explain the following elements of the marketing mix:

(a) Product

(b) Price

(c) Place

(d) Promotion