



INDIAN SCHOOL SOHAR
Unit Test II (2023-24)
Business Studies (054) (Set 1)

CLASS: XI
DATE:18/01/2024

MAX. MARKS: 20
TIME: 40 MINUTES

GENERAL INSTRUCTIONS: -

1. This question paper contains four sections. Section A to D.
2. All the questions are compulsory.

SECTION - A

1. 'Prakash Udyog Ltd. is a company manufacturing electric devices'. The company's financial manager Mr. Sherlekar, in order to fulfil the long-term financial needs, is on the lookout for such a financial source, on which tax advantage may be available. Advise him about the financial source which should fulfil his need. 1

- A. Public deposits
B. Retained earnings
C. Debentures
D. Financial institutions

2. Read the following statements carefully - **Assertion (A)** and **Reason (R)** and choose the correct alternative: 1

Assertion (A): Credit facilities in business play a dominant role in sale and purchase transactions, particularly in the form of short-term finance.

Reasoning (R): In credit purchase arrangements, the immediate utilisation of purchased goods contrasts with deferred payment.

- A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
C. Assertion (A) is true, but Reason (R) is false.
D. Assertion (A) is false, but Reason (R) is true

3. Mr. Krishan Gopal young entrepreneur is going to use a new method to fund his startup. In this method of startup fund, rich people having interest in the development of a startup is ready to invest in the business. The way to fund startup used by Mr. Krishan Gopal is: 1

- A. Boot strapping
B. Angel Investment
C. Crowd funding
D. Venture Capital

4. Match the columns and choose the correct alternative: 1

Column I	Column II
a) Floatation cost	i. Appears in the records of buyers as 'sundry creditors.'
b) Trade credits	ii. Cost incurred by company when issuing new securities.
c) Opportunity cost	iii. Short term cash management of large corporate.
d) Inter corporate deposit	iv. Benefits foregone by not choosing an alternative course of action.

- A. a(i), b(ii), c(iii), d(iv)
B. a(ii), b(i), c(iv), d(iii)
C. a(ii), b(iii), c(i), d(iv)
D. a(iii), b(ii), c(i), d(iv)

SECTION – B

5. "BlueSky Pharmaceuticals plans to launch an advanced manufacturing facility to meet the increasing demand for its healthcare products. However, traditional bank loans come with stringent terms, constituting a substantial barrier to the company's expansion goals. This has prompted the company to turn to the public for support. 3
- i. Identify and define the source of finance BlueSky Pharmaceuticals intends to utilise for obtaining the necessary funds.
 - ii. Elaborate two limitations that may be associated with raising fund through identified source of finance.
6. Rajesh, the owner of a small manufacturing unit producing handmade textiles, faced numerous challenges in scaling his business. Learning about NSIC's services, Rajesh decided to explore how the corporation could assist his business. Describe any three ways in which NSIC can contribute to addressing the challenges faced by Rajesh. 3

SECTION – C

7. Mr. Shyam, the owner of the recently formed company XYZ Enterprises, is eager to secure the most suitable financial structure for his business. Recognising the importance of well-informed financial decisions, he reaches out to Mr. Rahul, a seasoned financial analyst, for guidance. XYZ Enterprises is at a crucial juncture where decisions about financing need to be made to support its growth and operations. Mr. Shyam is aware that there are various avenues for raising capital, and he turns to Mr. Rahul to gain insights into the two primary sources: owners funds and borrowed funds. Mr. Rahul, the financial analyst, takes on the responsibility of educating Mr. Shyam about the distinctions between owners' funds and borrowed funds. 4
- Enumerate four differences highlighted by Mr. Rahul when guiding Mr. Shyam in understanding the distinctions between owner's funds and borrowed funds for XYZ Enterprises.

OR

Jaya, Rohit, and Raman, friends with a vocational course in entrepreneurship, faced a tough job market. Discovering a seminar on Government assistance for small business at the District Industries Centre in VKIA Jaipur, they gained valuable insights. Inspired, Jaya initiated a micro fruit processing enterprise in her village, Rohit ventured into courier services in Jaipur, and Raman aimed to establish a small shoe manufacturing factory in a backward area of Odisha.

- i. "What are the investment limits in plant and machinery for Jaya's small fruit processing business and for service enterprises under the MSMED Act?"
- ii. Why is the promotion of Small Scale Industries considered a powerful instrument for development? Provide three points to support your explanation.

SECTION – D

8. Anjali Mehta, a passionate entrepreneur, founded Craft Village creations with the vision of preserving traditional crafts and providing sustainable livelihoods to local artisans. However, the journey was not without challenges. By overcoming challenges, the success of Craft Village Creations underscores the crucial role of small businesses in the socio-economic fabric of India. 6
- i. Elaborate on the crucial role of small businesses in India in three ways.
 - ii. Describe any three challenges which are faced by these business in India.

OR

Angelina Food Ltd, an established player in the food industry, recognises growth opportunities in the market. Raman, the finance manager, has strategically decided to reinvest profits for expanding the business.

- i. Identify the source mentioned here by quoting the lines from the passage.
- ii. Explain any five advantages of the source identified in (i).

