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**Date:7/11/23 MONTHLY TEST -03 (2023-24) Max marks: 20**

**GRADE: XII B BUSINESS STUDIES (054) Time: 1 Hour**

General Instructions:

1. There are 8 questions in the question paper. All questions are compulsory.

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| Qn.  No |  | Marks |
| 1 | “Healthy Foods Ltd” has been earning handsome profits for the last many years consecutively. The company has to decide about the dividend to be declared this year. The company has enough good will in the capital market. As such, it is not at all difficult for it to arrange capital from the market. Keeping in view all these factors, the company decided to increase last year’s dividend by 15 percent.  Which component affecting dividend decision has been highlighted in the above paragraph  a. Cash flow position b. Taxation policy  c. Access to capital market d. Growth opportunity | 1 |
| 2 | Sonia is a student of class 12 Commerce. One day she has given a presentation in her class on the topic ‘Determinants of capital structure’. She has presented the presentation in the following manner.  Every public issue of securities is supposed to follow the SEBI guidelines. Raising funds from banks and other financial institutions require fulfillment of other norms. The relative case with which norms can be met may have a bearing upon the choice of source of finance.  Identify the factor affecting the choice of capital structure mentioned above  a. Control b. Regulatory framework  c. Stock market condition d. Flexibility | 1 |
| 3 | ABC Ltd. issued prospectus for the subscription of its shares for 500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro- rata basis. Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of Rs. 5 crores and banned its three executive directors for dealing in Securities Market for three years.  Identify the function performed by SEBI in the above situation  a. Regulatory function b. Developmental function  b. Protective function d. None of the above | 1 |
| 4. | Keya Ltd. is a large Organisation manufacturing a popular brand of desi ghee and supplying it to various states of India. They manufacture 10,000 liters of desi ghee every day and pack in cartons of 250 ml, 500 ml and 1-liter sizes. The production manager ensures that one out of every ten cartons of each size is checked for quality control every day.  The step of the controlling process discussed in the above para is:  a. Setting performance standards  b. Measurement of actual performance  c. Comparison of actual performance with standards  d. Analyzing deviations | 1 |
| 5 | Planning is both forward looking and backward looking. Do you agree with this statement. Validate your answer with suitable points | 2 |
| 6 | Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment, savings get channelized into their most productive investment avenues. To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share of ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments. Various functions performed by the Stock Exchange are discussed in the above para. By quoting lines from the above para, state any four functions of stock exchange | 4 |
| 7 | X Lad issued 14% Debentures of 4,00,000 and 10,000 Equity shares of 760 each. This investment resulted in a net profit of 2,00,000 before interest and tax. The tax rate was 50%.  (a) Calculate the 'Return on Investment' and 'Earning per Share' of 'X Ltd.'  (b) State with reason whether the above example is that of favourable or unfavorable financial leverage. | 4 |
| 8 | Lalita wants to buy shares of Akbar Enterprises, through her broker Kashvinder. She has a Demat Account and a bank account for cash transactions in the securities market. Discuss the subsequent steps involved in the screen-based trading for buying and selling of securities in this case | 6 |
|  | **THE END** |  |