

## PART I (Compulsory)

### Question 1.

[30 marks]

i) What is meant by separation of ownership and management in a joint stock company? [2]

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ii) Mention **TWO** limitations of planning. [2]

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iii) Explain any **TWO** essential features of personal selling. [2]

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iv) List **TWO** conditions under which a shareholder is nominated as a director. [2]

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v) How is retained earning considered as the convenient source of financing?

Explain **TWO** points.

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vi) You need to incorporate your new company with the Registrar of the company.

What would you do in the first stage of incorporation?

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vii) The Coal Company in eastern Bhutan wants to raise additional capital, but it is neither interested in issuing shares and debentures nor in taking loans from the financial institutions. What other sources of capital would you recommend to the company?

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viii) As the manager of a company, you observed that the subordinates are confused with their duties which directly resulted into over-lapping and duplications of work. Explain what principle of management you should apply in such a situation? [2]

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ix) How does transportation create place utility? Give **TWO** justifications. [2]

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x) Mr. Karma prefers to invest in equity shares, whereas Mr. Sangay wants to invest in preference shares. Why two of them chose to invest in different shares? Give reasons. [2]

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xi) 'Informal communication is considered as grave vine'. Why? [2]

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xii) Do you think the minimum subscription clause is necessary to start a public limited company? Justify your opinion.

[2]

xiii) Is there a need for a whole time director in a company? Support your opinion with **TWO** reasons.

[2]

xiv) Manager of the Tashi Airlines feels that he should centralize the management in his organization. Do you think this is a good idea?

[2]

xv) You have started an orange export business. Develop a sequence of **FOUR** marketing functions that you would adopt.

[2]

## Part II

Answer any **SEVEN** questions

## Question 2.

a) You are asked to prepare a prospectus for a newly registered company. Explain any **SIX** information you might like to incorporate in your prospectus.

[6]



b) Develop any **FOUR** important qualification criteria for the appointment of a director in your company.

[4]

### Question 3.

a) A student was giving his departure speech to his teachers and friends. However, the speech did not make much sense to his audience. Explain any **FOUR** possible barriers to communication in the above situation.

[4]

b) Which according to you is a better form of business organization, a private limited company or a public limited company. Support your opinion with **SIX** reasons.

[6]



## Question 4.

a) Management is getting the actual work done through other people. Support the statement with **FOUR** functions of management.

[4]

b) A Joint Stock Company is not always the best form of business organization. It promotes cut-throat competition and many other unhealthy anti-social activities. Do you agree? Justify your stand by stating **SIX** reasons.

[6]



### Question 5.

a) In order to meet the varied needs of the investors, what are the different types of preference shares a company can issue?

[6]

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b) Without a good management, ‘resources of production remain as resources and never become a production’.

Support the statement with **FOUR** importance of management.

[4]

## Question 6.

a) The finance officer of Bhutan Agro Industries Limited is developing a working capital requirement plan. Suggest any **SIX** suitable factors that might determine his plan.

[6]



b) As a salesman of one of the Mineral Water Companies in Thimphu, plan any **FOUR** steps that you would carry out before the products are being sold to the customers.

[4]

## Question7.

a) Sales promotion influences the attitude, behaviour and purchase decision of the customers. Support the statement with any **FOUR** objectives of sales promotion. [4]

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b) The rate of interest on loans charged by the commercial banks in Bhutan is comparatively higher than with those of the neighbouring countries. What are **SIX** possible factors that might have contributed to such a high interest rate in Bhutan?

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### Question 8.

a) Mention any **TWO** forms of remuneration payable to the directors of a company.

[2]

b) Define advertising agencies? Explain any **FOUR** services provided by the advertising agencies.

[5]

c) You are planning to remove few directors from their posts for the benefit of the organization. Explain on what ground you can remove them. [3]

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### Question 9.

a) 'The purpose of communication is to secure desired responses by conveying the information'. In line with the above statement, what **FIVE** principles need to be followed to make the communication effective?

[5]

b) A position of a director is very prestigious. However, many do not qualify to occupy such a post. What are **FIVE** possible reasons that might prevent a person from occupying such a position?

[5]



### Question 10.

a) A management team was formed in Peljor Company Limited recently. What would be **FIVE** of its management objectives?

[5]

b) Mr. Zangpo is a producer and he is completely confused with the roles of advertising and salesmanship. Clarify his confusion by providing clear distinctions between advertising and salesmanship.

[5]

