

PART I (30 MARKS)
ANSWER ALL QUESTIONS

Question 1

Answer the following questions briefly:

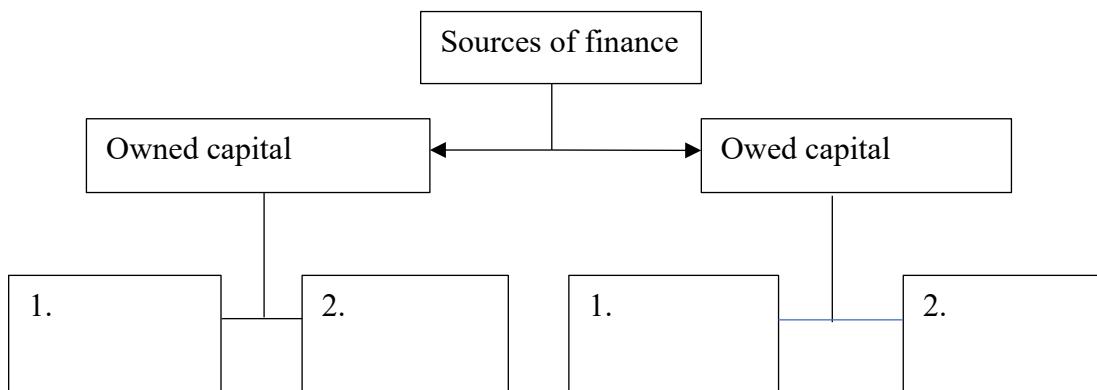
a) Identify the term on the right with the correct meaning on the left and write it down in the space provided below. [2]

Meaning	Term	
i. Groups or individuals with an interest in the success of a business.	A	Stakeholders
ii. Government exercise legal control over the affairs of the company	B	Perpetual succession
iii. Members cannot claim ownership rights in company's assets	C	Transferability of shares
iv. Shares may change hands in the existing company but the corporate entity will continue	D	Shareholders
	E	Statutory regulation and control
	F	Excessive government control
	G	Limited liability
	H	Separate legal entity

i.	
ii.	
iii.	
iv.	

b) The articles of a company determines the maximum and minimum number of directors for a company provided it meets the statutory requirements of Companies Act of Kingdom of Bhutan 2000. In reference to the above statement, what would be the minimum number of directors required for a private and public company? [2]

c) Fill in the following matrix with the different sources of finance for a company. [2]



d) Different schools of thought have interpreted management to be a process, an activity or a discipline. Explain any **TWO** interpretations of management. [2]

e) Which element in the communication process involves converting a message into words, symbols and gestures? Explain briefly. [2]

f) A school bag manufacturer decided to upgrade his product for profit maximisation by adding a water bottle holder to the existing design.

i. Identify the marketing management concept adopted by the manufacturer. [1]

ii. Explain this concept. [1]

g) Why is it necessary for a public company to obtain the minimum subscription before the commencement of a business?

[2]

h) The board of directors of Phama Trading is planning to appoint a new board member. ST Trading and Dorji were the nominations suggested in the board meeting. As a company consultant, how would you advice on the qualification of the two nominees?

[2]

i) You have started a sole trading business. Which according to you would be the most suitable source of short-term finance? List any **FOUR** sources. [2]

j) Planning bridges the gap between ‘where we are’ and ‘where we want to go’. Do you agree? Support your stand with **TWO** reasons. [2]

k) Poor communication and lack of collaboration cause workplace failures. Explain any **TWO** communication objectives that would help the enterprise to improve.

[2]

1) You are consulted by an exporter of cordyceps to design a packaging for the product. Suggest **TWO** conditions to create a good packaging for the product.

[2]

m) Eupel Dakini Dorji is a recipient of a collateral loan free grant through Loden-UNDP Bhutan. Her business involves drying of varieties of vegetables, fruits and mushroom and supplying to the market. Using the reference, how do you think she came up with the business idea? Explain **TWO** points. [2]

n) Advertising and Sales Promotion facilitates the marketing for business. However, each one has its own particular function. Explain **TWO** points of distinction between Advertising and Sales Promotion. [2]

Advertising	Sales Promotion

o) To meet the short-term financial needs, is it advisable for a company to raise capital through public deposits? Explain with **TWO** reasons. [2]

PART II (70 MARKS)
ANSWER ANY SEVEN QUESTIONS

Question 2

a) "On registration, the company obtains a legal right to act as a body corporate". Explain the registration formality as per the Companies Act of Kingdom of Bhutan 2000. [5]

b) Study the figure given below.



When Sonam bought a pair of shoes, she got a pair of socks free with it. What are the [2] objectives behind providing sale promotional offers? Explain any **TWO**.

c) “Corporate/ business finance is an important and inevitable function in any business”. [3]
Support the statement with **THREE** reasons.

Question 3

a) As a prospective investor, you need to evaluate information of prospectus to make decisions. Why do you think the information given in the prospectus is important? Explain any **FIVE** importance. [5]

b) As per the record with Royal Securities Exchange of Bhutan (RSEB), Sherza Ventures Limited (SVL) could raise a total amount of Nu. 64.34 million. During the launch of Initial Public Offering, SVL invited people to invest in shares and raised Nu. 247 million. In addition Nu.19 million equity shares were made available at Nu.13 per share to attract even micro investors.

(Source: *The Bhutanese Newspaper* dated 5th Oct 2019)

What could be the possible reasons for SVL to raise capital through equity shares? Explain **FIVE** reasons.

Question 4

a) Study the table regarding the examples of barriers of communication and complete [7] the following:

Examples	Types of Barrier	Measure to overcome the barrier
i. Using jargons		
ii. Poor retention		
iii. Complex organization structure		
iv. Geographical location		
v. Introvert		
vi. Drawing incomplete conclusion		
vii. Overly high opinion of one's self		

b) What do you mean by feedback in the process of communication? Why is it the most [3] important principle for effective communication?

Question 5

a) In an orange squash factory 30 workers were assigned the task of peeling oranges. Each worker had to peel 5 crates in a day. Out of 30, only 10 workers were able to achieve the target. As a supervisor, how would you resolve this situation? Explain any **FIVE** ways. [5]

b) The professional qualities of a sound salesman are considered the fundamental success in salesmanship. Explain any **FIVE** such qualities. [5]

Question 6

a) Tashi Beverages Ltd. is a company incorporated under the Companies Act of Kingdom of Bhutan 2000, and the company was established on October 24th 2007. The total share capital of the company is 57.7 million and currently the same has been financed by the promoter.

(source: www.bhutancoke.com)

i. Define a promoter.

[1]

ii. Apart from financing the business, what are some of the other roles of a promoter? Explain any **FOUR**.

[4]

b) “Hybrid securities are a compromise between common stock and bonds. Investors value these securities for their relative stability and corporations mostly value them as a way to obtain equity financing without diluting voting rights”.

i. Explain the above statement.

[2]

ii. Do you think investors should opt for hybrid securities? Give THREE reasons.

[3]

Question 7

a) Due to low credit standing in the market, raising capital for Telco Ltd. through external sources was a challenge. Apart from raising capital through shares, suggest an alternative source for the company. Support your answer with **FIVE** reasons. [5]

b) Dolma private Ltd., a potato chips manufacturing unit received the annual award of entrepreneurs for the best design in branding and labeling. Explain **TWO** essential elements in branding and any **THREE** components in labeling.

Question 8

a) Yuks Ltd. invites application from interested candidates for the post of a director. However, many applicants did not qualify for the post. What would be the **FIVE** possible reasons that might have disqualified them? [5]

b) Study the figure given below.



A newly established company is facing a problem of manning due to direct recruitment and selection of staff in their company. What steps would you suggest for better staffing?

[5]

Question 9

a) COVID-19 outbreak is having a big impact on several industries and digital advertising is not an exception. With the pandemic, business owners are assessing their marketing efforts through online advertising. How would such advertising help in promoting marketing efforts? Explain any **FIVE** reasons. [5]

b) Kunkhen Ltd. is a management-oriented company. The employees are provided training whenever required. They are also given incentives both financial as well as non-financial. The organisation tries to behave as a responsible constituent of society and always creates good quality products by utilizing the resources efficiently. This has helped the organisation in decision making and earning reasonable returns. Which objectives of management are highlighted in the above case? Identify **FIVE** objectives and explain briefly. [5]

Question 10

a) Obtaining a certificate of commencement for business has become mandatory for all the public limited companies. As a Registrar of the companies (ROC), what are the documents required to be verified before issuing the certificate of commencement? Explain any **FIVE** documents.

[5]

b) The appointment of directors for government companies are different from that of public limited companies. Elaborate any **FIVE** modes of appointment of directors for a public limited company. [5]

