

SECTION A (50 MARKS)
ANSWER ALL QUESTIONS

Question 1

a) For each question, there are four alternatives: A, B, C and D. Choose the correct alternative and circle it. Do not circle more than ONE alternative. If there is more than one choice circled, NO score will be awarded. [20]

i. Cost of preparing, printing and circulating the prospectus are considered as expenses of business. Such expenses are known as

A capital expenditure.
B operating expenses.
C revenue expenditure.
D preliminary expenses.

ii. Nidup is appointed as a new director of Druchup Company Limited on August 1, 2021 and after 5 months of his appointment he received a termination notice to vacate the post immediately.

What could be the most probable reason for his termination?

A He must have failed to acquire the qualification shares within two months of his appointment.
B He became a director for more than three public companies.
C He is being accused for misappropriation of company funds.
D He is convicted by court for any criminal offence.

iii. A company decided to go for technological upgradation starting with replacing of desktop computers with laptops for more than 200 employees. What could be the best source of finance for the company without having to dilute its control on business?

A reserved profits
B public deposits
C equity shares
D debentures

iv. The amount that has been called but not paid by the shareholders is referred to as

A un-called capital.
B called up capital.
C calls in advance.
D calls in arrears.

v. A director lost his life in a car accident. To fill in his position and keep the operation running smoothly, the board must convene a meeting to appoint a new director. Such a director is referred to as

- A casual director.
- B nominal director.
- C alternate director.
- D co-opted director.

vi. It is a short-term loan in which the full amount is not given to the customer but an account in the borrower's name is opened. Only the actual amount used is charged interest and the rate of interest is also higher.

The type of loan which is explained in the above abstract is

- A discounting bills of exchange.
- B loans and advances.
- C overdraft facilities.
- D cash credit.

vii. Ngawang, as a manager uses her initiative and innovation to deal with difficult situations at work. In any assigned task, she applies the knowledge she has acquired through observation and experience over the years in a skillful manner.

Identify the management concept mentioned in the preceding paragraph.

- A management as a profession
- B management as a process
- C management is a science
- D management is an art

viii. A manufacturing company employs a large number of people in a small town. Over the years, the firm has earned a reputation in town for caring for its employees and being a reputable business. The management objective the company is aspiring to achieve is

- A rightful decision making.
- B developing people.
- C improving image.
- D profit making.

ix. Which one of the following does ethical advertising seek to prevent?

- A recommendation from ignorant people
- B advertisement of harmful products
- C misleading and exaggerated claims
- D persuasions to maximize sale

x. A director of research and development giving a speech to his department members to influence their work attitudes is an example of

- A education.
- B persuasion.
- C suggestion.
- D advice.

xi. The management function of assigning tasks, issuing orders and instructions, providing guidance and inspiration to subordinates for achievement of organizational goal is

- A planning.
- B directing.
- C organizing.
- D controlling.

xii. Study the picture below.



<https://blog.ucbmsh.org/department>

The marketing function depicted in the above image is

- A packing.
- B grading.
- C assembling.
- D standardization.

xiii. 'Implementing adjustments in an organization after comparing the organization's performance level to the organization's defined objectives.'

Identify the management functions above.

- A planning
- B directing
- C organizing
- D controlling

xiv. The step wise stages in the formation of a public limited company are

- A Promotion, Incorporation, Floatation, and Commencement.
- B Promotion, Incorporation, Floatation, and Capital subscription.
- C Promotion, Floatation, Raising of capital, and Commencement.
- D Promotion, Capital subscription, Incorporation, and Commencement.

xv. Who among the following individuals does not have a valid restriction on becoming a director of a company?

- A Zeepa holds shares worth Nu. 6000 in the company.
- B Tashi is a wealthy woman who is looking for a good company to invest her fortune.
- C Tenzin is a reputed figure in the society and acts as a director for five public companies.
- D Norbu a shareholder of the company was sentenced by the court for money laundering case five years ago.

xvi. Happy Meals was recently criticized for its delivery man tampering with their product. They decided to include a seal on the food packaging to avoid spoilage, leakage, pilferage, and damage, as well as a reminder that buyers should inspect the seal.

Which marketing concept is addressed above?

- A labelling
- B packaging
- C standardization
- D product designing

xvii. 'Singye Textiles' was incorporated with the registrar of the companies and registered itself giving the business a legal protection against the use of its name by others. This registered name of the company is a

- A trade mark.
- B brand name.
- C common seal.
- D registered name.

xviii. Shareholder's wealth in a firm is represented by the

- A market price per share of the firm.
- B amount of salary paid to its employees.
- C number of people employed in the firm.
- D value of the firm's assets less its liabilities.

xix. An advertising manager supervises a group of ten content creators who record and edit videos for clients. He informed one of his subordinates, that his work could be improved while monitoring the task, but the subordinate interpreted the comment to mean that his work was worthless.

What is the most likely cause of the above-mentioned miscommunication?

- A physical barrier
- B semantic barrier
- C inattentive barrier
- D psychological barrier

xx. After paying its creditors, the payments made by publicly-listed companies as a reward to investors for putting their money into the venture is called as

- A equity.
- B income.
- C reserves.
- D dividends.

b) Fill in the blanks with appropriate word(s).

[5]

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| <p>i. The application for registration of a company should be presented to the _____ of the companies appointed under Companies Act of Kingdom of Bhutan, 2000.</p> <p>ii. A company decided to raise share capital of Nu. 500,000 in order to fund its project. The minimum subscription that the company must receive before allotment should be Nu. _____.</p> <p>iii. Issue of 'letter of offer' and forms to the existing shareholders in proportion to their holding which allows them to take up a specified number of shares at the specified price issued by the company to raise fund are known as _____.</p> <p>iv. Newsletters, catalogues and invitation to organization-sponsored events are most closely associated with the marketing mix activity of _____.</p> <p>v. In a communication cycle, the process of receiving the message and responding is _____.</p> | |
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c) Match the items of column A with the most appropriate items in column B. [5]
 Rewrite the correct pairs by writing the alphabets against the numbers in the space provided.

| Column A | Column B |
|---|---------------------------|
| vi. The ability to predict the prices of stock exchange and the presence of well-informed investments benefit stock markets because such activities control the stock exchange fluctuations. | a. retained earnings |
| vii. Serza Ventures Ltd. reported profit before tax as Nu. 6,262,683 for the income year 2017 and Nu. 2,342,137 for 2018. However, no dividends have been paid to their shareholders. | b. debt capital |
| viii. Bhutan Infocom and Media Authority (BICMA) is a regulatory body responsible for licensing and enforcement of cable TV, broadcast media, printing presses, publications, ICT facility and service. | c. speculation |
| ix. T Bank Ltd. is a public company with the total paid up capital of Nu. 600 million against the authorized capital of Nu.1 billion. | d. advertising |
| x. Businesses can passively collect feedback by providing users a platform where they can share comments, complaints or compliments. | e. business communication |
| | f. capital structure |
| | g. right issue |

| Column A | Column B | |
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| i. | | |
| ii. | | |
| iii. | | |
| iv. | | |
| v. | | |

d) State TRUE or FALSE against the statements in the space provided.

[5]

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| i. Name clause of Article of Incorporation contains the name of the state in which the company registered office will be situated. | |
| ii. The cost of raising funds through equity shares is higher than preference shares. | |
| iii. Premature evaluation of information can be overcome by applying principle of attention. | |
| iv. Regular customers are brand loyal. | |
| v. As no individual can fulfil all his desires himself, he unites with his fellow beings and work in an organised group to achieve what he cannot achieve individually. This concept of management is known as 'management as a group activity.' | |

e) **Answer the following questions.**

i. The outbreak of COVID-19 has disrupted the economy and is spreading more around the globe with new variants discovered. What are the some of the impacts of the pandemic on businesses? Explain any **TWO** points. [2]

ii. Sonam works as a new salesman in one of the departmental store and is consistently treated unfairly by his senior coworkers.

If you were the manager of the departmental store, how would you resolve the issue?

[2]

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iii. Classify the diagrams by writing down the alphabets under advertisement and sales promotion provided below.

[2]



A



B



C



D

| Sales Promotion | Advertisement |
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iv. How does regular contact and grievances handling help in keeping customers happy? [1]

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v. The quantity of fixed capital necessary to operate a business is significantly more than the working capital. Do you agree? Give **TWO** valid justifications. [2]

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vi. Planning precedes other functions because a manager plans before he acts. However, there are lots of limitations associated with planning. Explain any **TWO** limitations. [2]

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vii. The advancement of technology in the field of Internet allows for the gradual improvement of technology that enables online video conferencing via the Internet. [2]
Is video conferencing an effective tool for promoting business over the Internet?
Give **TWO** reasons.

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viii. Despite of being two years into pizza business in Phuntsholing, Pema hardly earns profit due to lack of skilled and professional staff. Suggest **TWO** qualities that the staff of Pizza hut should possess. [2]

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SECTION B (50 MARKS)
ANSWER ANY FIVE QUESTIONS

Question 2

a) Study the figures below.



Figure 1



Figure 2

i. Identify the sale promotions used in figure 1 and figure 2. [1]

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ii. Write any **TWO** differences between the identified sale promotions in question (i). [2]

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iii. State and explain **TWO** other consumer sales promotional tools.

[2]

b) Lhazon Group of Companies has established a new textile company and intends to float shares for public subscription. Prepare a prospectus with at least **FIVE** contents.

[5]

Question 3

a) Sangay has a green tea manufacturing company. In the organization, there is a lot of disagreement, and goals aren't being accomplished. He sought the help of his son Jigme, a business student, to find out why. Jigme learned that his father had complete authority over the company's decision-making and also had doubts about the employees' competence. Therefore, employees were dissatisfied.

i. Identify any **TWO** communication barriers

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ii. Describe how such obstacles can be overcome.

[2]

iii. Explain any **TWO** principles of effective communication.

[2]

b) Public deposit is the best source of short term financing for companies. Consider or argue the statement giving **THREE** reasons. [3]

c) Is it wise for a company to retain more profits in a business? Justify giving **TWO** points. [2]

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Question 4

a) Rigsum Computers Ltd. is a renowned computer technology and IT services company. The company's success, according to the CEO is due to the company's managerial team spirit which has allowed them to turn threats into opportunities. The management of the company believes that a satisfied employee creates satisfied customers who in turn create profits that lead to satisfied shareholders.

i. Identify and explain **TWO** management objectives of the company discussed in the above paragraph. [2]

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ii. Explain **THREE** values of the company that can be applicable to the society.

[3]

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b) Forming of a private company is easier than public company. Support the statement with **THREE** reasons. [3]

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c) State any **TWO** positive impacts of private companies on the economy. [2]

Question 5

a) Tandin recently started working for Drangchu Beverages Private Limited, a soft drink firm. She realized that her department was understaffed and that other departments were refusing to cooperate with hers, lowering total efficiency. She took this on as a challenge and made sure her department was well-staffed and that cross-departmental cooperation was strong.

i. Identify **TWO** management functions that Tandin performed in the above case. [1]

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ii. Explain the management function identified in question 5a(i) in order to solve her department's problems.

[4]

b) Karsel Limited wants to raise capital through issue of debentures. Identify any **THREE** points in favour of the company. [3]

c) Explain **TWO** differences between equity shares and debentures.

[2]

Question 6

a) The 16th Annual General Meeting (AGM) of Bhutan Power Corporation discussed on the appointment and retirement of directors. Ms. Dechen Yangden, Chief Engineer, MoWHS retired from BPC Board, while the board reappointed Dasho Ugen Chewang, Chairman and Mr. Karma P. Dorji. The AGM welcomed Ms. Dechen Wangmo, Director, CPD, DGPC as the new Board of Director.

(Annual Report 2019, BPC)

i. Describe any **TWO** regulations governing the appointment of directors in the state enterprises.

[2]

ii. Write a short note on appointment of alternate directors by the Board of Directors.

[2]

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iii. Name any **TWO** other state enterprises in Bhutan.

[1]

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b) The impact of multinational companies in developing countries is multifaceted and complex. Considering its impacts, provide 'for' or 'against' arguments with **FIVE** valid points.

[5]

Question 7

a) Food on Wheels- First of its kind in Bhutan



For the couple named Purba and her husband Ugyen Jatsho, they have found out the unique way of catering food to the customer, that was by catering food on wheels. They customized the design and fabricated the food truck for cooking and selling directly to the client at busy locations. With low startup costs and high mobility, they can show up in rural areas, weddings, or other private parties.

One of their missions is also to create employment opportunities. The founder of this unique service is also committed to donating 10% of the profit gained from the company to old age orphans.

(Adapted from Daily Bhutan).

i. Identify and explain the key marketing function carried out in the case.

[1]

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ii. Which types of outdoor advertisement is portrayed in the above picture?

[1]

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iii. Explain any **TWO** marketing objectives highlighted in the above case.

[2]

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b) Pelrig Kitchenware produces high-quality stainless-steel kitchen utensils. The company has opened multiple manufacturing units to boost its production, and to encourage more sales, they have declared a liberal credit policy which allows three months credit to its buyers.

i. Identify **THREE** factors affecting working capital requirement in the above scenario. [3]

ii. State whether the factors identified in question 7b(i) will result in high or low working capital requirement. Give **ONE** reason each. **[3]**