

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. One of the forms of Multinational Corporation (MNC) is where the business owner gives official permission to use their brand, trademark or products in exchange for royalties or fees.

Which form of MNC is described above?

- A turn-key project
- B subsidiaries
- C franchise
- D branches

- ii. Tshoki Traders has issued 50,000 shares at a nominal value of Nu.30 on 20th January, 2021. How much should be the minimum subscription amount before they proceed for the allotment of shares?

- A Nu. 1,500,000
- B Nu. 1,350,000
- C Nu. 1,080,000
- D Nu. 945,000

- iii. If the capital gearing of a company is 70% owned fund and 30% borrowed, it represents

- A less number of shareholders.
- B more number of creditors.
- C higher borrowing capacity.
- D lower borrowing capacity.

- iv. In an organization, different activities are carried out by different employees but all are directed towards achieving a common goal. The concept of management mentioned above is management as

- A a group.
- B a process.
- C an activity.
- D a discipline.

- v. Which principle of effective communication would be the most effective to address a large group of people to pass on important information?
- A principle of informality
 - B principle of un-biasness
 - C principle of feedback
 - D principle of clarity
- vi. Which one from the following can be a technique used for consumer sales promotion?
- A display materials
 - B premium offer
 - C demonstration
 - D free training
- vii. Casual directors are appointed when the original director
- A is on leave for more than three months.
 - B is absent for three board meetings.
 - C fails to hold qualification shares.
 - D has become insolvent.
- viii. A press release from the Prime Minister's office stated that considering the continued impact and uncertainties posed by the pandemic, all loans sanctioned as of June 30, 2020 would be eligible for a deferment scheme for one more year until June 2022. Incentives for regular repayment during deferment period will also be considered.

(Source: Kuensel, July 1, 2021)

What would be the direct benefit of such loan deferments to a business?

- A creates employment opportunities
 - B sustainability of business
 - C expansion of business
 - D GDP growth
- ix. Despite production being stopped in Zhenphen Ltd. due to outbreak of the virus, their regular employees are still receiving their monthly salary.
- The salary must have been paid from
- A right shares.
 - B bonus shares.
 - C public deposits.
 - D retained earnings.

- x. The newly appointed sales manager, Wangchuk, was asked to give the annual sales report to the board of directors and senior members of the company. He was jittery, stammered, blushed and was hardly audible.

Identify the communication barrier.

- A status barrier
- B physical barrier
- C language barrier
- D organizational barrier

- xi. Newsletters, catalogues and invitations to business events are closely associated with marketing mix activity of

- A pricing.
- B promotion.
- C distribution.
- D product development.

- xii. Sangay was the major shareholder and managing director of Kayak Limited. When he died in a work-related accident, his family filed a claim for workers' compensation to the company, but the board refused, saying that he owned the majority share of the company. However, when the case was presented in court, the judge issued a verdict requiring the company to pay the compensation.

Upon which unique feature of corporate organization was the decision passed?

- A separate legal entity
- B perpetual succession
- C voluntary association
- D artificial legal person

- xiii. If there are a total of 12 directors in Jigme Limited, how many directors have to retire on a rotational basis every year?

- A 10
- B 8
- C 6
- D 4

- xiv. Which one of the following organizations can issue corporate bond?

- A Bhutan Telecom Limited
- B Druk Air Corporation Limited
- C State Mining Corporation Limited
- D Bhutan Board Products Limited

- xv. A company was criticized for failing to fulfill orders on schedule. The manager planned on shortening staff's lunch break in order to increase production but the staff were not happy about it. The recruitment of new staff would take some time. It was also important to keep the customers satisfied. Considering all these factors, the manager should
- A hire additional staff.
 - B accept limited orders.
 - C pay overtime hours.
 - D cancel the orders.
- xvi. Which of the following influences the effectiveness of written communication?
- I lengthy presentation
 - II complex sentence structure
 - III editing after writing
 - IV briefness of sentences
 - V effective use of words
- Choose the **CORRECT** answer from the list below:
- A I, II and III
 - B I, III and V
 - C II, III and IV
 - D III, IV and V
- xvii. All marketing activities that attempt to stimulate quick buyer action through their attitude, appearance and specialist product knowledge is
- A sales promotion.
 - B salesmanship.
 - C advertising.
 - D publicity.
- xviii. The minimum number of directors a public company must have is
- A seven.
 - B three.
 - C five.
 - D two.
- xix. Tashi was appointed as a director of one of the companies on 20th November, 2021. Therefore, Tashi needs to hold at least Nu.10,000 worth shares
- A on December 30th, 2021.
 - B before March 13th, 2021.
 - C on or before April 12th, 2021.
 - D on or before January 20th, 2021.

xx. Which one of the following information is most relevant to declare dividends?

- A disposable profit
- B accumulated profit
- C interest of shareholders
- D money market conditions

b) State TRUE or FALSE against the statements in the space given below.

[5]

i. If a company suffers heavy loss and its assets are not enough to pay off its liabilities, the balance can be recovered from the private assets of its members.		
ii. Method of financing a company through floating shares is considered the best way of diffusion of risks.		
iii. Communication between the sales manager and production manager is known as lateral communication.		
iv. Creation of unlimited wants and extravagance are the results of excessive advertisement.		
v. Formal organizations arise spontaneously out of social contacts of people without plan or definite structure.		

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

[5]

i. The document which is issued to the public with a view to invite applications for the sale of shares is known as _____.	
ii. Finance required by a business house ranging from one year to five years is known as _____.	
iii. Manpower planning, recruiting, developing, training and motivating human resources for achieving organizational goals are referred as _____.	
iv. The promotion tool that may include coupons, contests, premiums and other means of attracting customers' attention is best described as _____.	
v. Qualities of salesman such as pleasant appearance, audible voice and good body postures are example of _____ qualities.	

- d) Match the items of column A with the most appropriate items in column B. Rewrite the correct pairs by writing the alphabets against the numbers in the space provided. [5]

Answers	Column A	Column B
	i. The recommendations for the reappointment of retiring directors shall be made by the sector ministry subject to satisfactory past performance.	a. management
	ii. Applicable in all types of organisations like business, social, religious, educational, cultural, sports, military, etc.	b. marketing
	iii. Vital for survival and growth of companies due to large scale production, changing technology, sophisticated taste and preference of customer.	c. selling
	iv. The recommendations for the reappointment of retiring directors shall be made by the shareholders subject to satisfactory past performance.	d. brand and branding
	v. Distinct image, increase in competition and creating a sort of monopoly by winning buyer's confidence.	e. logo
		f. public limited company
		g. government company

Answer the following questions.

- i. Given a choice between private limited company and a public limited company, which would you prefer? Give **TWO** justifications to support your choice. [2]

ii. Singye was recognized as the company's high-achieving employee but has been underperforming for the past few months. How would you handle the issue as a manager? [2]

- iii. Following a television ad, Kumar decided to visit the company's showroom to buy a fuel-efficient vehicle. The marketing manager informed him that the firm offers financing facilities, maintenance services and a variety of other useful services. [2]

Identify and explain the marketing functions carried out by the marketing manager.

- iv. Investing in participating preference shares is better than convertible preference shares. Do you agree? Support your answer with **TWO** reasons. [2]

v. Explain any **TWO** social objectives of management.

[2]

vi. 'Grapevine communication provides psychological satisfaction to employees.'
Support or argue with **TWO** valid points.

[2]

- vii. Assuming you opened a Sushi restaurant in the heart of Thimphu, which type of advertising media would you opt to promote your business? Justify with **TWO** points. [2]

- viii. X has established a large production capacity soft drink company in Pasakha. The soft drink will be marketed both within and outside of Bhutan. [1]
List down **TWO** important information you would include on the label of the product.

SECTION B (50 MARKS)
ANSWER ANY FIVE QUESTIONS

Question 2

- a) What additional requirements should a public limited company fulfill in order to get a certificate of commencement of business once all of the necessary incorporation procedures have been met? **[5]**

- b) “Phuensum Textiles Ltd.” is a very well-known company in Bhutan having more equity share capital than long term debt in its capital structure. They are willing to expand and establish new units in remote regions and to train village women in skills development to empower them. They also have huge amount of cash reserves of Nu.100 million.

i. Comment on the financial status of the company.

[1]

ii. Which source of finance would you recommend the company to establish new units?
Give **TWO** reasons in support of your answer.

[2]

iii. What values does the company exhibit in the above case?

[2]

Question 3

- a) Explain any **SIX** qualifications necessary for an individual to become a director of a public limited company. [6]

- b) Read the information given below:
Mismanagement cases reported in different agencies in Bhutan



Irregularities relating to Mismanagement cases were highest in Dungkhag Administration with Nu. 13.667 million followed by Dzongkhag Administrations at Nu. 9.911 million and Corporations at Nu. 8.369 million. While Financial Institutions recorded no mismanagement cases, Ministries had cases amounting to Nu. 3.236 million, NGOs had Nu. 2.386 million and Autonomous Agencies had irregularities amounting to Nu. 3.634 million. An aggregate of Nu. 42.760 million worth irregularities were observed in all agencies for cases related to Mismanagement as depicted in the chart.

(Annual Audit Report 2020, Royal Audit Authority)

- i. Which management function was not applied in the above case? [1]

- ii. Suggest any **THREE** ways to curb mismanagement cases with the help of management functions. [3]

Question 4

- a) If you were to pick between equity and preference shares when investing in a firm, [4]
which option would you choose? Give **FOUR** justifications to back up your response.

- b) Dorji is a hard-working sales representative of a company but he is not able to finalize deals with customers due to his inadequate vocabulary. Sometimes he uses inaccurate words creating mis-understanding with his clients.

i. Suggest at least **THREE** ways to overcome this barrier.

[3]

- ii. Do you think communication is vital for the success of a business? Give any **THREE** reasons to support your answer

[3]

Question 5

a) Explain **THREE** objectives of sales promotion.

[3]

b) Explain any **TWO** Sales Promotion techniques. [2]

c) Mega Mart is a global retailer with stores located all over the world. When it comes to opening new stores, the management concentrates on locating them in high-traffic areas so that customers can quickly find them. They use a centralized system in which stores are linked to the parent company and must adhere to the rules and regulations set forth by the corporate headquarters.

i. Which type of business is referred to here? [1]

ii. Discuss **FOUR** advantages of such a business to the economy.

[4]

Question 6

- a) There are no restrictions on the number of members or their rights on transferability of shares, and greater investment are secured by inviting or accepting public deposits, as well as offering shares and debentures for subscription.

- i. Name the form of business organization that has such features.

[1]

- ii. Describe any **THREE** advantages of this type of business.

[3]

- b) 'Druk Post' specializes in courier services. Its wide range of package and parcel services help business firms to make their goods available to the customers at the right place and at the right time.

- i. How would the activities described above influence the working capital requirement of 'Druk Post'? [1]

- ii. Explain any **TWO** factors that affect the working capital requirement. [2]

c) Read the excerpt below.

“Everything we do starts with the consumer. It's our obsession with serving the consumer that sharpens our focus and drives our growth. The art and science of choice is to find out what the customer values. By creating a two-way conversation with consumers, we gain actionable insight into their needs and as the results show, we don't just listen, we react.”

Nike CEO John Donahoe

i. What do you like about Nike's marketing idea?

[1]

ii. Differentiate between Nike's marketing strategies and traditional marketing concept. Give any **TWO**.

[2]

Question 7

- a) Explain the management function “controlling”.

[1]

- b) Discuss the steps involved in controlling.

[5]

[illegible]

a) Explain **FOUR** objectives of personal selling. **[4]**

