

Unofficial Answer Key

First Year Higher Secondary Secondary Model Examination-2021

Subject-Business Studies Code-FY-348-Unofficial

Q. No	Answer key/Value Points	Score	Total
I. Answer all the questions from 1 to 8. Each carry 1 score (8X 1 =8)			
1.	(d) All of these	1	8
2.	(a) Place	1	
3.	(d) B2C	1	
4.	(b) discretionary	1	
5.	(b) Debt capital of the company	1	
6.	SIDBI,NABARD,SIDCO,NSIC,RSBDC,DIC (Any one of them)	1	
7.	(a) Super market	1	
8.	(c) Bill of entry	1	
II. Answer any 3 questions from 9-14.Each carries 2 scores (3 X 2 = 6)			
9	<p>Role of profit in business (Any 2)</p> <p>1.Profit is a source of Income: Profit is a source of income and it provides the means for livelihood for the businessman.</p> <p>2. Profit is essential for growth and expansion: Profit provide necessary fund for growth and expansion of business activities.</p> <p>3. Profit is the index of business performance: Profit earning ability is considered to be the index of business success.</p> <p>4. Profit is the reward for risk taking: Profit is the reward for the entrepreneur who takes business risk.</p>	1 1	6
10	<p>Features of Co-operative societies (Any 2)</p> <p>1.Voluntary Association A co-operative society is a voluntary association of persons. Any person having a common interest can join a cooperative society and can leave any time by giving a prior notice.</p> <p>2. Compulsory registration A cooperative society is compulsorily registered under the Cooperative Societies Act, 1912.</p> <p>3.Number of members Minimum number of members required to form a cooperative society is 10. Maximum number of members is unlimited.</p> <p>4.Limited liability The liability of the members of a cooperative society is limited to the extent of the amount contributed by them as capital.</p> <p>5.Open membership The membership of a co-operative society is open to all irrespective of cast, creed, religion or sex.Democratic Control. Business is managed by a <i>managing committee</i> which is elected by members on the principle <i>one member one vote</i>.</p> <p>6.Service motive It is formed with the motive of service to its members, not to earn profits.</p>	1 1	

11	<p>Certificate of incorporation:</p> <p>This certificate is a conclusive proof of the registration of a company. It may be called the birth certificate of the company. The date shown in the certificate denotes the date on which the company comes into existence. On obtaining this certificate the company acquires an independent entity separate from its members.</p>	2	
12	<p>Preferential rights of preference shareholders:</p> <p>Preference shareholders have preferential right over equity shareholders in the following cases:</p> <ul style="list-style-type: none"> ➤ To get fixed rate of dividend out of net profit of the company, before any dividend is paid to equity shareholders. ➤ To get back capital earlier than equity shareholders at the time of winding up of a company. 	1 1	
13	<p>Cottage Industries:</p> <ul style="list-style-type: none"> ➤ In case of cottage industries production of the commodity takes place in the homes and the labour is supplied by the family members only. ➤ The basic characteristic feature of Cottage Industry is that it is basically unorganized in nature and come under the group of small-scale industry type. 	1 1	
14	<p>Bill of Lading:(2or 3 Sentences) A bill of lading is a receipt for shipped goods, and a contract between a carrier and shipper .It is an agreement between the shipping company and the forwarding agent, wherein the shipping company agrees to carry goods to the destined port against the payment of freight. It is a title to goods as it gives ownership right to the person who is holding it. It is freely transferable by endorsement and delivery.</p>	2	

III. Answer any 3 questions from 15-20.Each carries 3 score (3X 3=9)

15	<p>Features of Private Company (Any 3)</p> <ul style="list-style-type: none"> ➤ Minimum number of members in a private limited company is 2 ➤ Maximum number of members in a private limited company is 200 ➤ It can't Invite the public to subscribe its shares or debentures. ➤ It can start business immediately after receiving <i>Certificate of Incorporation'</i> ➤ It can allot shares without receiving minimum subscription 	1 1 1 1	9
16	<p>Merits of a Government Company (Any -3)</p> <ol style="list-style-type: none"> 1. Easy formation It does not require any Special Act for its formation. Government Company is formed and registered under the Indian Companies Act, 2013. 2. Huge Capital The company is free to collect huge capital through issue of shares & it can even borrow money depending upon its requirement. 3. Professional management The government company can easily afford to appoint professional managers resulting in increased efficiency of the company. 4. Flexibility in operations The objectives, powers and organizational set up of a government company can be easily altered according to the provision of the Companies Act, without 	1 1 1	

	<p>seeking the approval of the parliament.</p> <p>5. Internal autonomy A government company can manage its affairs independently.</p>		
17	<p>3 Stages in the formation of a company:</p> <ol style="list-style-type: none"> 1. Promotion 2. Incorporation 3. Subscription of capital <p>1.Promotion: Promotion is the first stage in the formation of the company. Promotion simply means the sum total of all activities which are necessary for bringing the company into existence. It involves discovery of business idea, its investigation and assembling of necessary resources to set-up business as a profitable concern.</p> <p>2. Incorporation: It is the second stage of the formation of a company. Incorporation is the registration of the company as a body corporate under the Companies Act 2013.</p> <p>3. Subscription of capital: A public company can raise the required funds from the public by means of issue of share and debentures. For doing the same it has to issue a prospectus and undergo various other formalities.</p>	1 1 1	
18	<p>Retained Earnings: Out of total profits earned by a company in a particular year, a certain percentage is retained in the business without distributing as dividend among shareholders, this undistributed profit is known as retained profit. It is a source of internal financing or self-financing. It is also known as 'ploughing back of profit'. It is treated as an ownership fund and will serve the purpose of long term and medium-term financing. It is the most convenient source of finance.</p>	3	
19	<p>Problems of Small Industries in India (Any 3)</p> <ol style="list-style-type: none"> 1. Lack of managerial experience Small business is generally promoted and operated by a single person, who may not possess all managerial skills required to run the business. 2. Inadequate finance Generally small business begins with a small capital base. These units frequently suffer from lack of adequate working capital. 3. Irregular supply of raw materials The quality, quantity and regularity of supply of raw materials are another problem of small scale industries. 4. Problem of marketing Small units find it difficult to popularize the brand name of their products due to the tough competition from big business houses. 5. Outdated technology Use of out dated technology is one of the problem facing small scale industries today. It results in low productivity and uneconomical production. 6. Inefficient labour Small business firms can't afford to pay higher salaries to the employees. 	1 1 1	

	Therefore, it is not in a position to attract efficient employees.		
20	<p>Merits/importance of International Business in our country (Any 3)</p> <p>1. Price Stabilization External trade can be used as an instrument for stabilizing price.</p> <p>2. Improves quality of products In order to compete with foreign goods, domestic firms try to improve the quality of their products. They introduce new technology, better management tools etc.</p> <p>3. Promotes Co-operation among nations External trade helps a country to establish trade relation with other countries. The establishment of trade relations among nations reduces conflict and promote co-operation among them.</p> <p>4. Optimum utilization of resources External trade facilitates international division of labour and specialization. Different countries are gifted by nature with different resources. Through external trade every country can specialize in the production of those products which it can manufacture most economically.</p> <p>5. Earning of foreign exchange External trade has a significant influence on country's economic growth. The international business helps in earning foreign exchange by exporting goods and services.</p> <p>6. Generate Employment opportunities External trade helps to increase production. It accelerates the economic growth and employment opportunities of a country.</p> <p>7. Increased Standard of living Foreign trade helps in raising the standard of living of a country by providing better quality products.</p>	1 1 1	

IV. Questions 21 to 30, answer any four. Each carry 4 score (4 X 4=16)

21	Fill in the blanks as per hint given	1	16										
	<table border="1"> <tr> <td>(a) Paper Making</td> <td>Processing Industry</td> </tr> <tr> <td>(b) Oil Refinery</td> <td>Analytical industries</td> </tr> <tr> <td>(c) Cement</td> <td>Synthetical Industry</td> </tr> <tr> <td>(d) Sugar</td> <td>Processing Industry</td> </tr> <tr> <td>(e) Car Industry</td> <td>Assembling Industry</td> </tr> </table>	(a) Paper Making	Processing Industry	(b) Oil Refinery	Analytical industries	(c) Cement	Synthetical Industry	(d) Sugar	Processing Industry	(e) Car Industry	Assembling Industry	1 1 1 1	
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(d) Sugar	Processing Industry												
(e) Car Industry	Assembling Industry												

22

Difference Between Private Company and Public company (Any-4)

Basis of Diff.	Private Ltd Company	Public Ltd Company
Number of members	Minimum-2 Maximum- 200	Minimum- 7 Maximum- Unlimited
Minimum number of directors	2	3
Public invitation to securities	Can't invite	Can Invite
Transfer of shares	Restriction on transfer	No restriction
Statutory meeting	Not compulsory	Compulsory
Commencement of business	It can start business immediately after receiving <i>Certificate of Incorporation</i> '.	It can start business only after getting <i>'Certificate of commencement of Business'</i> .

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23

Advantages of a Joint Venture (Any 4)**1. Increased resources and capacity**

In a joint venture the resources and capacity of two or more firms are combined. It enabling the joint venture company to grow and expand more quickly and efficiently.

2. Access to new markets and distribution networks

When a business enters into a joint venture with a partner from another country, it opens up a vast growing market.

3. Access to latest technologies

Joint ventures help to use latest technologies in the world. Advanced technology adds to efficiency and effectiveness in production, this leads to reduction in cost of production.

4. Innovation

Every market always expects new and innovative products. Foreign partners can easily come up with innovative products because of new ideas and technologies.

5. Low cost of production

When International Corporation invests India, they benefit largely due to the lower cost of production. India is a country with low cost of raw materials and labour, wider market etc. Thus, international partner gets products of required quality and specifications at a much lower cost than what is prevail in the home country.

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24	<p>A. Bonded Warehouse: Bonded warehouses are used to keep the imported goods before the payment of import duties. Bonded ware houses offer many advantages to importers. They are:-</p> <ol style="list-style-type: none"> 1) The importers can release the goods in part by paying the proportionate amount of duty. 2) Bonded ware houses encourage entrepot. Importers can carry out blending, grading and re packing process to make the goods ready for re export. <p>B. Public Ware house: Public warehouses are owned by private companies and government agencies. Advantages:</p> <ol style="list-style-type: none"> 1. It provides storage facilities to small manufactures or traders who can't afford to construct their own warehouse. 2. If facilitates large scale production in anticipation of future demand. 3. Public warehouse are well constructed and they ensure full safely of goods against theft, fire, moisture, pests, rain etc. 	2 2	
25	<p>Benefits of e-banking: (Any -4)</p> <ol style="list-style-type: none"> 1. Continuous service E-banking provides 24 x 7 services to the customers of the bank. 2. Everywhere service Through e-banking anywhere banking is possible. 3. Greater customer satisfaction The customer can avoid travelling with cash. It minimizes risk with greater security. 4. Save time and energy Customers can perform most of their banking function from home itself. 5. Reduction of load on branches E-banking helps to reduce the work load of local banks. 6. Less operating cost E-banking helps the bank to reduce its number of employees. It will reduce their operating cost. 	1 1 1 1	
26	<p>Need for 'Outsourcing'(BPO) (Any-4)</p> <ol style="list-style-type: none"> 1. Concentrate on core competency BPO provides an opportunity to the business to concentrate on core areas. It will enable better performance. 2. Cost reduction Outsourcing agencies are specialists in their activities. They can perform the same job at a lower cost. 3. Convenience and less investment To the extent you can avail of the services of others, your investment requirements are reduced and others have invested in those activities for you. 4. Specialization Through outsourcing specialization in business operation can be achieved. 	1 1 1 1	

	<p>5. Avoidance of labour problems Outsourcing help a business to reduce its labour force .So labour problems can be reduced to an extent.</p> <p>6. Economic growth and development It generates employment opportunities. Offshore outsourcing stimulates entrepreneurship, employment and exports in host countries.</p> <p>7. Benefits from expertise and experience of others Service providers are very expert and specialists in their field. Experts can do the work with high speed and less wastage.</p>		
27	<p>Responsibility of business towards: (2 Each)</p> <p>1.Owner: a. To ensure safety of investment. b. To provide a fair and regular dividend. c.To provide regular, accurate and adequate information on the financial position of the firm.</p> <p>2. Customers: a) To supply right quality of goods and services at reasonable prices. b) To avoid unfair trade practices such as adulteration, hoarding, black-marketing, under weighing, misleading advertising, etc. c) To ensure proper after sales services.</p> <p>3. Employees a) To pay fair wages and salaries regularly. b) To provide good working conditions. c) To provide welfare schemes such as housing, medical care, reservation etc.</p> <p>4.Government a.To comply with the laws passed by the government. b.To pay taxes promptly and regularly. c.To set up new ventures in backward area.</p>	1 1 1 1	
28	<p>Functions of a promoter: (Any-4)</p> <p>1.Discovery of business idea:The promotion stage begins with the discovery of an idea to set up a business.</p> <p>2.Feasibility study: After analyzing all the concepts related to the idea discovered, the promoter starts doing detailed investigation to give practical shape to the idea. He does detailed investigation regarding cost, profitability, production process, demand of the product etc.</p>	1 1 1 1	

3. Appointment of professionals

In this stage, the promoter appoints the brokers and underwriters solicitors etc.

4.Assembling the factors of production: Assembly of resources involves making contracts for purchase of material, land, machinery, recruitment of staff etc.

5.Preparation of Preliminary Documents: The promoter takes up the steps to prepare necessary documents of the company which have to be submits to the Registrar at the time of incorporation.

6. Entering into preliminary Contracts

The promoters enter into contracts with different parties before registration of the company. After registration the company approves these contracts.

7.Name approval

The promoter has to select a name for the new company and submit an application to the Registrar of companies for the same.

29

Difference between shares and debentures (Any 4)

Basis of Diff.	Shares	Debentures
1. Ownership	A share is an ownership security	A debenture is a creditor ship security
2. Position	A share holder is an owner of the company	A debenture holder is a creditor of the company
3. Return on investment	Shareholders get dividend as the return	Debenture holders get interest as the return
4. Voting right	Share holders have voting rights	Debenture holders have no voting rights
5. Security	No charge is created on the assets of the company	The debentures are generally secured by creating a charge on the assets of the company
6. Redeemability	Normally, can't be redeemed	Redeemable debentures can be redeemed during the life time of the company

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30	Difference between Domestic business and International Business (4 points)		1 1 1 1 1 1 1 1 1 1	
	Domestic Business	International Business		
	Exchange of goods and services between the individuals of the same nation	Exchange of goods and services between individuals of different nations		
	Subject to the regulations and laws of only one country	Subject to regulations and laws of different countries		
	The cost of transportation is much less	The cost of transportation is higher		
	Insurance is not compulsory	Insurance is compulsory		
	Accounts are settled in national currency	Accounts are settled in foreign currency		
	There are only limited formalities	There are many formalities		
	Goods are subject to less risk	Goods are subject to high risk		
	Goods are generally transported by rail or road	Goods are generally transported by ship		

V. Answer any 5 questions from 31 to 40. Each carries 5 scores (5 x5=25)

31	<p>Types Industries: Industries can be broadly classified into three:</p> <p>1.Primary Industries 2.Secondary Industries 3. Tertiary Industries</p> <p>1. Primary Industries: It includes all those business activities, which are concerned with extraction of natural resources, reproduction and development of living organisms, plants etc. Primary industries can be classified into two - extractive industries and genetic industries. Examples: Mining, fishing, poultry farms</p> <p>2. Secondary Industries Secondary Industries are manufacturing products or constructing building, roads etc. by using raw materials provided by primary industries. Secondary industries can be divided into two:- 2 (a) Manufacturing Industry and 2 (b) Construction Industry Examples: Oil refinery, cement factory, sugar factory, car manufacturing company, construction companies.</p> <p>3. Tertiary Industries Tertiary industries are concerned with providing support service to primary and secondary industries. Tertiary Industries consists of banking, Insurance, advertising, communication etc.</p>	2 2 1	25
32	<p>Partnership: Partnership is an association of two or more persons who agreed to pool together their financial and managerial resources in some business and to share the profit thereof between them. It is formed when there is a need for greater capital investment, varied skills and sharing of risk.</p>	1 2 2	

		<p><u>Advantage of partnership (Any-2)</u></p> <p>A partnership firms enjoys the following advantages:</p> <ol style="list-style-type: none"> 1. Easy Formation A partnership firm can be formed easily by putting an agreement between partners. 2. More Funds In a partnership, it is possible to raise larger amount of capital as compared to sole trading concern. 3. Division of labour Division of labour is possible in partnership. 4. Balanced decision making Collective decision making is possible in partnership. 5. Sharing of risk In partnership, risk sharing is possible <p><u>Disadvantages of partnership (Any-2)</u></p> <ol style="list-style-type: none"> 1. Unlimited liability Partner’s liability is unlimited. 2. Non transferability of interest In partnership there is restriction in case of transfer of ownership. 3. Lack of public confidence A partnership firm is not legally required to publish its financial reports. As a result, the confidence of the public in partnership is generally low. 4. Possibility of conflicts Difference in opinion on some issues may lead to disputes between partners. 5. Lack of continuity Partnership comes to an end with the death, retirement, insolvency of any partner. 		
33		<p>Features of sole proprietorship (Any-5)</p> <ol style="list-style-type: none"> 1. Single ownership A sole proprietorship is wholly owned by a single person. 	5 * 1 = 5	

	<p>2. No legal formalities There is no legal formality to start as well as to close sole trading concern.</p> <p>3. Control A sole proprietor has full control over his business. He can carry out his plans without consulting with others.</p> <p>4. No legal entity A sole proprietorship has no separate legal entity from its owner.</p> <p>5. Unlimited liability The sole proprietor's liability is unlimited.</p> <p>6. No profit sharing The sole proprietor alone is entitled to all the profit and losses of the business.</p> <p>7. Lack of business continuity Since the owner and the business are same, death, insanity or bankruptcy of the sole trader will cause closure of the business.</p>		
34	<p>Global Enterprises/Multinational Companies A multinational company is the company which operates in many countries. MNC has its headquarters' in one country, but spreads its operations all over the world. It owns or controls production in more than one nation. They use advanced technology and deal wide variety of products. They design products and services to suit the needs of world market.</p> <p>Eg. Pepsi, registered in USA, Cadbury registered in UK, Suzuki registered in Japan, Tata Motors registered in India</p> <p><u>Features of MNC/Global Enterprises (Any-3)</u></p> <p>Important features of multinational companies are:-</p> <ol style="list-style-type: none"> 1. International operations: Multinational companies operate globally. The parent company produces and sells its products and services through its subsidiaries established in other countries. 2. Giant size: The most important feature of a multinational company is its gigantic size. 3. Centralized Control The branches of Multinational companies spread all over the world and are controlled and managed from the headquarters situated in the home country. All branches operate within the policy framework formed by headquarters. 4. Advanced technology MNC possess latest and advanced technology. They are able to conform 	2 1 1 1	

to international standards and quality specifications. It enables them to provide world class products and services.

5. Product Innovation

They are characterized by having highly sophisticated research and development departments engaged in the task of developing new products, new designs etc.

6. Huge capital resources

They are in a position to raise huge funds from different sources.

7. Expansion of market territory

Their operations and activities extend beyond the physical boundaries of their own countries. Their international image also builds up and their market territory and enabling them to become international brands.

35

Match the following

A	B
(a) Hindrance of Place	Transportation
(b) Hindrance of Risk	Insurance
(c) Hindrance of finance	Banking
(d) Hindrance of Knowledge	Advertising
(e) Hindrance of Time	Warehousing

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36

Difference between e-business and Traditional business(Any-5)

Basis of difference	e-business	Traditional business
Formation	Difficult	Easy
Setting up cost	Low	High
Operating cost	Low	High
Personal touch	Nil	High
Physical Examination of goods	Not possible	Possible
Business expansion	Very scope	Difficult
Market	Wider	Narrow

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37

Need of Pollution Control (Any-5)

Need/Importance of pollution control

Pollution control is needed to preserve the environmental resources and improve the environmental quality. Given below are some key reasons to control pollution:

1) Improved public image

Today people are more concerned about environmental quality. A firm that protects and promotes the environment will be able to enjoy good reputation.

2) Reduced risk of liability

It is a sound business policy to install pollution control devices in its premises to reduce the risk of liability of paying compensation to the affected people.

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	<p>3) Reduction of health hazards Pollution control measures can check diseases like cancer, heart attack and lung complications.</p> <p>4) Preventing economic losses There are many economic losses which can be reduced by pollution control. Pollution control can reduce cleaning and washing expenditures.</p> <p>5) Other social benefits Pollution control results in many other benefits like clear visibility, better quality life and availability of natural resources in a purer form.</p>																	
38	<p>A. Ethical Responsibility of Business This includes the behavior of a business firm that is expected by society but not codified in law, e.g., respecting the religious sentiments of people, supply of quality products at reasonable price, etc. It refers to the moral principles to be followed by the businessmen in relation to the society. It is a voluntary action on the part of the business.</p> <p>B. Legal Responsibility Every business enterprise has a responsibility to respect and operate within the laws of the country. Since the laws of the country are meant for the wellbeing of the society, a law-abiding enterprise is a socially responsible enterprise as well. Eg. Follow the rules of a country</p>	2 * 2.5 = 5																
39	<p>Any Five: Difference between Memorandum and Articles of Association</p> <table border="1"> <thead> <tr> <th>Basic</th> <th>Memorandum of Association</th> <th>Articles of Association</th> </tr> </thead> <tbody> <tr> <td>1 Purpose</td> <td>To define the objects and powers of a company</td> <td>To lay down rules and regulations for management</td> </tr> <tr> <td>2. Status</td> <td>Fundamental document - Constitution of the company</td> <td>Subsidiary to Memorandum</td> </tr> <tr> <td>3. Drafting</td> <td>Compulsory for all types of companies</td> <td>Not compulsory for public company limited by shares</td> </tr> <tr> <td>4. Relationship</td> <td>Regulates the relationship between company and outside world</td> <td>Define the internal relationship between company and its members.</td> </tr> </tbody> </table>	Basic	Memorandum of Association	Articles of Association	1 Purpose	To define the objects and powers of a company	To lay down rules and regulations for management	2. Status	Fundamental document - Constitution of the company	Subsidiary to Memorandum	3. Drafting	Compulsory for all types of companies	Not compulsory for public company limited by shares	4. Relationship	Regulates the relationship between company and outside world	Define the internal relationship between company and its members.	5 * 1 = 5	
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		5. Supremacy	Memorandum is subordinate to the Act only	An article is subordinate to the Memorandum and Companies Act.		
		6. Alteration	Difficult	Easy		

40		<p>Any 3 Merits and 2 Demerits of Chain/multiple shops</p> <p>Advantages chain stores</p> <p>1) Economies of buying As all purchases are made by the central office for all branches. They enjoy the gain of large scale buying such as higher discount, lower rates, less transportation cost, advertisement etc.</p> <p>2) Low cost of operation The economy in large scale buying, centralized management, economy in advertisement, cash sales etc will help the store to operate at a low cost.</p> <p>3) Public confidence All the branches of the shop sell standard goods at uniform price. This creates public confidence.</p> <p>4) Economy in advertisement There is economy in advertisement because it is done by the head office and not by the branches.</p> <p>Disadvantages of chain stores</p> <p>1) Absence of choice As multiple shops deal in limited line of products, generally one brand, so they can't offer choice.</p> <p>2) No credit facilities No credit facilities are provided by these shops to customers. This would affect the volume of sales of the shop.</p> <p>3) No personal contact The company and the customers have no direct contact as the business of the branches is managed by the salaried branch manager..</p> <p>4) No initiative The branch manager has no initiative of his own. It is centrally controlled and the branch Manager has little powers. He can't change the product line or marketing technique etc.</p>			5 * 1 = 5	
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VI. Answer any 2 questions from 41 to 44 .Each carries 8 scores (2 X 8 =16)

41		<p>Business Business is an economic activity which involves production or purchase of good for sale, or exchange of goods or providing services, at a profit. Business is either an occupation, profession, or trade, or is a commercial activity which involves providing goods or services in exchange for profits.</p> <p>Business = Industry + Commerce Industry refers to that part of business activities which is concerned with the production of goods and materials. It includes business activities like raising, producing, processing or manufacturing of products. Industries can be divided into three broad categories namely:</p> <p>1. Primary industries,2. Secondary Industries,3.Tertiary Industries</p> <p>Commerce: Commerce includes trade and auxiliaries to trade (aids to trade). Buying and selling of goods is termed as trade. But there are a lot of activities that</p>	2 6	16
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	<p>facilitates the process of trade. These are called auxiliaries to trade or aids to trade. Aids to trade include services like banking, insurance, communication, advertisement and warehousing.</p> <p>Characteristics of Business</p> <ol style="list-style-type: none"> 1. An Economic Activity- it is undertaken by people with the objective of earning profit. 2. Regularity in dealing-Business involves dealing in goods and services on a regular basis. One single transaction never constitutes a business. 3. Profit Motive- Profit Motive is an important distinguishing feature of business. It must earn profit for its survival, growth and expansion. 4. Element of risk-Risk cannot be eliminated from business. Risk may be in the form of natural calamities, changes in consumer tastes, competition, fire etc. 5. Production or procurement of goods and services: In order to offer the goods for consumption, they must be either produced or procured by the business enterprise. 6. Sale or exchange of goods and services: Directly or indirectly, every business involves transfer or exchange of goods and services for value. 7. Uncertainty of return: No business can predict its future as it is uncertain 		
42	<p>Features of a Joint Stock company (Any-4)</p> <ol style="list-style-type: none"> 1. Number of share holders Minimum number of members to form a Private Ltd. Company is 2 and 7 in case of Public Ltd. The maximum number of members in a private Ltd company is limited to 200 and in Public Limited Company it is unlimited. 2. Created by Law A company is formed by registered under Indian Companies Act 2013. Formation of a company involves lengthy and complicated procedures. 3. Separate Legal Existence A company has separate legal existence apart from its members. It can carry on business in its own name, own property, lend and borrow money etc in its own name. It can open bank accounts, sue and be sued in its own name. 4. Perpetual succession (Permanent life) A company's existence not affected by the death, insolvency or change of ownership through sale of shares by shareholders. Members may come and go, but the company can go forever. 5. Limited liability The liability of a shareholder is limited to the extent of the face value of shares held by him. So the creditors of a company have no right to realize the amount due to them out of the personal property of the members 6. Transferability of shares Shares of a public company are freely transferable. Members can transfer their shares without the consent of other members 7. Common seal Common seal is the official signature of a company. Every company has common seal. 8. Separation of ownership and management The company is owned by share holders. But it is managed by Board of Directors, the elected representatives of share holders. In this way there is separation of ownership and management. 9. Compulsory Registration All companies are compulsorily to be registered under the Indian Companies Act 	4 * 2 = 8	

43	<p>PRINCIPLES OF INSURANCE (Any Four)</p> <p>1. Principle of Utmost Good Faith(Uberrimate fide) Insurance is a contract of utmost good faith. Both the parties to the contract should be absolutely honest to each other in regard to the contract. The insured is liable to disclose all material facts known to him. Similarly, the insurer is also liable to disclose honestly the scope of insurance which he is prepared to grant.</p> <p>2. Principle of Indemnity Indemnity means that in case of any loss, the insured shall be compensated, but the amount of compensation shall never be more than the actual loss. It denotes that the insured is not allowed to make any profit out of his loss.</p> <p>3. Principle of Insurable Interest According to this principal the insured person must have insurable interest in the life or property insured.Insurable interest means that the insured must have some financial interest in the object, property or life which he is insuring. No person can enter into a contract of insurance unless he has insurable interest in the subject matter of insurance.</p> <p>4. Principle of Causa Proxima Proximate cause literally means the ‘nearest cause’ or ‘direct cause’. This principle is applicable when the loss is the result of two or more causes. Insurer pays the claim money only if the nearest cause is insured</p> <p>5. Principle of Subrogation It is an extension of the principle of indemnity. As per this principle after the insured is compensated for the loss due to damage to property insured, then right of ownership of such property passes on to the insurer. If the damaged property has any value left, that cannot be given to the insured. This is because the insured should not be allowed to make any profit, by selling the damaged properties.</p> <p>6. Principle of Mitigation of Loss Insured can claim for loss or damage only if the loss arises due to reasons beyond the control of the insured. According to this principle the insured is expected to take reasonable care to protect the insured property from loss or damage and has taken effective measures to minimize the loss.</p> <p>7. Principle of Contribution It is applicable to all contracts of indemnity. According to this principle, an insured can insure the same subject matter with two or more insurance companies but he can claim the compensation only to the extent of actual loss either from all insurers or from any one insurer. If one insurer pays the full compensation then that insurer can claim proportionate compensation from other insurers</p>	4 * 2 = 8	
44	<p>A. Super Market</p> <p>B. Features of Supermarket (Any Six) The characteristics or features of the supermarket are as follows:</p> <p>1. Centrally located in big premises Supermarkets are normally opened in a central locality. It is housed in big premises. Without such premises proper display of different goods cannot be arranged.</p> <p>2. No sales pressure One important feature of a supermarket is self-service. There is a complete absence of salesmen and sales assistants. Thus, there is no sales pressure of any kind.</p>	2 6	

	<p>3. Maintains low prices The prices of goods in the supermarkets are reasonable or low. This is because they buy in bulk and enjoy all the advantages of bulk buying.</p> <p>4. Sell goods on a cash basis Supermarkets sell goods on 'Cash and Carry basis.' In such a kind of a business, credit facilities are usually not offered. This reduces bad debts.</p> <p>5. Needs huge capital to operate Supermarket is a large retail trading organization. It requires a substantial amount of capital for big premises, huge warehousing, ample parking and stocking of a wide variety of commodities.</p> <p>6. Provides a great shopping convenience Supermarket provides a great deal of shopping convenience as all goods are available under one roof.</p> <p>7. Keeps variety of goods Supermarkets keep all varieties, novelties and brands which give ample scope for selection.</p> <p>8. Self-service store Customers are given attractive trolleys or bags for keeping goods which they want to buy. Customers select these goods and keep them in the trolley. Finally, they have to come to the billing section for making payment .</p>	
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