

First Year Higher Secondary Exam Sep 2021
BUSINESS STUDIES – FY 248
Unofficial Answer Key – by Ajith Kanthi Wayanad

Answer all the questions from 1 to 8 - 1 Score each		Score
1.	a) Time	1
2.	Private Sector	1
3.	a) Ethical	1
4.	Cash on Delivery(CoD), cheque, net banking, credit/debit card, digital cash / payment applications such as Paytm, Jio money, Phone Pe, BHIM, UPI, e-wallets etc. (Any One)	1
5.	b) Debenture	1
6.	NABARD, NSIC, DIC etc. (Any one)	1
7.	b) Internal Trade	1
8.	d) All of these	1
Any 3 from 9 to 14 - 2 Score each		
9.	It is not a business, because there is no regularity in dealing.	2
10.	Privileges of a Private Company: 1)Easy Formation, 2) No need to issue prospectus etc. (or any other two)	2
11.	Stages in the formation of a Pvt. Co. : 1) Promotion, 2) Incorporation	2
12.	The amount of capital required for day to day activities is called Working Capital	2
13.	Problems of small business: Finance, Raw materials, Managerial Skill, Labour, Marketing, Quality, Capacity utilisation, Technology, Sickness and Global competition (Any 2)	2
14.	Products Suitable for Vending Machines: News paper, Hot Beverages, Soft Drinks, Bottled Water, Napkins etc. (Any 2)	2
Answer any 3 from 15 to 20 - 3 Score each		
15.	Features of cooperative societies: a) Voluntary Membership, b) Legal Status, c) Limited Liability, d) Control e) Service Motive (Any 3)	3
16.	Merits of Statutory Corporations: a) High degree of flexibility, b) Least government interference, c) Autonomous status, d) Helps in economic development, e) Stability (Any 3)	3
17.	Promoter: The person who perform the work of promotion and bring an enterprise into existence is known as promoter. Functions of Promoters: a) Identification of business idea, b) Feasibility studies, c) Name approval, d) Fixing up of signatories to Memorandum, e) Appointment of professionals, f) Preparing necessary documents (any 2 functions)	3
18.	Retained Earnings : Reinvestment of undistributed profits is called retained earnings	3
19.	District Industries Centres (DICs): Established in 1978 - To support small entrepreneurs at district level - Provides all facilities and support to set up small and village industries -Identification of suitable schemes for entrepreneurs by Central and State Govts. (any other meaningful explanation)	3
20.	Licensing and Franchising: Licensing is a contractual agreement in which one firm permits another firm in a foreign country to access its trademark, patents or technology for a fee called royalty. The firm which gives permission is called licensor and to whom it is given is called licensee. Franchising is similar to licensing; but it is concerned with provision of services. The parent company is called franchiser and the party to whom franchise is granted is called the franchisee. (any other meaningful explanation may be considered)	3

Answer any 4 from 21 to 30 - 4 Score each

21.	Extractive: Mining, Genetic: Poultry farming Manufacturing: Sugar production Construction: Building a dam	4										
22.	Match the following: a) Partnership – Partner b) Joint Stock Company – Shareholder c) Sole proprietorship – Sole trader d) Cooperative Society – Member	4										
23.	Features of Departmental Undertakings: a. Funding – Financed through budget allocation. b. Audit and Control – They are subject to Government audit. c. Employees – Employees are Government servants. d. Control – They are subject to direct control by the concerned ministry. e. Accountability – They are accountable to the ministry and the government. (any 4)	4										
24.	E – Banking – Electronic banking or internet banking means that, any user can get connected to the bank's website to perform banking operations and services with help of a computer or mobile phone. Eg: ATM, Electronic Fund Transfer (or any other examples)	4										
25.	Bonded Warehouses – It may be owned by dock authorities or private individuals under the strict supervision of customs authorities. They are licensed by the government to accept imported goods for storage before the payment of customs duty by the importers of such goods. Government Warehouses – They are owned by Government . E.g. Central and State Warehouses, FCI, STC etc.	4										
26.	Outsourcing refers to hiring out non-core activities of business to third party specialists to take advantage of their experience, expertise and efficiency in performing such activities. Benefits: a) Focusing attention, b) Quest for excellence, c) Cost reduction, d) Growth through alliance, e) Enhance economic development (any 2)	4										
27.	Causes of environmental pollution: a) Air Pollution, b) Water pollution, c) Land / Soil Pollution, d) Noise / Sound Pollution (Brief explanation required)	4										
28.	Clauses of Memorandum: a) Name Clause, b) Domicile / Situation Clause, c) Objects Clause, d) Liability Clause, e) Capital Clause, f) Association Clause (Any 4 with brief explanation)	4										
29.	Differences between Shares and Debentures: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Shares</th> <th style="width: 50%; text-align: center;">Debentures</th> </tr> </thead> <tbody> <tr> <td>1. Ownership capital</td> <td>2. Borrowed fund</td> </tr> <tr> <td>2. Shareholders are the owners of the company</td> <td>3. Debenture holders are the creditors of the company</td> </tr> <tr> <td>3. Dividend is the return on investment</td> <td>4. Interest</td> </tr> <tr> <td>4. Shareholders have voting rights</td> <td>5. No voting rights</td> </tr> </tbody> </table>	Shares	Debentures	1. Ownership capital	2. Borrowed fund	2. Shareholders are the owners of the company	3. Debenture holders are the creditors of the company	3. Dividend is the return on investment	4. Interest	4. Shareholders have voting rights	5. No voting rights	4
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30.	<p style="text-align: center;">Difference between Domestic business and International business</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Basis</th> <th style="width: 35%;">Domestic Business</th> <th style="width: 35%;">International Business</th> </tr> </thead> <tbody> <tr> <td>1. Nationality</td> <td>Buyer and seller belong to one nation</td> <td>They are from different countries</td> </tr> <tr> <td>2. Other Stakeholders</td> <td>Suppliers, employees, middlemen, shareholders etc. are the citizens of same nation</td> <td>Various stakeholders from different countries</td> </tr> </tbody> </table>	Basis	Domestic Business	International Business	1. Nationality	Buyer and seller belong to one nation	They are from different countries	2. Other Stakeholders	Suppliers, employees, middlemen, shareholders etc. are the citizens of same nation	Various stakeholders from different countries	4	
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3. Customer heterogeneity	Customers are more homogeneous in nature	More heterogeneous in the matter of language, preferences, customs etc.
4. Business system and practices	Relatively same system	Different systems and practices are followed

Answer any 5 from 31 to 40 - 5 Score each

31.	Match the following: a) Hindrance of place - Transport b) Hindrance of risk - Insurance c) Hindrance of finance – Banking d) Hindrance of knowledge – Advertising e) Hindrance of time - Warehousing	5																					
32.	Features of Joint Stock Company: a) Artificial person, b) Separate legal entity, c) Formation is time consuming and expensive, d) Perpetual succession, e) Control by Board of Directors. (Brief explanation required)	5																					
33.	Principles of insurance: a) Utmost good faith, b) Insurable interest, c) Indemnity, d) Causa Proxima, e) Subrogation, f) Contribution, g) Mitigation of loss (Explanation required)	5																					
34.	a) E-Commerce: Commercial transactions conducted electronically on the internet is called E-Commerce. It covers a firm's interactions with its customers and suppliers over the internet. b) Cash on Delivery: It means that, the payment on e-commerce transaction is made at the time of delivery of goods to the buyer.	5																					
35.	Responsibility of business: 1. Owners: a) Safety of investment, b) Adequate return on investment. 2. Workers: a) Fair wages, b) Job security, c) Promotion opportunities 3. Consumers: a) Regular supply of commodities, b) Better quality, c) Reasonable Price, d) Avoidance of unfair trade practices. 4. Government: a) Lawful business, b) Prompt payment of tax. 5. Community: a) Optimum use of natural resources, b) Concentrate in safety and welfare of the people c) Control pollution as far as possible.	5																					
36.	Social responsibility refers to the obligations of the businessmen which are desirable in terms of the objectives and values of our society. Examples for discretionary responsibility: a) Giving charity to an educational institution, b) helping people in natural calamities etc.	5																					
37.	<table border="1"> <thead> <tr> <th colspan="3">Differences between Memorandum and Articles of Association</th> </tr> <tr> <th>Basis</th> <th>Memorandum of Association</th> <th>Articles of Association</th> </tr> </thead> <tbody> <tr> <td>Objectives</td> <td>Defines the objects for which the company is formed</td> <td>Rules of internal management and it indicates how the objectives of company are to be achieved</td> </tr> <tr> <td>Position</td> <td>Main document of the company and it subordinates to the Companies Act</td> <td>Subsidiary document and it subordinates to MoA</td> </tr> <tr> <td>Relationship</td> <td>Defines the relationship of company with outsiders</td> <td>Defines the relationship of members and the company</td> </tr> <tr> <td>Validity</td> <td>Acts beyond the MoA are invalid</td> <td>Acts which are beyond AoA can be ratified by the members without violating MoA</td> </tr> <tr> <td>Necessity</td> <td>Every company has to file a MoA</td> <td>It is not necessary for a public ltd. company to file Articles, but it can adopt Table F of the Companies Act 2013</td> </tr> </tbody> </table>	Differences between Memorandum and Articles of Association			Basis	Memorandum of Association	Articles of Association	Objectives	Defines the objects for which the company is formed	Rules of internal management and it indicates how the objectives of company are to be achieved	Position	Main document of the company and it subordinates to the Companies Act	Subsidiary document and it subordinates to MoA	Relationship	Defines the relationship of company with outsiders	Defines the relationship of members and the company	Validity	Acts beyond the MoA are invalid	Acts which are beyond AoA can be ratified by the members without violating MoA	Necessity	Every company has to file a MoA	It is not necessary for a public ltd. company to file Articles, but it can adopt Table F of the Companies Act 2013	5
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38.	<p>Departmental Stores– A departmental store is a large scale retail shop selling a wide variety of goods in different departments under one roof and one management. Each department deals in separate line of goods like stationery, books, furniture, clothing, footwear etc.</p> <p>Features</p> <ol style="list-style-type: none"> They provide additional facilities like restaurant, telephone booth, rest room, play area etc. Usually located in central place of a big city. It is a large scale retail organization, generally formed as joint stock companies. Elimination of middlemen – They are making their purchases directly from the producers. Centralized purchases and decentralized selling. 	5																		
39.	<p>Differences between Private Company and Public Company</p> <table border="1" data-bbox="153 465 1460 936"> <thead> <tr> <th data-bbox="153 465 587 528">Basis</th> <th data-bbox="587 465 1023 528">Public Company</th> <th data-bbox="1023 465 1460 528">Private Company</th> </tr> </thead> <tbody> <tr> <td data-bbox="153 528 587 645">1. Members</td> <td data-bbox="587 528 1023 645">Minimum – 7 Maximum – Unlimited</td> <td data-bbox="1023 528 1460 645">Minimum – 2 Maximum – 200</td> </tr> <tr> <td data-bbox="153 645 587 707">2. Minimum number of directors</td> <td data-bbox="587 645 1023 707">Three</td> <td data-bbox="1023 645 1460 707">Two</td> </tr> <tr> <td data-bbox="153 707 587 770">3. Index of members</td> <td data-bbox="587 707 1023 770">Compulsory</td> <td data-bbox="1023 707 1460 770">Not Compulsory</td> </tr> <tr> <td data-bbox="153 770 587 833">4. Transfer of shares</td> <td data-bbox="587 770 1023 833">No restriction</td> <td data-bbox="1023 770 1460 833">Restriction on transfer</td> </tr> <tr> <td data-bbox="153 833 587 936">5. Invitation to public to subscribe to shares</td> <td data-bbox="587 833 1023 936">Can invite</td> <td data-bbox="1023 833 1460 936">Cannot invite</td> </tr> </tbody> </table>	Basis	Public Company	Private Company	1. Members	Minimum – 7 Maximum – Unlimited	Minimum – 2 Maximum – 200	2. Minimum number of directors	Three	Two	3. Index of members	Compulsory	Not Compulsory	4. Transfer of shares	No restriction	Restriction on transfer	5. Invitation to public to subscribe to shares	Can invite	Cannot invite	5
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40.	<p>Global enterprises carrying on business in two or more countries. Therefore it may be defined as a company that operates in several countries, such a company has factories, branches or offices in more than one country. Their branches are also called Majority Owned Foreign Affiliates (MOFA).</p> <p>Features: a) Huge capital, b) Foreign collaboration, c) Advanced technology, d) Marketing strategies, e) Expansion of market territory, f) Product innovation g) Centralized control. (Any 3 points only)</p>	5																		
<p>Answer any 2 from 41 to 44 - 8 Score each</p>																				
41.	<p>Commerce can be defined as the sum total of all those activities which are involved in the removal of hindrances in the process of exchange of goods. (any other meaningful explanation)</p> <p>Functions of Commerce: a) Removal of Hindrance of Person, b) Removal of Hindrance of Place, c) Removal of Hindrance of Risk, d) Removal of Hindrance of Time, e) Removal of Hindrance of Knowledge, f) Removal of Hindrance of Finance (Explanation required)</p>	8																		
42.	<p>Partnership Deed: It is the written document which contains all the terms and conditions of partnership. It is also known as the “Articles of Partnership”.</p> <p>Contents of Partnership Deed</p> <ol style="list-style-type: none"> Name of the firm Names and addresses of all partners Nature and place of business Date of Commencement of partnership Duration of partnership, if any Capital contribution by the partners The amount which can be withdrawn by each partner Rules regarding operation of bank accounts Division of profits or losses Interest on capital or drawings, if any Interest on partner’s loan to the firm Salaries, commission, etc. if payable to any partner (Any other contents of partnership deed) 	8																		

43.	Functions of Commercial Banks: a) Accepting deposits, b) Lending of funds, c) Cheque facility, d) Remittance of funds, d) Allied services (Explanation required)	8
44.	A large scale retail store selling a wide variety of consumer products is known as Super Bazaar (Super Market) . Features: <ul style="list-style-type: none"> a) Wide variety – Buyers can purchase a wide variety of products under one roof. b) Self service – Super markets functions on the principle of self service which results in lower operating cost. c) Low price – Because of bulk purchase and lower operating cost, they can sell their products at low price than other retail shops. d) Cash basis – This feature helps them to eliminate bad debts. e) Centrally located – Generally located at central place of a city. f) They provide complete line of food items along with non-food convenience goods. 	8

Prepared by:

Ajith Kanthi @ Ajith P P

SKMJ HSS Kalpetta

Wayanad, Kerala

Ph: 9446162771

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