

Unofficial Answer Key

XI Business Studies – Improvement Exam – Jan 2022

FY – 448

I. Answer the following questions from 1 to 8. 1 Score each		Score															
1	d) All of these	1															
2	d) Reserve Bank of India	1															
3	d) B2C	1															
4	b) Air Pollution	1															
5	d) Debentures – Others are owners' fund	1															
6	NABARD - Any other correct answer	1															
7	d) Vending machines	1															
8	a) Letter of Credit	1															
II. Answer any 3 from 9 to 14 – 2 Score each																	
9	Characteristics of Business: Economic Activity, Production or procurement of goods and service, Sale or exchange of goods and services, Regular Dealings, Earning Profit, Uncertainty of Return (any 4)	2															
10	Demerits of Sole proprietorship: Limited life, Unlimited liability, Limited managerial ability (any 2)	2															
11	Financial feasibility and Economic feasibility	2															
12	Rights of Preference shareholders: a) Right to get the dividend first, b) Right to get the repayment of capital on winding up before it is paid to equity shareholders	2															
13	Features of Cottage Industries: a) Organised by individuals with private resources, b) Normally use family labour and locally available talent (any other 2 features)	2															
14	Fixed shop retailers – They maintain permanent shops or stores to sell their goods.	2															
III. Answer any 3 from 15 to 20 – 3 Score each																	
15	Features of Cooperative Societies: Voluntary Membership – Legal Status – Limited Liability – Control – Service Motive (any 3 with brief explanation)	3															
16	Features of Statutory Corporation: Formed by special Act – Owned by the Government - Separate legal existence	3															
17	Prospectus: It is a document, notice, circular or advertisement inviting offers for subscription or purchase of any shares or debentures of a company from the public	3															
18	Retained Earnings – Brief explanation	3															
19	Problems of Small Business: Finance, Raw Materials, Labour (any other 3 with explanation)	3															
20	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="3" style="text-align: center;">Differences between Domestic Business and International Business</th> </tr> <tr> <th style="width: 33%;">Basis</th> <th style="width: 33%;">Domestic Business</th> <th style="width: 33%;">International Business</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">1. Nationality</td> <td>Buyer and seller belong to one nation</td> <td>They are from different countries</td> </tr> <tr> <td style="text-align: left;">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> <tr> <td style="text-align: left;">3. Customer heterogeneity</td> <td>Customers are more homogeneous in nature</td> <td>More heterogeneous in the matter of language, preferences, customs etc.</td> </tr> </tbody> </table>	Differences between Domestic Business and International Business			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	3. Customer heterogeneity	Customers are more homogeneous in nature	More heterogeneous in the matter of language, preferences, customs etc.	3
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IV. Answer any 4 from 21 to 30 – 4 Score each												
21	Removal of Hindrances: Person - Traders, Place - Transport, Risk - Insurance, Time - Warehouses, Knowledge – Advertisement and Finance – Banks (Brief explanation – any 4)	4										
22	Match the following: a) Sole proprietorship – Controlled by a single person b) Joint stock company – Artificial person c) Cooperative society – One man one vote d) Partnership – Mutual agency	4										
23	Government companies: Public enterprises organized under the Companies Act are Government companies. It is defined as a company in which at least 51% of share capital is held by the Government. Eg: Hindustan Machine Tools Ltd. (HMT), Hindustan Steel Ltd.	4										
24	Functions of Commercial Banks: Accepting deposits, Lending of funds, Cheque facility, Remittance of fund, Allied services (any 4 with explanation)	4										
25	Outsourcing - 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. It is also called BPO.	4										
26	Types of Warehouses: Private Warehouses, Public, Cooperative, Government and Bonded (any 4 with explanation)	4										
27	Discretionary responsibility – This is voluntary obligation of a business enterprise. Eg; giving charity to an educational institution, helping people in natural calamities etc.	4										
28	Clauses of MoA: Name Clause, Registered Office Clause, Objects Clause, Liability Clause, Capital Clause (any 4 with 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>a) Ownership security</td> <td>Creditorship securities</td> </tr> <tr> <td>b) Dividend</td> <td>Interest</td> </tr> <tr> <td>c) Voting rights</td> <td>No voting rights</td> </tr> <tr> <td>d) Shareholder</td> <td>Debenture holder</td> </tr> </tbody> </table> <p style="text-align: right;">(any other differences)</p>	Shares	Debentures	a) Ownership security	Creditorship securities	b) Dividend	Interest	c) Voting rights	No voting rights	d) Shareholder	Debenture holder	4
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30	Contract Manufacturing: A company enters into a contract with a local manufacturer in a foreign country. The contract is for getting certain components or goods produced as per specifications given. Advantages: Goods can be produced on large scale without any investment, Less investment risk, Getting products with lower material and labour costs.	4										
V. Answer any 5 from 31 to 40 – 5 Score each												
31	Auxiliaries to Trade: Transport, Banking, Insurance, Warehousing, Advertising (with explanation)	5										
32	Contents of Partnership Deed: 1. Name of the firm 2. Names and addresses of all partners 3. Nature and place of business 4. Date of Commencement of partnership 5. Duration of partnership, if any (any other 5 contents)	5										
33	Multinational Company – Features; Huge capital, Foreign Collaboration, Advanced Technology, Marketing Strategies etc. (any 4 with explanation)	5										
34	Sole Proprietorship Business Features; a) Formation and closure is easy, b) Unlimited Liability, c) Sole risk bearer and profit recipient. D) Control – Complete control of business is held with the proprietor himself (any other features with explanation)	5										

35	E-Banking – Benefits <ol style="list-style-type: none"> Any time service – Providing round the clock service. Any where banking is possible (either at home, or office) Creates financial discipline. Less risk and greater security (risk of handling cash may be eliminated) Work load on branches reduced. 	5																		
36	Differences between Traditional and e-Business. <table border="1" data-bbox="169 315 1414 510"> <thead> <tr> <th data-bbox="169 315 584 349">Basis</th> <th data-bbox="584 315 991 349">Traditional Business</th> <th data-bbox="991 315 1414 349">e-Business</th> </tr> </thead> <tbody> <tr> <td data-bbox="169 349 584 383">1. Ease of Formation</td> <td data-bbox="584 349 991 383">Difficult</td> <td data-bbox="991 349 1414 383">Simple</td> </tr> <tr> <td data-bbox="169 383 584 416">2. Physical presence</td> <td data-bbox="584 383 991 416">Required</td> <td data-bbox="991 383 1414 416">Not required</td> </tr> <tr> <td data-bbox="169 416 584 450">3. Location requirement</td> <td data-bbox="584 416 991 450">Important</td> <td data-bbox="991 416 1414 450">Not important</td> </tr> <tr> <td data-bbox="169 450 584 483">4. Cost of setting up</td> <td data-bbox="584 450 991 483">High</td> <td data-bbox="991 450 1414 483">Low</td> </tr> <tr> <td data-bbox="169 483 584 510">5. Operating cost</td> <td data-bbox="584 483 991 510">High</td> <td data-bbox="991 483 1414 510">Low</td> </tr> </tbody> </table>	Basis	Traditional Business	e-Business	1. Ease of Formation	Difficult	Simple	2. Physical presence	Required	Not required	3. Location requirement	Important	Not important	4. Cost of setting up	High	Low	5. Operating cost	High	Low	5
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37	Role of Business in Environmental Protection – Seminar Report – Key points: <ol style="list-style-type: none"> Top level management should create a work culture for environmental protection and pollution control. Sharing the ideas and technical information regarding environmental protection among the employees. Use good quality materials. Adopt modern technology. Follow the rules and regulations by the government. Scientific methods of waste management. Support in government programs like clearing up of polluted water sources, plantation of trees, checking deforestation etc. Timely assessment of pollution control programs. <p style="text-align: right;">(any 5 with brief explanation)</p>	5																		
38	Responsibilities of Business to different groups: <ol style="list-style-type: none"> Owners: <ol style="list-style-type: none"> Safety of investment. Adequate return on investment. Accurate financial information should be provided. Employees: <ol style="list-style-type: none"> Fair wages Job security Promotion opportunities Welfare measures Better working conditions Participation in management Consumers: <ol style="list-style-type: none"> Regular supply of commodities. Better quality Reasonable Price Avoidance of unfair trade practices. Suppliers: <ol style="list-style-type: none"> Better relationship Prompt payment. Government and Community: <ol style="list-style-type: none"> Lawful business. Prompt payment of tax. Help the government in socio-economic development (employment opportunities, literacy, poverty etc.) Optimum use of natural resources. Concentrate in safety and welfare of the people. Control pollution as far as possible. (2 points each towards each group) 	5																		

39	<p>Differences between Memorandum and Articles of Association</p> <table border="1"> <thead> <tr> <th data-bbox="169 107 587 145">Basis</th> <th data-bbox="587 107 1007 145">MoA</th> <th data-bbox="1007 107 1417 145">AoA</th> </tr> </thead> <tbody> <tr> <td data-bbox="169 145 587 280">Objectives</td> <td data-bbox="587 145 1007 280">Defines the objects for which the company is formed</td> <td data-bbox="1007 145 1417 280">Rules of internal management and it indicates how the objectives of company are to be achieved</td> </tr> <tr> <td data-bbox="169 280 587 383">Position</td> <td data-bbox="587 280 1007 383">Main document of the company and it subordinates to the Companies Act</td> <td data-bbox="1007 280 1417 383">Subsidiary document and it subordinates to MoA</td> </tr> <tr> <td data-bbox="169 383 587 454">Relationship</td> <td data-bbox="587 383 1007 454">Defines the relationship of company with outsiders</td> <td data-bbox="1007 383 1417 454">Defines the relationship of members and the company</td> </tr> <tr> <td data-bbox="169 454 587 589">Validity</td> <td data-bbox="587 454 1007 589">Acts beyond the MoA are invalid</td> <td data-bbox="1007 454 1417 589">Acts which are beyond AoA can be ratified by the members without violating MoA</td> </tr> <tr> <td data-bbox="169 589 587 757">Necessity</td> <td data-bbox="587 589 1007 757">Every company has to file a MoA</td> <td data-bbox="1007 589 1417 757">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>	Basis	MoA	AoA	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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40	<p>Super Bazar / Super Market - Advantages</p> <ul style="list-style-type: none"> ● One roof and low cost – This convenient as well as economical to the buyers. ● Central location – So that it is easily accessible to the people. ● Wide selection – They offer wide variety of goods from different producers. ● No bad debt – They follow cash and carry system. ● Economies of large scale – It enjoys the benefits of large scale operations. <p style="text-align: right;">(any 5)</p>	5																		
<p>VI. Answer any 2 from 41 to 44 – 8 Score each</p>																				
41	<p>INDUSTRY - The term industry refers to that part of business which is concerned with the production of goods and material.</p> <ol style="list-style-type: none"> Primary Industries – Genetic and Extractive Industries Secondary Industries – Manufacturing and Construction Industries Tertiary Industries – Transport, banking, insurance, warehousing etc. <p>(Explanation)</p>	8																		
42	<p>A private company is defined as a company by its Articles of Association, restricts the right to transfer the shares, has a minimum of 2 and maximum of 200 members excluding the present and past employees, does not invite public to subscribe to its securities and it is necessary to use the word private limited after its name.</p> <p>Privileges of a Private Company</p> <ol style="list-style-type: none"> 1. Easy formation – only two members are required. 2. No need to issue prospectus. 3. Allotment of shares can be done without receiving the minimum subscription. 4. It can start the business as soon as it is incorporated. 5. Need to have only two directors minimum. (Maximum number of directors is 15 in private and public companies). 6. Not required to keep an index of members. 	8																		
43	<p>Insurance – Principles of Insurance:</p> <ol style="list-style-type: none"> Utmost good faith Insurable interest Indemnity Causa Proxima (Proximate Cause) Subrogation Contribution and Mitigation of Loss <p style="text-align: right;">(Explanation)</p>	8																		

44	<p>Multiple Shops or Chain Stores - It is a system of branch shops operated under a centralized management and dealing in similar line of goods. Branches of the shop are located throughout the nation under the same name and management and they specialize in one or two lines of goods</p> <p>Features</p> <ul style="list-style-type: none">a) Convenient location for consumers.b) Centralized buying and decentralized selling.c) Centralized management and unified system of control.d) Follows cash and carry principle.e) Uniformity in shop's design and lay-out.f) Proper inspection from head office ensures the smooth functioning.	8
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