

**UNOFFICIAL ANSWER KEY**

FIRST YEAR HIGHER SECONDARY SECOND TERMINAL EXAMINATION , DEC- 2022

**PART III**

**SUBJECT: BUSINESS STUDIES WITH FM**

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**CODE :FY-1048**

**80 SCORES**

**2 1/2 HOURS**

Qn. No	Sub. Qns	Answer Key / Value Point	Score	Total Score
1		<b>1. Answer any 8 questions from 1 to 10. Each carries 1 score. (8x1=8)</b>	1	
2		a. Banking.	1	
3		d. Flood	1	
4		a. Kartha.	1	
5		Railway, Post & Telegraph ( Any one)	1	8
6		Private Public Partnership.	1	
7		d. Banking Services.	1	
		a. Any time service		
		b. Any where banking is possible (either at home, or office)		
		c. Creates financial discipline.		
		d. Less risk and greater security		
8.		e. Work load on branches reduced. <b>(Any one)</b>	1	
		Cash withdraw from ATM Counter, Goods purchased from Amazon, <b>(Any Meaning full answer ) (Any one )</b>	1	
9.		Economic responsibility.	1	
10.		i)Dumping of non-degradable waste material into the land from industrial units, hospitals, hotels, dwelling units, ii)Dumping of toxic wastes on land causes land pollution		
		<b>II. Answer any five of the following questions from 11 to 16. Each carries 2 score. (5X2=10)</b>		
11.		Business risks refers to the possibility of inadequate profits or even losses due to uncertainties or unexpected events.	2	
12.		(a) They enjoy independence in their functioning and a high degree of operational flexibility. (b). Least government interference. (c). Autonomous status. (d). Helps in economic development. (e). Stability <b>(Any 2 points)</b>	1+1	10
13.		(a).Intangibility (b).Inconsistency. (c).Inseparability. (d).Inventory. (e).Involvement. <b>(Any 2 points)</b>	2x1=2	
14.		(i).Cash-on Delivery (CoD)		

	(ii).Cheque. (iii).Net-banking Transfer. (iv). Credit or Debit Cards <b>(Any 2 points)</b>	2x1=2	
15.	The transactions take place within the firm. It includes use of computer networks in marketing, finance, production, purchase, human resource, Research and Development departments....	2	
16.	Social responsibility refers to the obligations of the businessmen which are desirable in terms of the objectives and values of our society.	2	
	<b>III. Answer any 5 questions from 17 to 22. Each question carries 3 Scores. (5x3=15) .</b>		
17.	(i). <u>Economic Activity</u> – because it is undertaken with the object or earning money or livelihood. (ii). <u>Production or procurement of goods and service</u> – In order to offer the goods for consumption they must be either produced or procured by the business enterprise. (iii). <u>Sale or exchange of goods and services</u> – There should be sale or exchange of goods or services between the seller and buyer. (iv). <u>Regular Dealings</u> – Business involves dealing in goods and services on a regular basis. (v). <u>Earning Profit</u> – It is the main purpose of business. (vi). <u>Uncertainty of Return</u> – No business can predicts its future profit as it is uncertain. Also there is a possibility of loss being incurred. (vii). <u>Element of Risk</u> – Every business is subject to risk due to various reasons like change in fashion, technological changes, increasing competition, fire, theft, accidents, etc... <b>(Any 3 points)</b>	1x3=3	15
18.	(a).Equal voting rights. (b).Limited Liability. (c).Stable existence. (d).Economy in operation. (e).Support from government. (f).Easy to form. <b>(Any 3 points)</b>	1x3=3	
19.	A company in which at least 51% of share capital is held by the central government or by the State Government or governments or partly by the central and partly by one or more State Government.	3	
20.	It means source from outside. In other words 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.	3	
21.	This refers to purely voluntary obligation that an enterprise assumes, for instance, providing charitable contributions to educational institutions or helping the affected people during floods or earthquakes.	3	

22.	<p>Business ethics refers to the moral principles followed by a businessman in his dealings with the people and it involves better quality, fair price, justice, courage, thrift etc. Business ethics helps to win the confidence of customers which will ensure the prosperity and progress of the business.</p> <p>IV. Answer any 4 of the following questions from 23 to 27 . Each carries 4 Scores (4X4=16)</p>	2	
23.	<p>The written document which contains all the terms and conditions of partnership is called partnership deed. It is also known as the “Articles of Partnership”.</p> <p><u>Contents of Partnership Deed</u></p> <ol style="list-style-type: none"> <li>1. Name of the firm</li> <li>2. Names and addresses of all partners</li> <li>3. Nature and place of business</li> <li>4. Date of Commencement of partnership</li> <li>5. Duration of partnership, if any</li> <li>6. Capital contribution by the partners</li> <li>7. The amount which can be withdrawn by each partner</li> <li>8. Rules regarding operation of bank accounts</li> <li>9. Division of profits or losses</li> <li>10. Interest on capital or drawings, if any</li> </ol> <p style="text-align: right;"><b>(Any 4 contents)</b></p>	1/2 x4 =2	16
24.	<p>(i) The funding of these enterprises come directly from the Government Treasury and are an annual appropriation from the budget of the Government.</p> <p>(ii) They are subject to accounting and audit controls applicable to other Government activities.</p> <p>(iii) The employees of the enterprise are Government servants.</p> <p>(iv) It is generally considered to be a major subdivision of the Government department and is subject to direct control of the ministry.</p> <p>(v) They are accountable to the ministry. <b>(Any 4 points).</b></p>	1x4 =4	
25.	<p>a. <u>Huge capital</u> – They can have large capital investment as they are running large scale business units.</p> <p>b. <u>Foreign collaboration</u> – Global enterprises usually collaborate with Indian companies, both private and public sector, by this both the parties will be benefited by sharing technology, brand name etc.</p> <p>c. <u>Advanced technology</u> – MNCs are able to provide world class products of international standards by using advanced technology in the areas of production, marketing etc.c. Advanced technology – MNCs are able to provide world class products of international standards by using advanced technology in the areas of production, marketing etc.</p> <p>d. <u>Marketing strategies</u> – They adopt aggressive marketing techniques to increase the sales in a short period.</p> <p>e. <u>Expansion of market territory</u> – They can extent their markets very easily to the foreign countries as they are running the branches in various nations.</p> <p>f. <u>Product innovation</u> – Their products are always highly innovative as</p>	2	

	<p>they are running their own research and development wing for developing new products and superior designs for existing products.</p> <p>g. Centralized control. <b>(Any 4 points)</b></p>	2	
26.	<p>a. <u>Specialized Banks</u> – Organized to render specific services to the public. Eg., Foreign Exchange Banks, Industrial Banks, Export-Import (EXIM) Banks etc.</p> <p>b. <u>Joint Life Policy</u> – Policy taken out jointly by two or more persons. Premium can be paid jointly or by any of them in instalment or lump sum. This policy matures either on the death of any of the assured or at the expiry of the period.</p>	1x4=4	
27.	<p>1. <u>Ease of formation</u> – It is very easy to start due to less legal formalities and with a limited investment.</p> <p>2. <u>Convenience</u> – Internet offers the convenience of 24 hours business.</p> <p>3. <u>Speed</u> – Internet allows faster services.</p> <p>4. <u>Global reach</u> – It provides a boundary less market.</p> <p>5. <u>Movement towards a paperless society</u> – Use of internet has considerably reduced dependence on paperwork.</p>	1	
	<p><b>V. Answer any 3 of the following questions from 28 to 31. Each carries 5 Scores. (3x5 =15) .</b></p>		15
28.	<p>The activities which assist trade are called aids to trade or Auxiliaries to Trade. It includes Transport, Banking, Insurance, Warehousing, Advertising etc. These service enterprises facilitate movements, storage, finance, risk coverage and sales promotion of goods.</p>	1x4=4	
	<p>a. <u>Transport and Communication</u> – Usually production takes place in certain locations and consumption all over the country. This is removed by transport.</p> <p>b. <u>Banking and Finance</u> – All business concerns need fund for acquiring assets, raw materials and meeting day today expenses. It is removed by Banks and financial institutions.</p> <p>c. <u>Insurance</u> – In business, there are a lot of chances of risks such as damage to property and human resource (employees), such as fire, earthquake, theft, damage of goods in stock and transit.</p> <p>d. <u>Warehousing</u> – Production is always in anticipation of future demands, so that the products are to be kept in good condition until they are sold.</p> <p>e. <u>Advertising</u> – It is an important device for promoting sales. <b>(Any 4)</b></p>	1x5=5	
29.	<p>1. <u>Artificial Person</u> – A company is created by law and exists independent of its members and it can own properties, borrow funds, enter into contracts in its own name, but it is not a natural person.</p> <p>2. <u>Separate Legal Entity</u> – As the company is a registered body, it is treated as a legal person and its assets and liabilities are separate from those of its owners.</p> <p>3. <u>Formation</u> – Formation of a company is a time consuming and expensive process as it involves the preparation of several documents and the registration is compulsory under Companies Act 2013 or any other previous company laws.</p>		

30.	<p><u>4. Perpetual Succession</u> – A company is created by law and hence only the law can bring an end to its existence, i.e. the death, insanity, insolvency or lunacy of members does not affect the life of the company.</p> <p><u>5. Control</u> – The owners of a company are the members or shareholders, whereas the management and control is vested in the hands of directors elected by the members.</p> <p><u>6. Liability</u> – The liability of members is limited to the extent of their capital contribution only.</p> <p><u>7. Common Seal</u> – A company may or may not have a common seal. As it is an artificial person it cannot sign documents for itself. Therefore a common seal is used for its signature.</p> <p><u>8. Risk bearing</u> – The risk of loss in a company is borne by all the shareholders, so that it will not become a heavy burden to them.</p> <p style="text-align: right;"><b>(Any 5 points)</b></p> <p><u>1. Utmost Good Faith</u> – While entering into a contract of insurance, all the material facts are to be disclosed, otherwise it will become void.</p> <p><u>2. Insurable Interest</u> – The insured must have an interest on the subject matter of insurance, otherwise the contract of insurance become void. E.g. a person who has advanced money on the security of a house, has an insurable interest on that house.</p> <p><u>3. Indemnity</u> – All insurance except life insurance and personal accident insurance are based on the principle of indemnity. Here the insured is entitled to get only the actual amount of loss suffered by him and it will not be a source of profit.</p> <p><u>4. Causa Proxima (Proximate Cause)</u> – It means the nearest cause. It says that an insured can recover the loss only when it is caused by any of the risk insured against.</p> <p><u>5. Subrogation</u> – This principle states that, after the payment of loss to the insured on the property, the whole right of such property is entitled with the insurer. This right is exercised by the insurer to earn any compensation for the damages on the property either from the party who were responsible for such damages or by the sale of such property to some others. This is because the insured should not make profit by selling the damaged property.</p> <p><u>6. Contribution</u> – This principle applies only when the same subject matter is insured with different insurers, here the actual amount of loss is divided among various insurers.</p> <p><u>7. Mitigation of Loss</u> – It is the duty of the insured to take preventive measures to minimize the loss of the property. If any expenses are incurred by him for such activities, he is entitled to get that much of amount along with the compensation from the insurance company.</p> <p><b>(Any 5 points)</b></p>	1x5=5	
31.	<p>(i) Justification for existence and growth.</p> <p>(ii) Long-term interest of the firm.</p> <p>(iii) Avoidance of government regulation.</p> <p>(iv) Maintenance of society.</p> <p>(v) Availability of resources with business.</p> <p>(vi) Converting problems into opportunities.</p> <p>(vii) Better environment for doing business.</p>	1x5=5	

32.	<p>(viii) Holding business responsible for social problems. <b>(Any 5 points)</b></p> <p><b>VI. Answer any 2 of the following questions from 32 to 34. Each carries 8 Scores. (2x8=16)</b></p> <p>1. <u>Selection of line of business</u> – It means the nature and type of business that an entrepreneur should choose to start his business.</p> <p>2. <u>Size of the firm</u> – The promoter has to decide the size of business, which may be either small scale, medium scale or large scale depends on the financial stability, future demand etc.</p> <p>3. <u>Choice of form of ownership</u> – The promoter must decide whether he wants to start a sole proprietorship concern, partnership firm, private company, public company, or cooperative society.</p> <p>4. <u>Location of business</u> – It must be decided by considering the factors like availability of land, electricity, water, accessibility to market, transportation, scope for expansion etc. Unscientific location affects the efficiency and profitability of business.</p> <p>5. <u>Financing the proposition (Capital needs)</u> – The promoter has to decide about business capital requirements and also find out the sources of finance. It may include short term or long term capital requirements, sources like shares, debentures or bank loans, cost of capital (interest or dividend) etc.</p> <p>6. <u>Physical facilities</u> – It means the resources used to convert raw material into finished goods, which includes buildings, machines and equipments, skilled and unskilled workers, good quality raw materials etc.</p> <p>7. <u>Plant lay out</u> – A proper arrangement of physical facilities like machines, equipment and workers will result in reduction of wastages, better use of available space, safety and security to workers etc. It also increases the profit of the business.</p> <p>8. <u>Competent and committed work force</u> – A scientific planning must be done by the businessman in calculating the number of employees (skilled and unskilled) to be appointed in various positions, and their qualities.</p> <p>9. <u>Tax planning</u> – Tax planning does not mean non-payment of tax. It means to minimize the taxes through better planning about location (tax free zones), size of business etc.</p> <p>10. <u>Launching the enterprise</u> – After completing the above formalities, the entrepreneur can launch his business by mobilizing necessary resources, starting production process and initiating sales promotion activities. <b>(Any 8 points)</b></p>	1x8=8	16
33.	<p>Sole proprietorship refers to a form of business organisation which is owned, managed and controlled by an individual who is the recipient of all profits and bearer of all risks.</p> <p><b>Merits</b></p> <p>(i) <u>Quick decision making</u>: A sole proprietor enjoys considerable degree of freedom in making business decisions.</p> <p>(ii) <u>Confidentiality of information</u>: Sole decision making authority</p>	1	1x4=4

34.	<p>enables the proprietor to keep all the information related to business operations are confidential.</p> <p><u>(iii) Direct incentive:</u> A sole proprietor directly reaps the benefits of his/her efforts as he/she is the sole recipient of all the profit.</p> <p><u>(iv) Sense of accomplishment:</u> There is a personal satisfaction involved in working for oneself.</p> <p><u>(v) Ease of formation and closure:</u> An important merit of sole proprietorship is the possibility of entering into business with minimal legal formalities. There is no separate law that governs sole proprietorship. <b>(Any 4 points)</b></p> <p><b><u>Demerits</u></b></p> <p><u>(i) Limited resources:</u> Resources of a sole proprietor are limited to his/her personal savings and borrowings from others.</p> <p><u>(ii) Limited life of a business concern:</u> The sole proprietorship business is owned and controlled by one person, so death, insanity, imprisonment, physical ailment or bankruptcy of a proprietor affects the business and can lead to its closure. 8</p> <p><u>(iii) Unlimited liability:</u> A major disadvantage of sole proprietorship is that the owner has unlimited liability.</p> <p><u>(iv) Limited managerial ability:</u> The owner has to assume the responsibility of varied managerial tasks such as purchasing, selling, financing, etc. Thus decision making may not be balanced in all the cases. <b>(Any 3 points)</b></p> <p>a. <u>Accepting Deposits:</u> Deposits are the basis of the loan operations since banks are both borrowers and lenders of money. It accepts deposits from the public in the form Fixed Deposits, Savings Bank Deposits, Current Deposits, Recurring Deposits etc.</p> <p>b. <u>Lending of Funds:</u> Second major activity of commercial banks is to provide loans and advances out of the money received through deposits. Lending of money is the main business of commercial banks and the interest charged on such advances is the main source of income. It may be in the form of cash credit, overdraft, discounting of bills, term loans etc.</p> <p>c. <u>Cheque facility</u> - Banks render a very important service to their customers by collecting their cheques drawn on other banks. The cheque is the most developed credit instrument. It may be crossed cheques (encashed through account only) and bearer cheques (encashable at the bank counters).</p> <p>d. <u>Remittance of funds</u> – Another salient function of commercial banks is of providing the facility of fund transfer from one place to another, on account of the interconnectivity of branches. Transfer of funds from one account to another is made possible by issuing demand drafts (DD).</p> <p>e. <u>Allied services (Personal Services)</u> – It include Payment of insurance premium, telephone charges etc. and the collection of dividend, interest etc.</p> <p>-----</p> <p><b>For Association of Commerce Teachers (ACT ) Kollam</b></p>	1x3=3	
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