

## First Year Second Terminal Examination , December 2023

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80 SCORE

2 1/2 HOURS

Qn.No	Sub Qns	Answer Key/ Value Points	Score	Total Score
		<b>Answer any 8 questions from 1 to 10. Each carries one score (8 x 1=8)</b>		
1		a. Mining.	1	8
2		b. Kartha.	1	
3		a. Statutory Corporation.	1	
4		c. Central Bank.	1	
5		d. All of these.	1	
6		c. Ethical responsibility.	1	
7		a. Promoter.	1	
8		b. Memorandum of Association.	1	
9		9. cash, debtors (Any current asset)	1	
10.		b. Trade credit.	1	
		<b>II. Answer any 5 questions from 11 to 16. Each carries two score. (5 x 2= 10)</b>		
11.		It is one whose association with the firm is unknown to the public. All other features are just like an active partner.	2	10
12		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.	2	
13.		a. Intangibility, b. Inconsistency, c. Inseparability., d, Inventory., e. Involvement. ( Any 2)	2	
14.		It refers to hiring out non-core activities of business to third party specialist to take advantages of their experience , expertise and efficiency in performing those activities.	2	
15.		The minimum amount of capital which must be subscribed by the public before a public company can allot shares is known as minimum subscription	2	
16.		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.	2	
		<b>II. Answer any 5 of the following questions from 17 to 22. Each carries three score ( 5x3= 15)</b>		
17.		These are the undertakings created by the decision of the government, financed and controlled by the Government and it is managed by the government officials under the ultimate control of a minister.	1	15
		a. Funding b. Audit and Control	2	

18.	<p>c. Employees d. Control e. Accountability</p> <p>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.</p>	3	
19.	<p>Social responsibility refers to the obligations of the businessmen which are desirable in terms of the objectives and values of our society.</p>	3	
20.	<p><b>a. Employees:</b> a. Fair wages b. Job security c. Promotion opportunities d. Welfare measures e. Better working conditions f. Participation in management</p> <p><b>b. Customers:</b> a. Regular supply of commodities. b. Better quality c. Reasonable Price d. Avoidance of unfair trade practices.</p>	1 1/2	25
21.	<p>A part of profits is transferred to the reserves by the business firms every year and it can be retained or reinvested in the business for its modernization, expansion etc. This is known as ploughing back of profit.</p>	1 1/2	
22.	<p><b>Share:</b> The capital obtained by issue of shares is known as share capital.</p> <p><b>Debenture:</b> The debenture issued by a company is an acknowledgement that the company has borrowed a certain amount of money, which it promises to repay at a future date.</p>	1 1/2	
23.	<p><b>IV. Answer any 4 questions from 23 to 27. Each carries four score. (4x4 =16)</b></p> <p>Match the following</p> <p>a. Hindrance of place – Transport. b. Hindrance of time - Warehousing. c. Hindrance of risk – Insurance. d. Hindrance of finance – Banking.</p>	1+1+1+1	16
24.	<p>1. Voluntary Membership – Anybody can become a member in a co-operative society at his own wish and there is no compulsion at all. 2. Legal Status – As the registration of a cooperative society is compulsory, it gets separate legal entity and continuous existence. 3. Limited Liability – The liability of the members is</p>	1x4	

25.	<p>limited.</p> <p>4. Control – Control is vested in the hands of board of directors who are elected by the members under the principle of one man one vote.</p> <p>5. Service Motive – The main objective is to render services to its members rather than profit.</p> <p>It is a company 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.</p> <p>a. Huge capital,  b. b. Foreign collaboration.  c. Advanced technology.  d. Marketing strategies,  e. Expansion of market territory,  f. Product innovation,</p>	2	
26.	<p>g. Centralized control ( Any two points)</p> <p>1. Utmost Good Faith – While entering into a contract of insurance, all the material facts are to be disclosed, otherwise it will become void.</p> <p>2. Insurable Interest – The insured must have an interest on the subject matter of insurance, otherwise the contract of insurance become void.</p> <p>3. Indemnity – All insurance except life insurance and personal accident insurance are based on the principle of indemnity.</p> <p>4. Causa Proxima (Proximate Cause) – 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>5. Subrogation – 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.</p> <p>6. Contribution – 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>7. Mitigation of Loss – It is the duty of the insured to take preventive measures to minimize the loss of the property.</p> <p>(Any 4 principles)</p>	1+1 1x4	
27.	<p>1. Existence and growth – Prosperity and growth of business is possible only through rendering continuous service to society.</p> <p>2. Long term interest of the firm – A firm and its image stands to gain more profits in the long run when it accepts service as the highest goal. Supporting social goals enhances public image of any firm.</p> <p>3. Avoidance of government regulations – Businessman should voluntarily assume social responsibilities, so that they can avoid government regulations.</p> <p>4. Maintenance of society – If the people feel that they are not getting their due from the business, they will not support such business organisations.</p>	1x4	

	<p>5. Availability of resources with business – Available resources with the business such as managerial talent and financial resource can be utilized to solve the problems of the society when it is needed.</p> <p>6. Converting problems into opportunities – Business is always looking for converting risky situations to opportunities, this quality can be utilized for solving the problems in the society.</p> <p>7. Better environment for doing business – A society with fewer problems and complaints provides better environment for the business.</p> <p><b>IV. Answer any 3 questions from 28 to 31. Each carries five score. ( 3x5= 15)</b></p> <p>1. Selection of line business: The first thing to be decided by an entrepreneur is the nature and type of business to be undertaken.</p> <p>2. Size of business After finding a business opportunity, the promoter must decide on its size.</p> <p>3. Choice of form of ownership: With respect to ownership, the business organisation may take the form of a sole proprietorship, partnership, or a joint stock company.</p> <p>4. Location of business The promoter must also make a decision about the location of the business.</p> <p>5. Financing (Capital acquisition) Financing is concerned with providing the necessary capital for starting the proposed business.</p> <p>6. Plant Layout</p> <p>7. Starting the business</p>	<p>1x5</p>	<p>15</p>
<p>28.</p>	<p>29.</p> <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>Contents of Partnership Deed</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> <li>11. Interest on partner’s loan to the firm</li> <li>12. Salaries, commission, etc. if payable to any partner</li> </ol> <p>(Any 4 points)</p>	<p>1x5</p> <p>1</p> <p>1+1+1+1</p>	<p>15</p>

30.	<table border="1" data-bbox="360 192 1150 539"> <thead> <tr> <th>Basis</th> <th>e-Business</th> <th>Traditional Business</th> </tr> </thead> <tbody> <tr> <td>Ease of formation</td> <td>Simple</td> <td>Difficult</td> </tr> <tr> <td>Physical presence</td> <td>Not required</td> <td>Required</td> </tr> <tr> <td>Cost of setting up</td> <td>Low</td> <td>High</td> </tr> <tr> <td>Operating cost</td> <td>Low</td> <td>High</td> </tr> <tr> <td>Transaction risk</td> <td>High</td> <td>Low</td> </tr> </tbody> </table>	Basis	e-Business	Traditional Business	Ease of formation	Simple	Difficult	Physical presence	Not required	Required	Cost of setting up	Low	High	Operating cost	Low	High	Transaction risk	High	Low	1x5
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31.	<p>a) Cost b) financial strength and stability of operation of the business c) Form of business and legal status d) Purpose of the fund and time period e) Risk profile of each source f) Control. g) Effect on creditworthiness h) Flexibility and ease of obtaining funds i) Tax benefits</p>	1x5																		
32.	<p><b>V. Answer any 2 questions from 32 to 34. Each carries eight score. ( 8x2= 16).</b> 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. Merits 1. Quick decision making : A sole proprietor can take quick decisions and prompt actions in all business matters. 2. Confidentiality of information : Sole decision making authority enables the proprietor to keep all information related to business operations confidential 3. Direct incentive : A sole trader is the sole recipient of profit. This provides the maximum incentive to the sole trader to work hard. 4. Sense of accomplishment : The knowledge that one is responsible for the success of the business instils in the individual a sense of accomplishment and confidence in one’s abilities. 5. Ease of formation and closure : As there are less legal formalities, the formation and closure of sole proprietorship</p> <p>Limitations 1. Limited resources : Resources of a sole proprietor are limited to his personal savings and borrowings from others. 2. Limited life of a business concern : Death, insanity, imprisonment, physical ailment or bankruptcy of a proprietor affects the business and can lead to its closure. 3. Unlimited liability : The liability of sole proprietor is unlimited. 4. Limited managerial ability : A sole proprietor may not be able to manage varied managerial tasks.</p> <p>Functions of commercial bank.</p>	1 4 3																		
33	<p>a. Accepting Deposits: It accepts deposits from the public in the form Fixed Deposits, Savings Bank Deposits, Current Deposits, Recurring Deposits etc. b. Lending of</p>	8																		

34.	<p>Funds:It provide loans and advances out of the money received through deposits. These advances can be made in the form of overdrafts, cash credits, discounting trade bills, term loans, consumer credits and other miscellaneous advances.</p> <p>c. Cheque facility : Collection of cheques is an important service provided by the bank to its customers. There are two types of cheques mainly (a) bearer cheques and (b) crossed cheques.</p> <p>d. Remittance of funds: Commercial banks provides the facility of fund transfer from one place to another, on account of the interconnectivity of branches.</p> <p>e. Allied services: It provides allied services such as bill payments, locker facilities, underwriting services. They also perform other services like buying and selling of shares and debentures of the companies.</p> <p>Memorandum of Association: It defines the objectives of the company. The Memorandum of Association contains different clauses, which are given as follows:</p> <p>(i) The name clause: This clause contains the name of the company.</p> <p>(ii) Registered office clause: This clause contains the name of the state, in which the registered office of the company is situated.</p> <p>(iii) Objects clause: It defines the purpose for which the company is formed.</p> <p>(iv) Liability clause: This clause limits the liability of the members.</p> <p>(v) Capital clause: This clause specifies the maximum capital which the company raise through the issue of shares.</p>	4x2 3 5	16
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