

UNOFFICIAL ANSWER KEY -FY- 3048

FIRST YEAR HIGHER SECONDARY

SECOND TERMINAL EXAMINATION , DECEMBER 2025

PART III

SUBJECT:BUSINESS STUDIES WITH FM

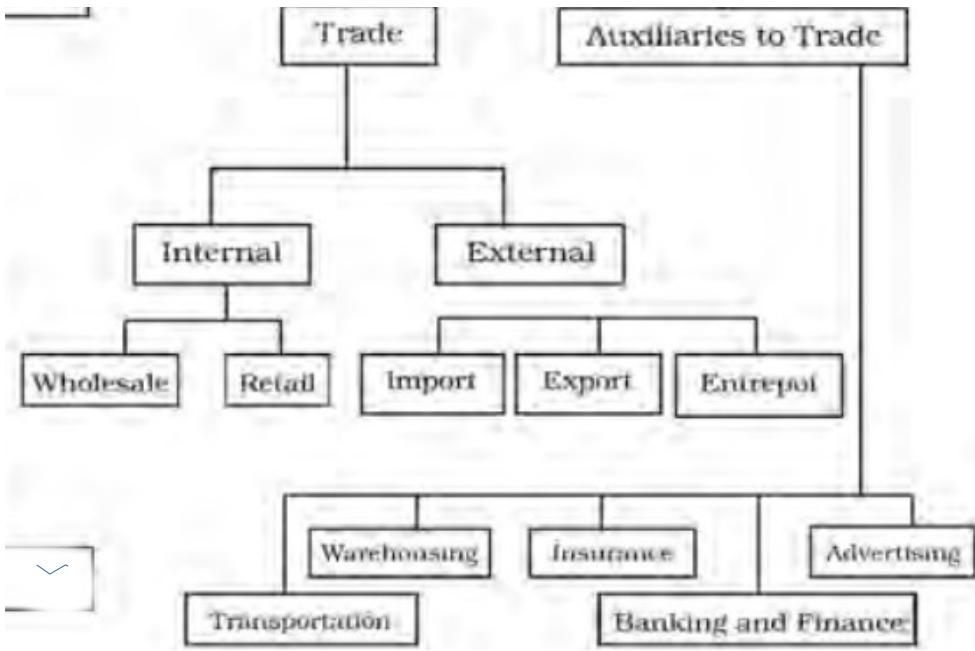
80 SCORES

Time : 2 1/2 Hours

Qn.	Sub Qn.	Answer Key / Value Point	Score	Total score
Answer any 8 questions from 1 to 10 . Each carries 1 score.(8x1=8)				
1		(c). Getting high return on capital by any means.	1	
2		Maruthi Company(Manufacturer) sells their product to Nexa Company (Retailer), or any other examples	1	
3		90 %.	1	
4		Promoter	1	
5		(b) Post office	1	
6		(d) Commercial papers.	1	
7.		(d) i,ii,iii, and iv.	1	
8.		(b) Indian Railway	1	
9		Retained Earnings / Ploughing back of profit / shares capital	1	
10		(a) Limited.	1	
Answer any 8 questions from 11 to 16 . Each carries 1 score.(5x2=10)				10
11		(i) It is an organisation created under the Companies Act, 2013 or any other previous Company Law. (ii) The company can file a suit in a court of law against any third party and be sued. (iii) The company can enter into a contract and can acquire property in its own name. (iv) The management of the company is regulated by the provisions of the Companies Act, like any other public limited company. (v) The employees of the company are appointed according to their own rules and regulations as contained in the Memorandum and Articles of Association of the company. (Any 2 points)	1 1	
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12	Cash-on Delivery (CoD),Cheque,Net-banking Transfer,Credit or Debit Cards ,Digital Cash , (Any 4 points)				
13.	Basis	Services	Goods		
	1.Nature	An activity or process.	A physical object.		
	2.Type	Heterogeneous	Homogenous		
	3.Intangibility	Intangible e.g., doctor treatment	Tangible e.g., medicine		
	4.Inconsistency	Different customers having different demands e.g., mobile services	Different customers getting standardised demands fulfilled. e.g., mobile phones		
	5.Inseparability	Simultaneous production and consumption.	Separation of production and consumption.		
	6.Inventory	Cannot be kept in stock. .	Can be kept in stock.		
	7.Involvement	Participation of customers at the time of service delivery.	Involvement at the time of delivery not possible.		
(Any 2 points)					
14.	It is an identification of business opportunities into real projects. The promoter undertake detailed feasibility studies to investigate all aspects of the business they intend to start. It consists of Technical feasibility, Financial feasibility, Economic feasibility.			2	12
15	a b	BPO- Business Process Outsourcing. VPN- Virtual Private Network.			1 1
16		Memorandum of Association ,Articles of Association ,Consent of Proposed Directors , Agreement , Statutory Declaration , Receipt of Payment of fee. (Any 4 points)			4x1/2
Answer any 5 questions from 17 to 22 . Each question carries 3 score.(5x3=15)					
17		(i) Statutory corporations are set up under an Act of Parliament and are governed by the provisions of the Act. (ii) This type of organisation is wholly owned by the state. (iii) A statutory corporation is a body corporate and can sue and be sued, enter into contract and acquire property in its own name. (iv) This type of enterprise is usually independently financed. (v) A statutory corporation is not subject to the same accounting and audit procedures applicable to government departments. (vi) The employees of these enterprises are not government or civil servants and are not governed by government rules and regulations. (Any 3 points)			1 1 1 18
18	(a)	Life insurance is a contract, in which the insurer in consideration of a certain premium, either in a lump sum or by other periodical payments, agrees to pay to the assured, or to the person for whose benefit the policy is taken, the assured sum of money, on the happening of a specified event contingent on the human life or at the expiry of certain period.(Meaningful answer)			1 1/2
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	(b)	Marine Insurance : It is a contract or an agreement whereby the insurer undertakes to indemnify the insured in the manner and to the extent thereby agreed against marine losses.	1 1/2	
19	(a) (b)	<p>Lease financing</p> <p>(i) It enables the lessee to acquire the asset with a lower investment.</p> <p>(ii) It is a simple documentation.</p> <p>(iii) Lease rentals paid by the lessee are deductible for computing taxable profits.</p> <p>(iv) It provides finance without diluting the ownership or control of business.</p> <p>(v) The lease agreement does not affect the debt raising capacity of an enterprise</p>	1 1 1	
20		<p>Business ethics refer to the socially determined moral principles which should govern business activities. Eg: charging fair prices from customers, using fair weights for measurement of commodities, giving fair treatment to workers and earning reasonable profits.</p> <p><u>Elements of business ethics</u></p> <p>(i) Top management commitment: It is a crucial role in guiding the entire organisation towards ethically upright behaviour.</p> <p>(ii) Publication of a 'Code': It defines the principles of conduct for the whole organisation in the form of written documents which is referred to as the "code".</p> <p>(iii) Establishment of compliance mechanisms: In order to ensure that actual decisions and actions comply with the firm's ethical standards, suitable mechanisms should be established.</p> <p>(iv) Involving employees at all levels: It is the employees at different levels who implement ethics policies to make ethical business a reality.</p> <p>(v) Measuring results.</p>	3	
21		<p>Equity shares.</p> <p>(i) Equity shares are suitable for investors who are willing to assume risk for higher returns.</p> <p>(ii) Payment of dividend to the equity shareholders is not compulsory.</p> <p>(iii) Equity capital serves as permanent capital.</p> <p>(iv) Equity capital provides credit worthiness to the company and confidence to prospective loan providers.</p> <p>(v) Funds can be raised through equity issue without creating any charge on the assets of the company.</p>	1 1 1	
22	(a) (b)	<p><u>Burden on consumers:</u></p> <p>It increases the cost of production. It is argued that social responsibilities like pollution control and environmental protection are very costly and require huge financial investments. In such a case businessmen fix high prices of their products.</p> <p style="text-align: center;">Or meaningful answer.</p> <p><u>Violation of profit maximisation objective:</u> According to this argument, business exists only for profit maximisation. Or meaningful answer.</p> <p>PRAKASH.P.N ,Govt.Girls HSS , Kayamkulam, 9447226258, 7012881563</p>	1 1/2 1 1/2	

	Answer any 4 questions from 23 to 27 . Each question carries 4 score.(4x4=16)			
23	<p>(a) Global enterprises are huge industrial organisations which extend their industrial and marketing operations through a network of their branches in several countries.</p> <p>(b) <u>Superior factors to other business organisations are</u> (i) Huge capital resources, (ii) Foreign collaboration, (iii) Advanced technology , (iv) Product innovation , (v) Marketing strategies , (vi) Expansion of market territory, (vii) Centralised control etc.</p>	2 2		
24	 <pre> graph TD Trade[Trade] --> Internal[Internal] Trade --> External[External] Internal --> Wholesale[Wholesale] Internal --> Retail[Retail] External --> Import[Import] External --> Export[Export] External --> Entrepot[Entrepot] Auxiliaries[Auxiliaries to Trade] --> Warehousing[Warehousing] Auxiliaries --> Insurance[Insurance] Auxiliaries --> Advertising[Advertising] Auxiliaries --> Transportation[Transportation] Auxiliaries --> Banking[Banking and Finance] </pre>	4 20		
25	<p><u>BUSINESS AND ENVIRONMENTAL PROTECTION</u></p> <p>(i) <u>Reduction of health hazards</u>: Pollution control measures can not only check the seriousness of diseases but can also be supportive of a healthy life on earth.</p> <p>(ii) <u>Reduced risk of liability</u>: Business organisation install pollution control devices in its premises to reduce the risk of liability.,</p> <p>(iii) <u>Cost savings</u>: It is needed to save costs of operating business.</p> <p>(iv) <u>Improved public image</u>: , and (v) Other social benefits.</p>	1 1 1 1		
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26	(a)	Partnership Deed.	1	
	(b)	Name of firm • Nature of business and location of business • Duration of business • Investment made by each partner • Distribution of profits and losses • Duties and obligations of the partners • Salaries and withdrawals of the partners • Terms governing admission, retirement and expulsion of a partner • Interest on capital and interest on drawings.		
27	(a)	<u>Indemnity</u> : The insurer undertakes to compensate the insured for the loss caused to him/her due to damage or destruction of property insured. The principle of indemnity is not applicable to life insurance.	1 1/2	
	(b)	<u>Mitigation</u> : It states that , the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property.		
Answer any 3 questions from 28 to 31. Each question carries 5 score. (3 x 5 =15)				
28		Basis	e-business	Traditional business
		1.Cost of setting up	Low	High
		2.Physical presence	Not Required	Required
		3.Inter personal touch	Less	Much more.
		4.Transaction risk	High	Low
		5.Formation	Simple	Difficult
29		Basis	Share	Debentures
		Meaning	Ownership security	Creditor ship security
		Voting rights	Voting rights	No voting rights
		Return	Dividend	Interest
		Rate of return	Not fixed	Fixed
		Security	Generally unsecured	Secured.
30		Part A	Part B	Part C
		Economic activities	Wealth creation	Earning for livelihood
		Non-economic activities	Psychological satisfaction	House wives
		Business	Commerce + Industry	Profit through customer satisfaction
		Profession	Expert service	Code of conduct
		Employment	Salary or wages	Service agreement
31.		(i) Low personal touch:; (ii) Incongruence between order taking/giving and order fulfilment., (iii) Need for technology capability and competence of parties to e-business:,(iv) Increased risk due to anonymity and non-traceability of parties:; (v) People resistance:; (vi) Ethical fallouts. (explain) PRAKASH.P.N ,Govt.Girls HSS , Kayamkulam, 9447226258, 7012881563		

	Answer any 2 questions from 32 to 34. Each question carries 8 score. (2 x 8 =16)	
32	<p>(i) Cost and ease in setting up the organisation: sole proprietorship is the most inexpensive way of starting a business. In case of partnership , the advantage of less legal formalities and lower cost is there because of limited scale of operations. Cooperative societies and companies have to be compulsorily registered. Formation of a company involves a lengthy and expensive legal procedure.</p> <p>(ii) Liability: In case of sole proprietorship and partnership firms, the liability of the owners/partners is unlimited. In joint Hindu family business, only the karta has unlimited liability. In cooperative societies and companies liability is limited.</p> <p>(iii) Continuity: The continuity of sole proprietorship and partnership firms is affected by such events as death, insolvency or insanity of the owners. In case of joint Hindu family business, cooperative societies and companies are not affected by it.</p> <p>(iv) Management ability: A sole proprietor may find it difficult to have expertise in all functional areas of management. In other forms of organisations like partnership and company, there is no such problem.</p> <p>(v) Capital considerations: In case of Company , it requires huge amount of capital. In case of partnership firms have the advantage of combined resources of all partners. But the resources of a sole proprietor are limited.</p> <p>(vi) Degree of control: If direct control over operations and absolute decision making power is required, proprietorship may be preferred. (vii) Nature of business: If direct personal contact is needed with the customers such as in the case of a grocery store, proprietorship may be more suitable.</p>	8
33	<p>(i) Acceptance of deposits: Deposits are the basis of the loan operations since banks are both borrowers and lenders of money. These deposits are generally taken through current account, savings account and fixed deposits.</p> <p>(ii) Lending of funds : Commercial banks 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>(iii) Cheque facility: Banks render service to their customers by collecting their cheques drawn on other banks. The cheque is the most developed credit instrument, a unique feature and function of banks for the withdrawal of deposits. It is the most convenient and an inexpensive medium of exchange. There are two types of cheques mainly (a) bearer cheques and (b) crossed cheques.</p>	8

	<p>(iv) <u>Remittance of funds</u>: The banks provide the facility of fund transfer from one place to another, on account of the interconnectivity of branches. The transfer of funds is administered by using bank drafts, pay orders or mail transfers, on nominal commission charges.</p> <p>(v) <u>Allied services</u>: Banks provides allied services like bill payments, locker facilities, underwriting services. They also perform other services like buying and selling of shares and debentures on instructions and other personal services like payment of insurance premium, collection of dividend etc.</p>	
34	<p>Merits:</p> <p>(i) <u>Equality in voting status</u>: The principle of 'one man one vote' governs the cooperative society. It facilitates equality.</p> <p>(ii) <u>Limited liability</u>: The liability of members of a cooperative society is limited to the extent of their capital contribution.</p> <p>(iii) <u>Stable existence</u>: Death, bankruptcy or insanity of the members do not affect continuity of a cooperative society.</p> <p>(iv) <u>Economy in operations</u>: The members generally offer honorary services to the society.</p> <p>(v) <u>Support from government</u>: The cooperative society exemplifies the idea of democracy and hence finds support from the Government in the form of low taxes, subsidies, and low interest rates on loans. (Any 4 points)</p> <p>Demerits :</p> <p>(i) <u>Limited resources</u>: Resources of a cooperative society consists of capital contributions of the members with limited means.</p> <p>(ii) <u>Inefficiency in management</u>: Cooperative societies are unable to attract and employ expert managers because of their inability to pay them high salaries.</p> <p>(iii) <u>Lack of secrecy</u>: It is difficult to maintain secrecy about the operations of a cooperative society.</p> <p>(iv) <u>Government control</u>: In return of the privileges offered by the government, cooperative societies have to comply with several rules and regulations related to auditing of accounts, submission of accounts, etc.</p> <p>(v) <u>Differences of opinion</u>: Internal quarrels arising as a result of contrary viewpoints may lead to difficulties in decision making. (Any 4 points)</p>	8