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Code Number



INDIAN SCHOOL MUSCAT  
SECOND PRELIMINARY EXAMINATION  
SUBJECT: ELEMENTS OF BUSINESS

MARKING SCHEME

CLASS: X

Sub. Code: (154)

Time Allotted: 3 Hrs

Date :

Max. Marks: 100

**General Instructions:**

1. All questions are compulsory.
2. Questions from serial no. 1 to 16 are multiple choice questions, carrying 1 mark each. These are to be answered by writing the correct option in your answer sheet.
3. Answers to questions from serial no.17 to 20 carrying 3 marks each may be of 50 to 70 words each.
4. Answers to question no 21 to 28 carrying 4 marks each may be of about 150 words.
5. Answers to questions 29 to 36 carrying 5 marks each may be of about 200 words.
6. Attempt all parts of a question together.

- 1 **Technologies used in this method of communication are monitor screen, camera, microphone, codec, internet connectivity.** 1  
a)fax b)written communication  
c)videoconferencing d)e-mail  
Ans : c)videoconferencing
- 2 \_\_\_\_\_are considered as a cushion of security. 1  
a) Equity b) Debentures  
c) Retained Earnings d) Trade Credit  
Ans : c) Retained Earnings
- 3 **Exchange of information between sender and receiver is known as:** 1  
a) Directing b) Controlling  
c) Organising d) Communication  
Ans : d) Communication
- 4 **Centralised control in MNC's implies control exercised by** 1  
a) Headquarters b) Government  
c) Branches d) Subsidiaries  
Ans : a) Headquarters
- 5 **Document used by a vendor to inform the buyer of current debt obligation** 1  
a) Debit note b) Credit note  
c) Quotation d) Accounts Payable  
Ans : a) Debit note
- 6 **Deposits raised directly by organization from the public.** 1  
a)Debentures b)Shares  
c)Trade Credit d)Public Deposits



Ans : c) common seal

- 17 **Equity share capital is a permanent source of finance. Explain** 3  
Ans : Equity share capital is known as a permanent source of finance as there is no fixed commitment to return the money during the lifetime of company. It is to be repaid only at the time of liquidation of a company.
- 18 **Briefly explain Television as a media of advertising.** 3  
Ans : This is also known as cinema advertising. This also provides sight and hearing facilities like television. Short advertisement films are prepared by big business houses which are sent to different cinema houses or telecast on TV to be shown to the audience before the regular shows or during the intermission. It has more repetitive value but not to the same viewers. Its coverage is limited which benefits the local population only.
- 19 **Discuss three features of Departmental Stores.** 3  
Ans : (a) A modern departmental store may provide all facilities such as restaurant, travel and information bureau, telephone booth, restrooms, etc.  
  
(b) These stores are generally located at a central place in the heart of a city, which caters to a large number of customers.  
  
(c) As the size of these stores is very large, they are generally formed as a joint stock company managed by a board of directors. There is a managing director assisted by a general manager and several department managers;  
  
(d) A departmental store combines both the functions of retailing as well as warehousing. They purchase directly from manufacturers and operate separate warehouses. That way they help in eliminating undesirable middlemen between the producers and the customers; and  
  
(e) They have centralised purchasing arrangements. All the purchases in a department store are made centrally by the purchase department of the store, whereas sales are decentralised in different departments.
- 20 **‘Multinational Corporation creates employment in the host country’. Do you agree with the given statement? Give valid reasons in support of your answer.** 3  
Ans : Yes, Multinational corporation creates employment in host countries.  
Multinational corporation creates employment in host countries as employees are recruited locally which helps in removing unemployment and raising standard of living of people in host county.
- 21 **Define Sales. Discuss the two types of sales.** 4  
Ans : Sales :The exchange of a commodity for money; the action of selling something is termed as sale.  
Cash Sales:If the sale is for cash, it occurs when the goods or services are given in exchange for an immediate payment whether in term of notes, coins, cheque or credit card  
Credit Sales:If the sale is on credit, the business will issue sales invoices for the goods or services supplied showing details of the goods or services supplied, the amount of money owed by the customer and the TERMS OF PAYMENT eg: payment requested within seven days or within 30 days,etc).
- 22 **Explain the preferential rights enjoyed by Preference Shareholders over Equity Shareholders.** 4

Ans : 1. Preference at the time of payment of dividend:- receiving a fixed rate of dividend, out of the net profits of the company, before any dividend is declared for equity shareholders;  
 2. Preference in the repayment of capital:- Preference shareholders have a preferential right of repayment over equity shareholders in the event of liquidation of a company;

23 **Define Advertising. State any three difference between Advertising and Personal selling.** 4

Ans : : The differences between advertising and selling are

	Basis	Advertising	Personal Selling
1	Type of Technique	Impersonal form of selling technique	Personal form of selling technique
2	Meaning	The way of capturing public through paid messages or information which helps promote or sell a product, service or brand.	Is a personal form of communication where direct face to face conversation takes place between buyer and seller for the purpose of exchanging goods.
3	Reach	Has a wide reach	Limited reach as its face to face or one to one conversation
4	Media Used	TV, Radio, Magazines & Newspapers, Boards	Done by the sales person

24 **‘No business organisation can imagine communication activities without telephone in the modern times’. Elaborate the given statement in the light of the present day communication methodologies.** 4

Ans :Telephone (both basic and mobile) have become the lifeline of the modern day communication process. Each and every organisation depends on telephone for their daily routine business activities .Today most of the transactions in many organisations are undertaken telephonically. Another dimension to it is added by smart phones which can be used for email etc.

25 **State the steps involved in selling procedure.** 4

Ans : Steps involved in selling procedure:-

- a) Enquiry from intending buyer
- b) Providing Quotation to the intending buyer
- c) Receipt of order from the buyer
- d) Execution of order and Invoicing
- e) Opening customer’s account
- f) Dispatch of goods
- g) Delivery of goods to the buyer
- h) Receipt of payment and settlements of accounts.

26 **Discuss the role of sender and receiver in the communication process under a business organisation.** 4

Ans :Role of sender and receiver in communication process: Sender: Sender plays a very important role in communication process. Sender is the person who has an idea, or message to

communicate. Receiver: The person who receives message of the sender is known as receiver.

27 **Define Business Communication. Explain the two main types of communication.** 4

Ans : Business communication refers to how information is shared between employees at a company for the commercial benefit of that organization. It can also refer to the way a business communicates with its consumers by advertising and sharing information about its services or products.

There are two main types of business communication:-

(i)The first kind is **oral communication**, in which information is exchanged verbally. Companies used to handle oral communication through face-to-face interaction and telephone. With modern technology, computers make it possible for employees to orally share information on computers via webcam.

(ii)The second form is known as **written communication**, which used to be limited to paper communication. Technology has changed written communication to include text messages and emails.

28 **State any four features of a multinational corporation.** 4

Ans : Following are the main features of Multinational corporation: (any four)

- a) Huge capital resources
- b) Foreign collaboration
- c) Advanced technology
- d) Product innovation
- e) Marketing strategies
- f) Expansion of market territory

29 **Distinguish between public and private company on the basis of the following:** 5

- a. Number of members
- b. Prospectus
- c. Number of directors
- d. Transfer of shares
- e. Minimum paid up capital

Ans Difference between public and private company on the basis of the following.

Basis of difference	Public company	Private company
a) Number of members	Minimum number of member required to form a public company is seven and no limit on maximum members.	Minimum number of persons required to form a private company is two members Maximum fifty members
b) Prospectus	Compulsory to issue a prospectus.	Not necessary to issue prospectus.
c) Number of directors	Minimum three directors.	Minimum two directors
d) Transfer of shares	Freely transferable	Prior permission is required for transfer of shares.
e) Minimum paid up	Minimum paid up capital must be Five lakhs	Minimum paid capital must be One lakh

capital		
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30 **Explain any two sources of owner’s fund that can be used for raising finance by a business organisation.** 5

Ans : Two Sources of owner’s fund that can be used for raising finance by business: a) Equity shares: Equity shares is the most important source of raising long term capital by a company. Equity shares represent the ownership of a company and thus the capital raised by issue of such shares is known as ownership capital or owner’s funds. Equity shareholders do not get a fixed dividend but are paid on the basis of earnings by the company. They are referred to as ‘residual owners’ since they receive what is left after all other claims on the company’s income and assets have been settled. They enjoy the reward as well as bear the risk of ownership. Their liability, however, is limited to the extent of capital contributed by them in the company. Further, through their right to vote, these shareholders have a right to participate in the management of the company.

b) Retained earnings: A company generally does not distribute all its earnings amongst the shareholders as dividends. A portion of the net earnings may be retained in the business for use in the future. This is known as retained earnings. It is a source of internal financing or self financing or ‘ploughing back of profits’. The profit available for ploughing back in an organisation depends on many factors like net profits, dividend policy and age of the organisation.

31 **Online Shopping is a new and innovative way of direct retailing. In the light of given statement define and state the features of Online Shopping.** 5

Ans : Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser.

Features of Online Shopping

(i) A typical online store enables the customer to browse the firm's range of products and services, view photos or images of the products, along with information about the product specifications, features and prices.

(ii) Online stores typically enable shoppers to use "search" features to find specific models, brands or items.

(iii) Online customers must have access to the Internet and a valid method of payment in order to complete a transaction, such as a credit card, an Interac -enabled debit card, or a service such as PayPal.

(iv) For physical products (e.g., paperback books or clothes), the e-tailer ships the products to the customer; for digital products, such as digital audio files of songs or software, the e-tailer typically sends the file to the customer over the Internet.

The largest of these online retailing corporations are Alibaba, Amazon.com and eBay.

32 **Differentiate between Letter and E-mail.** 5

Ans : Difference between Letter and E-mail.

(i)Formality - The rigid format of business letters, which are normally sent on letterhead or high grade paper, automatically makes them more formal than business emails.

(ii)Writing Style - Because some communications, such as those concerning legal matters, are more appropriate for business letters than they are for business emails, a greater range of formal-to-informal rhetorical styles applies to business letters than business emails.

(iii)Purpose - A wider range of topics and document types are more appropriate for business letters than business emails.

(iv)Destination - You always direct business letters to an audience external to the organization. Hardcopy communications sent within an organization are called memorandums or memos. You can send business emails to people within the same organization, to people in a separate organization, to an individual or to any combination thereof.

(v)Security and Privacy - Distribution of business letters to secondary parties tends to involve a limited number of recipients. Business email distribution, on the other hand, often involves many recipients; unless the “bcc” function is used, all recipients can see each others’ email contact information, which can create security and privacy concerns.

33 **Define Purchase. Discuss the types of purchase.**

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Ans : Purchase: The action of buying something.Purchases for cash:If the goods are paid for immediately namely in cash the purchase occurs when the goods and cash exchange hand

Purchases on credit:If the goods are bought on credit, the purchase normally occurs when the business receives the goods and invoice from the supplier.

Hire purchase (HP) is a type of borrowing. It is different from other types of borrowing because you don't own the goods until you have paid in full. Under an HP agreement, you hire the goods and then pay an agreed amount by installments.

An Instalment usually refers to either: A sum of money paid in small parts in a fixed period of time. A single payment within a staged payment plan of a loan or a hire purchase (installment plan).

34 **Discuss briefly the following :**

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**a)Quotation**

**b)Delivery Note**

Ans : (a)Quotation : A quotation allows a prospective buyer to see what costs would be involved for the work they would like to have done. Many businesses provide services that cannot have an upfront price, as the costs involved can vary.

(b)Delivery Note - A document accompanying a shipment of goods that lists the description, and quantity of the goods delivered. A copy of the delivery note, signed by the buyer or consignee, is returned to the seller or consignor as a proof of delivery.

35 **Discuss briefly the following techniques of sales promotion, with suitable examples:**

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**a) Rebate   b) Discount   c) Refund   d)Product Combination   e) Instant Draw & Assigned**

**Gift**

Ans : (a)Rebate: It is a technique of sales promotion in which products are offered at special prices in order to clear excess stock.

Example: Pre-GST sale offer of ₹ 4000 off on Air Conditioner.

(b) Discount: It is a technique of sales promotion in which products are offered at a price which is less than list price.

Example: Levi's offer a discount of 40% on jeans.

(c)Refund: It is a technique of sales promotion in which part of price paid by customer is refunded with some proof of purchase.

Example: On return of wrapper of 5 star, get refund of 2.

(d)Product Combination - Under this method, along with the main product some other product is offered to the customer as a gift.

e) Instant Draw & Assigned Gift - Under this method, a customer is asked to scratch a card on the purchase of a product and the name of the product is inscribed thereupon which is immediately offered to the customer as a gift. For example, on buying a car when the card is scratched such gifts are offered – TV, Refrigerator, Computer, Mixer, Dinner Set, Wristwatch, T-shirt, Iron Press, etc.

36 **Give any five point of distinction between Departmental and Chain Stores.**

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Ans : The differences between Departmental and Chain Stores are :

Basis	Departmental Stores	Chain Stores
Wide Range	Departmental stores offer wide range of products for satisfying the need of different customer.	Chain stores do not offer wide range of products. They are specialised In one line of product
Location	Departmental stores are centrally located.	Chain stores are located in different localities.
Risk	High degree of risk	Risk gets spread all over the stores
Pricing	Not uniform	Uniform pricing
Services	Departmental stores provide large number of services such as credit	Chain stores do not provide such services to their customers.

**End of the Question Paper**