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**SET A**



**INDIAN SCHOOL MUSCAT  
FIRST PERIODIC TEST  
BUSINESS STUDIES (054)**

**CLASS: XI**

**Max. Marks: 20**

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
A	1	b) Employment	1
A	2	Secret Partner	1
A	3	<p>A person who is not a partner in a firm but through his/her words or conduct or behaviour represents him/her as a partner is called partner by estoppel.</p> <p><b>Example:</b> Lakshmi is not a partner but she tells Shyam that she is a partner in a firm called Gurpreet Enterprises. On this impression Shyam sells goods worth Rs.40, 000 to Gurpreet Enterprises. Later on the firm fails to pay the amount. Shyam can recover the amount from the lakshmi. Here she is a partner by estoppel.</p>	1+1
A	4	<p>Earning profit is considered to be an essential objective of every business because of the following reasons:</p> <p>a) It is a source of livelihood for the businessmen.</p> <p>b) It is an important source of finance for meeting expansion needs of business.</p> <p>Any two</p>	1+1
A	5	<p>The various objectives of businesses being discussed in the above paragraph are as follows:</p> <p>a) <b>Market standing:</b> Every business should strive to create and maintain a reputable market position with regard to its competitors. In order to achieve a stronger market standing a business needs to focus on enhancing customer's satisfaction.</p> <p>b) <b>Innovation:</b> In order to obtain an edge over its competitors and boost its public image every business needs to constantly review and revise its</p>	

		products and process in terms of creating better technology and utility. c) <b>Productivity:</b> The ratio of values of input to values of outputs reflects a productivity of activities. Every business seeks to achieve a higher level of productivity by increasing its efficiency. (all three with expln)	1+1+1
A	6	a) Ved will be considered as a nominal partner. A nominal partner is the one who allows the use of his name by a firm. He neither contributes to its capital nor does he take active part in managing the firm. He also does not share the profit or losses. b) Ved will have to assume unlimited liability like other partners to the third parties for repayment of the firm's debts.	1½+1½
A	7	A sole proprietorship form of business is the one which is owned, managed and controlled by one person. ( 1mark) <b>Demerits:</b> <b>(1) Limited Resources</b> <ul style="list-style-type: none"> <li>Resources of a sole proprietor are limited to his savings and borrowings from the relatives.</li> <li>Banks also hesitate or deny giving the long term loans or extend the limit of long term loans due to the weak financial position of the business.</li> </ul> <b>(2) Life of a Business Concern</b> <ul style="list-style-type: none"> <li>The owner and its business is the same entity and due to lack of successor or heir, the life of the business is limited.</li> <li>Due to death, insolvency, illness of a proprietor gives a detrimental impact on the business which results in closure of the business.</li> </ul> <b>(3) Unlimited Liability</b> <ul style="list-style-type: none"> <li>The major demerit of a sole proprietorship is that the owner has unlimited liability.</li> <li>If the sole owner becomes fails to pay the debts, due to the failure of a business, the creditors would not only claim from business assets but also from his personal estate. ( 1 mark each)</li> </ul>	1+1+1+1
A	8	<b>(a) Manufacturing Industries:</b> These industries are engaged in producing goods for intermediate or final consumption through processing of raw materials and thus creating form utilities. Manufacturing industries may be	

	<p>further divided into four categories on the basis of method of operation for production. ( any three)</p> <p><b>Analytical Industry:</b> Which analyses and separates different elements from the same materials?</p> <p><b>Synthetical Industry:</b> Which combines various ingredients into a new product?</p> <p><b>Processing Industry:</b> Which involves successive stages for manufacturing finished products?</p> <p><b>Assembling Industry:</b> Which assembles different component parts to make a new product?</p> <p><b>Construction Industries:</b> These industries are involved in the construction of buildings, dams, bridges, roads, tunnels and canals. Engineering and architectural skills play an important role in construction industries. These industries are important for infrastructure development. ( 1mark)</p>	3+1
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