



INDIAN SCHOOL MUSCAT FIRST TERM EXAMINATION



BUSINESS STUDIES

SET B

CLASS: XI

Sub. Code: 054

Time Allotted: 3 Hrs

18.09.2018

Max. Marks: 90

EXPECTED VALUE POINTS AND SCHEME OF EVALUATION

Q.NO.	Answers	Marks (with split up)
1	Farming/ Mining/ Lumbering/ Hunting/ Fishing (Any one)	1
2	Partnership is the relation between persons who have agreed to share the profit of the business carried on by all or any one of them acting for all.	1
3	Railways/ Post and telegraph (Any one)	1
4	Because the life of a human being cannot be compensated and only a specified amount is paid.	1
5	Business risk refers to the possibility of inadequate profits or losses due to uncertainties.	1
6	One person company means a company which has only one person as a member.	1
7	Majority Owned Foreign Affiliates	1
8	Fixed deposit account is an account in which an amount is deposited for a fixed period of time for a higher rate of interest than savings bank account.	1
9	(1) Quick decision making : Freedom in taking decisions (2) Confidentiality of information: All information can be kept secret (3) Direct incentive: Profit should not be shared with anyone (4) Sense of accomplishment: The owner alone is responsible for the success of business. (5) Ease of formation and closure: Minimum legal formalities for sole proprietorship.	3
10	(Any three points. ½ for point and ½ for explanation) (1) An economic activity: It is done with the objective of making money (2) Production or procurement of goods and services: The goods are either produced or bought. (3) Sale or exchange of goods and services: Business involves in the transfer of goods or services for value. (4) Regular dealings in goods and services: Business involves dealings in goods and services on a regular basis. (5) Profit earning: The aim of starting business should be to make profit. (6) Uncertainty of return: It means the lack of knowledge relating to the amount of money with the objective of earning profits. (7) Element of risk: Risk is the uncertainty related with an exposure to loss.	3
	(Any three points. ½ for point and ½ for explanation)	

- 11 (1) Formation: There should be at least 2 members in the family and ancestral property to be inherited by them. 3
 (2) Liability: The liability of all members except the Karta is limited to their share of co-parcenary property of business. Karta has unlimited liability.
 (3) Control: The control of the family business lies with Karta.
 (4) Continuity: The business continues even after the death of the Karta as the next eldest member takes up the position of Karta, leaving the business stable.
 (5) Minor members: The inclusion of an individual into the business occurs due to birth in a Hindu Undivided Family.
 (Any three points. ½ for point and ½ for explanation)
- 12 (1) The funding of the enterprise is from Government as an appropriation from the Government budget. 3
 (2) They are subject to Government accounting and auditing.
 (3) The employees are Government servants who are headed by IAS officers.
 (4) It is generally a sub division of the Government department and under the direct control of the ministry.
 (5) They are accountable to the ministry.
 (Any three points. ½ for point and ½ for explanation)
- 13 The consequences of non-registration of a firm are: 3
 (1) A partner of an unregistered firm cannot file a suit against the firm or other partners.
 (2) The firm cannot file a suit against third parties and
 (3) The firm cannot file a case against the partners.
- 14 (a) Life insurance policy: Insurable interest should be present at the time of taking the policy. 3
 (b) Fire insurance policy: It must be present both at the time of taking the policy and at the time of happening of loss.
 (c) Marine insurance policy: It must be present at the time of happening of loss.
- 15 (1) Limited resources: Resources of cooperative society consists of capital contributions of the members with limited means. 3
 (2) Inefficiency of management: They are unable to attract and employ expert managers because of their inability to pay them high salaries.
 (3) Lack of secrecy: It is difficult to maintain secrecy about the operations of a cooperative society.
 (4) Government control: The Government interference in the functioning of cooperative societies affects its freedom of operation.
 (5) Differences of opinion: The differences among the members due to contrary viewpoints may lead to difficulties in decision making.
 (Any three points. ½ for point and ½ for explanation)
- 16 (1) Transport and communication: Transportation provides place utility and communication helps in exchanging information. 4
 (2) Banking and finance: Banking helps the business to overcome the problem of finance.
 (3) Insurance: Insurance helps to cover the risk and minimize the loss due to risk.
 (4) Warehousing: Warehousing helps to overcome the problem of storage

- and provides time utility.
- (5) Advertising: It is the method of promoting the sale of products.
(Any four points. ½ for point and ½ for explanation)
- 17 (1) A separate Act is not required to be passed in the Parliament. 4
(2) It has a separate legal entity, apart from the Government.
(3) It enjoys autonomy in all management decisions and takes actions according to business prudence.
(4) By providing goods and services at reasonable price, it is able to control the unhealthy business practices.
- (½ for point and ½ for explanation)
- 18 (1) E-banking provides 24 hours, 365 days a year services to the customers of the bank. 4
(2) Customers can make some of the permitted transactions from office or house or while travelling via mobile telephone.
(3) It inculcates a sense of financial discipline by recording each and every transaction.
(4) Greater customer satisfaction by offering unlimited access to the bank.
- 19 Public Co. Pvt. 5
Co.
(1) Members: Minimum -7
Minimum - 2 Maximum- unlimited
Maximum - 200
(2) Minimum no. of directors - 3 2
(3) Minimum paid up capital- 5 lakhs 1 lakhs
(4) Index of members - Compulsory Not compulsory
(5) Transfer of shares – No restriction Restriction on transfer
(6) Invitation to public to subscribe shares – Can invite Cannot invite the public
- (Any five points. ½ for point and ½ for explanation)
- 20 (1) Whole life policy: The sum assured is payable to the beneficiaries or heir of the deceased only after the death of the assured. 5
(2) Endowment life assurance policy: The insurer undertakes to pay a specified sum when the insured attains a particular age or on his death whichever is earlier.
(3) Joint life policy: This policy is taken up by two or more persons and the sum assured is payable upon the death of any one person to the other survivor or survivors.
(4) Annual life policy: The sum assured is payable after the assured attains a certain age in monthly, quarterly, half yearly or annual instalments. This is useful to those who prefer a regular income after a certain age.
(5) Children's endowment policy: This policy is taken by a person for his children to meet the expenses of their education or marriage.
- (½ for point and ½ for explanation)

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- (1) Huge capital resources: It has the ability to raise funds from different sources.
 - (2) Foreign collaboration: These companies may collaborate with companies in public and private sector.
 - (3) Advanced technology: They possess technological superiorities in their methods of production.
 - (4) Product innovation: They have research and development departments engaged in the task of developing new products and superior designs of existing products.
 - (5) Marketing strategies: Their marketing strategies are more effective than other companies.
 - (6) Expansion of market territory: Their international image builds up and their market territory expands enabling them to become international brands.
 - (7) Centralised control: They have their headquarters in their home country and exercise control over all branches and subsidiaries.
- (Any five points. ½ for point and ½ for explanation)
- 22
- (1) Identification of business opportunity: It is related with identifying a potential business idea.
 - (2) Feasibility study: The promoter must undertake detailed feasibility studies to investigate all aspects of the business they intend to start.
 - (3) Name approval: The promoter has to select a name for the proposed company and submit it to the registrar of the companies of the state in which the registered office of the company is situated.
 - (4) Fixing up the signatories to the Memorandum of Association: Promoters have to decide about the members who will be signing the Memorandum of Association of the proposed company.
 - (5) Appointment of professionals: Certain professionals such as mercantile bankers, auditors etc. are appointed by the promoters to assist them in the preparation of necessary documents which are required to be with the Registrar of companies.
 - (6) Preparation of necessary documents: The promoter take up steps to prepare certain legal documents which have to be submitted under the law, to the Registrar of Companies for getting the company registered.
- (Any five points. ½ for point and ½ for explanation)
- 23
- Objectives are needed in every area where performance and results affect the survival and prosperity of business. – 1 mark
- (1) Market standing: It refers to the position of an enterprise in relation to its competitors.
 - (2) Innovation: It is the introduction of new ideas or methods in the way something is done or made.
 - (3) Productivity: It is ascertained by comparing the value of output with the value of inputs. It is used as a measure of efficiency.
 - (4) Physical and financial resources: The business must aim at acquiring the resources according to their requirements and use them efficiently.
 - (5) Earning profits: One of the objectives of business is to earn profits on the capital employed.
 - (6) Manager performance and development: Business need managers to

conduct and coordinate business activity.

(7) Worker performance and attitude: Worker's performance and attitudes determine their contribution towards productivity and profitability of any enterprise.

(8) Social responsibility: It refers to the obligation of the business firms to contribute resources for solving social problems and work in a socially desirable manner.

(Any four points. ½ for point and ½ for explanation)- 4 marks

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Basic	Business	Profession
1 Mode of establishment	Entrepreneurs decision and other legal formalities	Membership of a professional body and certificate of practice
2 Nature of work	Provision of goods and services to the public	Rendering of personalized, expert services
3 Qualification	No minimum qualification is necessary	Qualification, expertise and training in a specified field as prescribed by professional body
4 Reward	Profit earned	Professional fee
5 Capital investment	As per the size and nature of business	Limited capital required for establishment
6 Risk	High risk	Low risk
7 Transfer of interest	Possible	Not possible
8 Code of conduct	No code of conduct	Professional code of conduct to be followed

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(Any six points. ½ for each point)

25

- (1) Cost and ease in setting up the business: Sole proprietorship require less capital and it is easy to form. Company formation involves lengthy procedures and it is expensive.
- (2) Liability: Sole proprietorship and partnership firm are having unlimited liability whereas company has limited liability.
- (3) Continuity: Sole proprietorship and partnership have uncertain life but a company perpetual succession.
- (4) Management ability: Sole proprietorship may find it difficult to have expertise but partnership and company may not face such problem
- (5) Capital consideration: Company can raise more capital than sole proprietorship and partnership firms.
- (6) Degree of control: If full and direct control over business is required, sole proprietorship is the best. But if the owners don't mind in sharing their power with other partnership or company can be adopted.
- (7) Nature of business: If direct personal contact is required with customers, proprietorship is the best otherwise company can be selected.

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(Any six points. ½ for point and ½ for explanation)

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Joint venture – 1 mark

- (1) Increased resources and capacity: Joining hands with another business

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adds to existing resources and capacity enabling the joint venture to grow and expand more quickly and efficiently.

- (2) Access to new markets and distribution networks: When a business enters into a joint venture with a partner from another country, it opens up a vast growing market.
- (3) Access to technology: Advanced techniques of production leading to superior quality products saves a lot of time, energy and investment as they do not have to develop their own technology.
- (4) Innovation: Joint venture allow business to come up with something new and creative for the same market.
- (5) Low cost of production: The business can produce quality products for their global requirements at low cost.
- (6) Established brand name: When two business join together, one of the parties benefits from other's goodwill which has already been established in the market.

(Any five points. ½ for point and ½ for explanation) – 5 marks

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- (1) Utmost good faith: Both the insurer and insured must disclose all the important facts about the policy and the subject matter.
- (2) Insurable interest: Insured must have some pecuniary interest in the subject matter of the insurance contract.
- (3) Indemnity: The insurer undertakes to put the insured, in the event of loss, in the same position that he occupied immediately before the happening of the event insured against.
- (4) Proximate cause: Insurance policy is to provide compensation only for such losses as are caused by the perils which are stated in the policy.
- (5) Subrogation: It refers to the right of the insurer to stand in the place of the insured, after settlement of a claim, as far as the right of the insured in respect of recovery from an alternative source is involved.
- (6) Contribution: It is the right of the insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for loss of payment.
- (7) Mitigation: It is the duty of the insured to take reasonable steps to minimize the loss or damage to insured property.

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(Any five points. ½ for point and ½ for explanation)
