

INDIAN SCHOOL MUSCAT
FIRST PRE-BOARD EXAMINATION
FEBRUARY 2021
CLASS X

SET A

Marking Scheme – ELEMENTS OF BUSINESS

Q.NO.	Answers	Marks (with split up)
1.	Share Capital	1
2.	Generated within the business	1
3.	Working capital requirements	1
4.	Retained earnings	1
5.	Channel	1
6.	Verbal communication	1
7.	Transmission of ideas / Informal communication	1
8.	Sales Promotion/ Personal Selling	1
9.	Personal selling and salesmanship / Product combination	1
10.	Teleshopping	1
11.	Non-store retailing	1
12.	Multiple shops	1
13.	a seller to the buyer	1
14.	Quotation	1
15.	Hire purchase	1
16.	Equity shares	1
17.	<p>Features of Online Shopping</p> <p>(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.</p> <p>(ii) Online stores typically enable shoppers to use "search" features to find specific models, brands or items.</p> <p>(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.</p> <p>(iv) For physical products (e.g., paperback books or clothes), the e-retailer ships the products to the customer; for digital products, such as digital audio files of songs or software, the e-retailer typically sends the file to the customer over the Internet.</p> <p>The largest of these online retailing corporations are Alibaba, Amazon.com, and eBay</p>	3

18.	<p>Debit note: Debit note is a commercial document issued by the buyer to a seller as an invoice in order to adjust the amount. Debit note is a document used by a vendor to inform buyer about their current debt obligation.</p> <p>Credit Note: Credit note is a document that informs the buyer that his/her account has been credited with the particular amount.</p> <p style="text-align: center;">OR</p> <p>(ii)Cheques act as an instruction to a bank or building society to take money from your account to put into the account of the person who receives and pays in the cheque (the payee).Cheques can be useful for paying larger sums of money that you're unlikely to keep in cash. They may be used to pay businesses or trades people who don't necessarily have the equipment to take cards. Only a small proportion of online retailers accept cheques as a method of payment.</p> <p>(iii)Debit Cards : Most banks issue plastic debit cards to their current account customers. Debit cards can be used to buy goods and services and withdraw cash from your bank account. They are also a convenient way to pay for goods and services over the internet, by telephone or by mail order. Debit cards allow you to get cash-back from certain shops.</p> <p>(iv) Credit Card: Credit card is a way to buy goods and services now and pay later. A customer can spend up to an agreed credit limit and repay it, usually once a month on a particular payment date. If a customer doesn't pay back the full balance outstanding each month, interest is charged on the remaining money.</p>	3
19.	<p>Importance or benefits of personal selling:</p> <p>1. Two-Way Communication: It is the best tool for two-way communication. Salesman can provide necessary information to customer about company's offer, and also can collect information from customer. Customer can actively involve with salesman to solve his doubts and objections. It is not possible in any other methods of market promotion.</p> <p>2. Personal Attention: Advertising and publicity are among mass communication tools. They do not cater individual needs. Personal selling focuses on personal problems of customers. It is comparatively more effective and result-oriented.</p>	3

	<p>3. Detail Demonstration: Except television advertisements, demonstration is not possible. However, television demonstration is much limited. Salesman can provide a detail demonstration and can supervise when customer is making the actual use of products. For technical products, it has more relevance.</p> <p>4. Immediate Feedback: This is the only market promotion technique that provides an immediate feedback. At the end of every call/visit, a salesman can easily judge whether the customer is interested or indented to buy.</p> <p>5. Individual Services: Salesmanship offers individual services. It can meet personal expectations of buyers. It leads to customer satisfaction.</p>	
20.	<p>Advantages of telephone</p> <ol style="list-style-type: none"> 1. You get immediate feedback to things you say 2. Calls can be made 24 hours a day, 7 days a week. 3. It removes the barrier of distance as communication is possible between persons in any part of the world. 4. It is very easy and simple form of communication which requires no specialist equipment. 5. It removes all the costs related to communication in-person. 6. It is also a very secure mode of communication where privacy is guaranteed. <p style="text-align: center;">OR</p> <p>Importance of Communication</p> <ol style="list-style-type: none"> 1. It helps in coordination of various groups and departments in an organization. 2. It helps in the smooth functioning of an enterprise. 3. Communication provides needed information for decision making. 4. Communication promotes cooperation and understanding between management and workers. 5. Communication is the basis of leadership. 	3
21.	<p>Features of MNC</p> <ol style="list-style-type: none"> 1. Huge capital 2. Foreign collaboration 3. Aggressive advertising 4. Product innovation 5. Advanced technology 6. Centralized control 7. Expansion of market territory 	3

22.	<p>Trade credit Merits</p> <p>(i) Trade credit is a convenient and continuous source of funds</p> <p>(ii) Trade credit may be readily available in case the credit worthiness of the customers is known to the seller</p> <p>(iii) Trade credit is needed to promote the sales of an organization</p>	3
23.	<p>Verbal communication It can be done with the use of language to transfer information. It is used during presentation, video conference, meetings, one-on-one conversation as well as phone call. Written communication</p> <p>Written communication includes act of writing, typing numbers and letters to convey information. It provides a record of information for future reference.</p>	4
24.	<p>Following are the methods used in case of purchase of goods:</p> <p>a) Hire Purchase Method: It is the agreement of hiring goods. Under this method ownership is transferred after the payment of last instalment. In this method buyer cannot transfer goods.</p> <p>b) Instalment System: It is agreement of sale. Under this method ownership is transferred after signing the agreement. In this buyer can transfer goods.</p>	4
25.	<p>Features of Departmental Stores</p> <p>(a) A modern departmental store may provide all facilities such as restaurant, travel and information bureau, telephone booth, restrooms, etc.</p> <p>(b) These stores are generally located at a central place in the heart of a city, which caters to a large number of customers.</p> <p>(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;</p> <p>(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</p> <p>(e) They have centralized purchasing arrangements. All the purchases in a department store are made centrally by the purchase department of the store, whereas sales are decentralized in different departments.</p>	4

	<p style="text-align: center;">OR</p> <p>Features of Vending Machines</p> <p>(i) Vending machines can be useful for selling pre-packed brands of low priced products which have high turnover and which are uniform in size and weight.</p> <p>(ii) However, the initial cost of installing a vending machine and the expenditure on regular maintenance and repair is quite high.</p> <p>(iii) Also consumers cannot feel or see the product before buying and don't have the opportunity of returning unwanted goods.</p> <p>(iv) Apart from that, special packs have to be developed for the machines. The machines have to be made reliable in their operations.</p>	
26.	<p>Ananya can use Equity shares, Preference shares or retained earnings.</p> <p>Reasons</p> <ol style="list-style-type: none"> 1. Need not have to pay interest since it is not borrowed fund 2. It is the permanent capital, as the company need not repay the amount during its lifetime. 3. It is not a liability for a company. 	4
27.	<p>Advantages of video conferencing</p> <ol style="list-style-type: none"> 1. Video conferencing helps in reducing the travel costs incurred by a company manifolds. 2. It allows the employees to discuss the problems with the concerned person without any delay. 3. It erases the barrier of time by allowing a group of people to discuss things without much time. 4. It erases the barrier of place by allowing those working in distant locations to communicate without moving from their location. 5. It is an easy way of communication. 	5
28.	<p>The steps in the purchase procedure are:</p> <p>(i) Problem/need recognition</p> <p>This is often identified as the first and most important step in the customer's decision process. A purchase cannot take place without the recognition of the need. The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).</p>	5

	<p>(ii) Information search</p> <p>Having recognised a problem or need, the next step a customer may take is the information search stage, in order to find out what they feel is the best solution. The customer may rely on print, visual, online media or word of mouth for obtaining information.</p> <p>(iii) Evaluation of alternatives</p> <p>As you might expect, individuals will evaluate different products or brands at this stage on the basis of alternative product attributes – those which have the ability to deliver the benefits the customer is seeking. A factor that heavily influences this stage is the customer’s attitude. Involvement is another factor that influences the evaluation process.</p> <p>(iv) Purchase decision</p> <p>The penultimate stage is where the purchase takes place. Philip Kotler (2009) states that the final purchase decision may be ‘disrupted’ by two factors: negative feedback from other customers and the level of motivation to accept the feedback. Furthermore, the decision may be disrupted due to unforeseen situations such as a sudden job loss or relocation.</p> <p>(v) Post-purchase behaviour</p> <p>In brief, customers will compare products with their previous expectations and will be either satisfied or dissatisfied. Therefore, these stages are critical in retaining customers.</p>	
29.	<p>Medias for advertising</p> <p>Direct mail</p> <p>Print media</p> <p>Radio</p> <p>T.V</p> <p>Film advertising</p> <p>Window display</p>	5

	<p style="text-align: center;">OR</p> <p>(1) Rebate: Under it in order to clear the excess stock, products are offered at some reduced price. For example, giving a rebate by a car manufacturer to the tune of 12,000/- for a limited period of time.</p> <p>(2) Discount: Under this method, the customers are offered products on less than the listed price. For example, giving a discount of 30% on the sale of Liberty Shoes. Similarly giving a discount of 50% + 40% by the KOUTONS.</p> <p>(3) Refunds: Under this method, some part of the price of an article is refunded to the customer on showing proof of purchase. For example, refunding an amount of 5/- on showing the empty packet of the product priced 100/-.</p> <p>(4) Contest: Different competitions will be held like cookery competition etc and the winners will be awarded.</p> <p>(5) Lucky Draw: Under this method, the customers of a particular product are offered gifts on a fixed date and the winners are decided by the draw of lots. While purchasing the product, the customers are given a coupon with a specific number printed on it.</p>	
30.	<p>Features of a Company</p> <ol style="list-style-type: none"> 1. Artificial person 2. Separate legal entity 3. Perpetual succession 4. Common seal 5. Limited liability <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> a. Number of members b. Prospectus c. Number of directors d. Transfer of shares e. Minimum paid up capital <ol style="list-style-type: none"> a. Number of members- min 2 for private and 7 for public b. Prospectus- not required for private and required for public c. Number of directors- 2 for private and 3 for public d. Transfer of shares – Not possible for private and possible for public <p>Minimum paid up capital- 1 lakh for private and 5 lakh for public</p>	5

