

**INDIAN SCHOOL MUSCAT****FINAL EXAMINATION****JANUARY 2021****CLASS X****ELEMENTS OF BUSINESS****SET B**

Q.NO.	Answers	Marks (with split up)
1.	Retained earning	1
2.	Short term finance	1
3.	Bond	1
4.	Owners funds	1
5.	Feedback / Encoding	1
6.	Written communication	1
7.	Grapevine	1
8.	Publicity / Internet	1
9.	Communicated through some media / Radio	1
10.	Specialized in one line product	1
11.	Departmental store	1
12.	Market Traders	1
13.	Seller	1
14.	Quotation	1
15.	Purchase of goods and making the payment later	1
16.	7 Members	1
17.	<p>Features of Teleshopping</p> <p>(i) It gives a full demonstration of the working of the product along with contact phone numbers. Buyers can contact the seller on telephone and place orders. Goods are delivered to buyers through courier or value payable post (V.P.P.).</p> <p>(ii) It is convenient as the customer can purchase the product without visiting the seller. This saves valuable time, effort and money.</p> <p>(iii) Customers can make payment through their credit cards. Asian sky shop, tele-brands are examples of companies which provide teleshopping facilities in India.</p> <p>(iv) Teleshopping, however, does not offer the opportunity to the customer to examine the product before buying.</p> <p>(v) Computerized systems used in teleshopping are expensive.</p> <p>Any three points</p>	1X3
18.	(i) Easy and convenient: Digital payments are easy and convenient. You do not	1X3

	<p>need to take lot of cash with you. All you need is your mobile phone or Aadhaar number or a card to pay.</p> <p>(ii) Pay or send money from anywhere: With digital payment modes, you can pay from anywhere anytime.</p> <p>(iii) Discounts from taxes: Government has announced many discounts to encourage digital payments.</p> <p>(iv) Written record: These are automatically recorded in your passbook or inside your E-Wallet app. This helps to maintain your record and track your spending.</p> <p>(v) Less Risk: Digital payments have less risk if you use them wisely. If you lose your mobile phone or debit/credit card or Aadhar card you don't have to worry a lot.</p> <p style="text-align: center;">OR</p> <p><b>i) Cheques :</b> It act as an instruction to a bank to take money from your account to put into the account of 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 have the equipment to take cards. Only a small proportion of online retailers accept cheques as a method of payment.</p> <p><b>iii) Debit Cards:</b> Most banks issue plastic debit cards to their present customers.</p> <p>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. Debit cards allow you to get cash-back from certain shops.</p> <p><b>iv) Credit Card:</b> Credit card is a way to buy goods and services now and pay later.</p> <p>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>	
19.	<p>a. Quantity gift- It offers some extra quantity of the product as a gift to the customers. For example – 20% Extra or Buy 2, Get 1 Free.</p> <p>b. <b>Instant draw and assigned gifts</b> – Scratch a card and instantly win a car, refrigerator, laptop, on the purchase of a LED TV.</p> <p>c. <b>Rebate:</b> It is a technique of sales promotion in which products are offered at special prices in order to clear excess stock.</p>	1X3
20.	<p><b>A private company</b> means a company which:</p> <p>Restricts the right of members to transfer its shares  Has a minimum of <b>2</b> and maximum of <b>200</b> members  Must have a minimum paid up capital of Rs. 1 lakh  Does not invite public to subscribe to its share capital</p>	1X3

	<p>A <b>public company</b> is one which:</p> <p>Has a <b>minimum of 7</b> and <b>maximum unlimited</b> members.</p> <p>Has a <b>minimum paid up</b> capital of <b>Rs. 5 lakhs</b></p> <p>Has <b>no restriction on transfer of shares</b>.</p> <p>Is <b>not prohibited from inviting the public</b> to subscribe to its share (any three difference)</p>	
21.	<p>The debenture is an acknowledgment that the company has borrowed a certain amount of money, which it promises to repay at a future date.</p> <p>Debenture holders are the creditors of the company.</p> <p>Debenture holders are paid a fixed interest.</p> <p>Merits</p> <ol style="list-style-type: none"> <li>1. Less risky investment</li> <li>2. No share of profit</li> <li>3. Firms with stable income</li> </ol>	1+2
22.	<p>E- Mail</p> <p>Demerit</p> <ol style="list-style-type: none"> <li>1. Technical problems</li> <li>2. Lack personal touch</li> <li>3. Danger of virus</li> </ol> <p style="text-align: center;">OR</p> <p><b>Advantages of video conferencing</b></p> <ol style="list-style-type: none"> <li>1. Video conferencing helps in reducing the travel costs incurred by a company manifolds.</li> <li>2. It allows the employees to discuss the problems with the concerned person without any delay.</li> <li>3. It erases the barrier of time by allowing a group of people to discuss things without much time.</li> <li>4. It erases the barrier of place by allowing those working in distant locations to communicate without moving from their location.</li> <li>5. It is an easy way of communication.</li> </ol>	<p>1+2</p> <p>1X3</p>
23.	<p>Letters</p> <p><b>Disadvantages of letters</b></p> <ol style="list-style-type: none"> <li>1. Drafting a letter requires certain rules to be followed which is one of its limitations.</li> <li>2. Business letter is an old written means of communication which is now replaced by many modern forms.</li> <li>3. Sometimes business letter is written in complex language becomes difficult to understand.</li> <li>4. It is a slow means of communication. It takes more time than any other form of communication.</li> <li>5. In comparison to other forms, letter is costly as it involves paper work.</li> <li>6. There is no immediate feedback in business letter.</li> <li>7. Business letters may be missed. But it is impossible for E-mail, fax, telephone etc.</li> </ol>	1+3

	8. Letter sometimes fails to maintain business secrecy.	
24.	<p>a) Purchase by sample: When goods are purchased in bulk, it is not possible to inspect the entire lot to be purchased. A sample is a specimen of goods, taken as a representative of the bulk. In case of purchase by sample it is agreed between both the parties that the bulk supply shall be of the same quality as that of the sample.</p> <p>b) Purchase by inspection: In this the buyer personally inspects the quality of the goods to be bought. It is generally possible in retail trade.</p>	2+2
25.	<p>Features of Chain Stores/ Multiple Shops</p> <p>(a) These shops are located in fairly populous localities.</p> <p>(b) All the purchases of retail units is centralised at the head office, from where the goods are despatched to each of these shops</p> <p>(c) Each retail shop is supervised by a Branch Manager, who sends daily reports to the head office in respect of the sales, cash deposits, and the requirements of the stock</p> <p>(d) All the branches are controlled by the head office</p> <p>(e) The prices of goods in such shops are fixed and all sales are made on cash basis.</p> <p>(f) The head office normally appoints inspectors, who supervise the shops.</p> <p style="text-align: center;">OR</p> <p><b>Features of Departmental Stores</b></p> <ol style="list-style-type: none"> <li>1. It provides additional facilities such as restaurant, telephone booth, restrooms, etc.</li> <li>2. These stores are generally located at a central place in the heart of a city, to serve large number of customers.</li> <li>3. It has different departments each one concentrating on one product.</li> <li>4. It combines both the functions of retailing as well as warehousing. They purchase directly from manufacturers and store it, in order to sell it directly to customers.</li> <li>5. Their purchases are centralized i.e centrally made by the purchase department and sales are decentralized in different departments</li> </ol>	1X4
26.	<p><b>a) Equity Shares</b></p> <p>ownership capital- do not get a fixed dividend but are paid on the basis of earnings by the company.</p> <p>‘Residual owners’ -they receive what is left over amount.</p>	1+3

	<p><b>Merits</b></p> <ol style="list-style-type: none"> <li>1. It is a Permanent source of capital.</li> <li>2. Suitable for high risk takers.</li> <li>3. No burden to pay shareholders at the time of loss.</li> </ol> <p><b>b) Preference Shares</b> - enjoy two preferential rights</p> <p>(i) They receive a fixed rate of dividend, before equity shareholders.  (ii) They receive their capital at the time of liquidation before equity shareholders.</p> <p><b>Merits</b></p> <ol style="list-style-type: none"> <li>1. Permanent source</li> <li>2. Steady income to owners</li> <li>3. No dilution of voting power</li> </ol>	
27.	<ol style="list-style-type: none"> <li>1. It is very effective promotional tool in influencing the prospective customers by informing the merits of the product.</li> <li>2. It is more flexible, as it helps salesmen in changing their offer, keeping in view the behavior of the customers.</li> <li>3. Compared to other tools of promotion, the possibility of wastage of efforts is minimum in personal selling.</li> <li>4. There is always a possibility of attracting consumer attention ending up in sale.</li> <li>5. Personal selling helps to develop lasting relationship between the sales persons and the customers.</li> </ol> <p style="text-align: center;">OR</p> <p><b>ADVERTISING</b>  The American marketing association defines advertising as “any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor.”</p> <ol style="list-style-type: none"> <li>1. Direct mail</li> <li>2. Print media</li> <li>3. Radio</li> <li>4. T.V</li> <li>5. Film Advertising</li> <li>6. Window display</li> </ol>	1X5
28.	<p>Privileges of a private limited company as against a public limited company</p> <ol style="list-style-type: none"> <li>1. It can be formed by only 2 members whereas 7 people are needed to form a public company.</li> <li>2. There is no need to issue a prospectus as public is not invited to subscribe to its shares.</li> <li>3. Allotment of shares can be done without receiving the minimum subscription.</li> <li>4. It can start business as soon as it receives the certificate of incorporation.</li> <li>5. It need to have only two directors whereas 3 are required in case of a public company.</li> <li>6. It need not require to keep an index of its members while it is required for public company.</li> <li>7. There is no restriction on the amount of loans to directors as it exists in the</li> </ol>	1X5

	<p>case of a public company.</p> <p style="text-align: center;">OR</p> <p>Features of MNCs</p> <ol style="list-style-type: none"> <li>1. Huge capital- These enterprises have huge financial resources and the ability to raise funds from different sources.</li> <li>2. <b>Foreign collaboration</b> – They usually enter into agreement with Indian companies for the sale of technology, production of goods, use of brand names for the product etc.</li> <li>3. <b>Advanced technology</b> – These enterprises have advanced technology in their methods of production. They are able to conform to international standards and quality.</li> <li>4. <b>Product innovation</b> – They are always engaged in the task of developing new products or adding new features to the existing products.</li> <li>5. <b>Marketing strategies</b> – They use aggressive marketing strategies in order to increase the sales in a short period.</li> <li>6. <b>Expansion of market territory</b> – Their operations and activities extend the boundaries of their own countries.</li> <li>7. <b>Centralised control</b> – They have their headquarters in their home country and exercise control over its branches and subsidiaries.</li> </ol>	
29.	<p><b>Advantages of telephone</b></p> <ol style="list-style-type: none"> <li>1. You get immediate feedback to things you say</li> <li>2. Calls can be made 24 hours a day, 7 days a week.</li> <li>3. It removes the barrier of distance as communication is possible between persons in any part of the world.</li> <li>4. It is very easy and simple form of communication which requires no specialist equipment.</li> <li>5. It removes all the costs related to communication in-person.</li> <li>6. It is also a very secure mode of communication where privacy is guaranteed.</li> </ol>	1X5
30.	<ol style="list-style-type: none"> <li>a) Enquiry from intending buyer</li> <li>b) Providing Quotation to the intending buyer</li> <li>c) Receipt of order from the buyer</li> <li>d) Execution of order and Invoicing</li> <li>e) Opening customer's account</li> </ol>	1X5