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INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION 2023
BUSINESS STUDIES (054)

CLASS: XI

Max. Marks: 80

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
A	1.	(D) Assembly Industry	1
	2.	(B) President of the India	1
	3.	(C) Principle of Indemnity	1
	4.	(D) iii and iv	1
	5.	(D) DTH services	1
	6.	(C) Indemnity Contract	1
	7.	(A) Wholesale Trade	1
	8.	(B) Departmental Undertaking	1
	9.	(C) Memorandum of Association	1
	10.	(A) Contribution	1
	11.	(B) Profession	1
	12.	(C) The Assertion is correct but Reason is incorrect	1
	13.	(C) Common Seal	1
	14.	(B) Both A and R are true, but R is not the correct explanation of A	1
	15.	(B) Joint Hindu family	1
	16.	(A) Utmost good faith	1

	17.	(C) Decentralised control	1						
	18.	(D) Registered Post	1						
	19.	(B) Joint Venture	1						
	20.	(D) Limited Liability Partnership	1						
	21.	(A) Activities that help in the smooth flow of trade are called auxiliaries to trade. (B) The different auxiliaries to trade that are being used by Mr. Liyaquat in his business are: (a) Transport "He procures railways, roadways and airways." (b) Warehousing - "He also owns the stocks." (c) Insurance "He has also taken an insurance policy.... Rs.15 crores for his business." (d) Banking and Finance- "Moreover, he has taken a loan of 3,00,000 financial needs of his business." (e) Advertising - "He has placed information to popularise them."	1+1/2+1/2+1/2+1/2=3						
	22.	Yes, they can admit Ryan as a partner to the partnership firm's advantages with the permission of the partners. A minor is a person who is under the age of eighteen. Because a minor is incapable of forming a legally binding contract. He is unable to become a partner in a firm. A minor can, however, be added to the advantages of an established partnership business with the agreement of all other partners. It's unrealistic to expect him to absorb the losses. His responsibility will be limited to the amount of money he has put into the business. He will be unable to engage fully in the running of the company. <div>Or</div> The differences between memorandum and articles of association are as follows: <table><tr><td>Basis of difference</td><td>Memorandum of association</td><td>Article of association</td></tr><tr><td>Validity</td><td>Acts beyond the memorandum of association are invalid and</td><td>Acts which are beyond articles can be ratified</td></tr></table>	Basis of difference	Memorandum of association	Article of association	Validity	Acts beyond the memorandum of association are invalid and	Acts which are beyond articles can be ratified	
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			cannot be ratified even by a unanimous vote of the members.	by the members, provided they do not violate even the memorandum.	
		Necessity	Every company has to file a memorandum of association.	It is not compulsory for a public limited company to file AOA.	
		Relationship	Memorandum of association define the relationship of the company with outsiders.	Articles define the relationship of the members and the company.	
					3
	23.	Yes, it is right to call business as an institution that provides goods and services for earning profit because of certain characteristics of business. The characteristics of business are as follows: 1. Sale or exchange of goods and services for the satisfaction of human needs: Business involves sale or exchange of goods and services. The production of goods or services for self- consumption is not business. 2. Deals in goods or services on a regular basis: Another important feature of business is that it must sell or exchange goods or services on a regular basis. 3. Profit motive: The main purpose of business is to earn profit. If the profit motive is missing in a transaction, then it cannot be considered as business transaction. 4. Risk: Another important feature of business is the presence of risk factor in the transaction. (Any three)			3
	24.	The registration of a partnership firm is optional. However, it is preferable to have a formal agreement to avoid problems between partners. The following are the implications of a firm's failure to register: I. A partner in an unregistered firm cannot sue the firm or other partners; II. The firm cannot sue third parties; and			

		<p>III. The firm cannot bring a case against the partners.</p> <p style="text-align: center;">Or</p> <p>The documents needed for registration for incorporation.</p> <ul style="list-style-type: none"> • Memorandum of Association: The Memorandum of Association is duly stamped, signed, and witnessed. In the case of a public business, it must be signed by at least seven members. For a private business, however, two members' signatures are sufficient. • Articles of Association: As with the Memorandum, the Articles of Association must be legally stamped and witnessed. This is also a very important document for the company that describes the way through which the objectives of MOA could be achieved. • Prospectus: If a company wants to raise money from the public, prospectus is also needed. • Director's Approval, List of Directors, Registrar's Letter, Statutory Declaration, Documentary Evidence, Registered Office. <p style="text-align: center;">(Any three or any other relevant points)</p>	3
	25.	<ul style="list-style-type: none"> • Savings Account: Savings deposit account is meant for individuals who want to save some amount of money out of their incomes. In this account, customers can deposit money as per their ease and they can also withdraw money by means of a cheque or a withdrawal slip as and when they need it. The amount deposited in a savings account bank is referred to as the demand liability of bank. • Current Account: Such accounts are opened by businessmen by making an initial deposit of ₹ 5,000 in the bank. There are no restrictions on the amount deposited or the number of withdrawals made. Therefore, it is also referred to as a running and active account. • Recurring Deposit Account: In such accounts, the account holder is required to deposit a specified sum of money every month. They are also termed as cumulative time deposits. The period of account may range from 12 months to 10 years. • Fixed Deposit Account: In such accounts, a lump-sum amount is deposited for a specified time period which can range from fifteen days to five years. This deposit is repayable after the expiry of this fixed period. Fixed deposits are also called time deposits or long-term 	

		<p>deposits.</p> <ul style="list-style-type: none"> • Multiple Option Deposit Account: It is a combination of savings account and fixed deposit account. In this account, the depositor can enjoy the liquidity of saving account and rate of interest of fixed deposit account. In this account, the depositor gives standing instruction to the bank to convert the balance in his savings account into a fixed deposit, if it crosses a given threshold limit. (Any four) <p style="text-align: center;">or</p> <p>The various types of bank accounts being used by Saiyam and his family members are</p> <p>a) Saiyam - Current Account.</p> <p>“Saiyam being a business man has chosen the type of account in which deposits are the most liquid and there are no limits for number of transactions or the amounts of transactions in a day.”</p> <p>b) Saiyam's mother - Saving Account.</p> <p>“His mother has opened a type of account where she can conveniently deposit the money she saves. These accounts provide cheque facility and offer lot of flexibility for deposits and withdrawal of funds from the account.”</p> <p>c) Samik - Recurring Account.</p> <p>“Saiyam’s younger brother Samik has opened a special kind of account wherein he will deposit Rs.1000 every month for the next two years.”</p> <ul style="list-style-type: none"> • Savings Account: Savings deposit account is meant for individuals who want to save some amount of money out of their incomes. In this account, customers can deposit money as per their ease and they can also withdraw money by means of a cheque or a withdrawal slip as and when they need it. The amount deposited in a savings account bank is referred to as the demand liability of bank. • Current Account: Such accounts are opened by businessmen by making an initial deposit of ₹ 5,000 in the bank. There are no restrictions on the amount deposited or the number of withdrawals made. Therefore, it is also referred to as a running and active account. • Recurring Deposit Account: In such accounts, the account holder is required to deposit a specified sum of money every month. They are 	
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		also termed as cumulative time deposits. The period of account may range from 12 months to 10 years. (Explain any one)	1+1+1+1=4
	26.	<p>A cooperative organisation is "an association of persons, usually of limited means, who have voluntarily joined together to achieve a common economic end, through the formation of a democratically controlled business organisation, making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking ".</p> <p>Features of Cooperative Societies</p> <p>The main features of cooperative societies are listed below:</p> <p>Voluntary Membership: A cooperative society is a voluntary association of persons, which means that no individual can be forced to be a member of a cooperative organisation. Any person having a common interest is free to join a cooperative society and can also leave any time by giving a prior notice. There is no compulsion to remain a member. The membership of cooperative society is open to all, irrespective of caste, religion, colour and gender.</p> <p>Legal Status: It is mandatory for a cooperative society to get itself registered with the Registrar of Cooperative Societies under the Cooperative Societies Act, 1912. After registration, the cooperative society gets a separate legal entity, different from its members. The society can buy and sell property and make contracts in its own name. It can sue others and be sued in its own name. The insolvency, incapacity and death of any member does not affect the existence of cooperative society.</p> <p>Limited Liability: The liability of the members of the cooperative society is limited to the extent of the amount of capital contributed by them. This defines the maximum risk that a member can be asked to bear.</p> <p>Control: In a cooperative society, the principle of one member one vote' is adhered. Management and control of a cooperative society lies with a managing committee which is elected by members of the society. Each member has one vote irrespective of capital contributed by him. The management of a cooperative society is democratic and all members have an equal voice in its management due to equal voting rights. Members are allowed to give their suggestions and put their problems.</p> <p>Service Motive: The main purpose of cooperative society is to provide</p>	

		<p>service to its members. Surplus, if generated as a result of its operations, is distributed as dividend among the members according to the bye-laws of the society. (Any three)</p> <p style="text-align: center;">Or</p> <p>A nominal partner can be two types:</p> <p>Partner by Estoppel: A person who is not a partner in a firm, but through his/her words (spoken or written) or conduct or behaviour represents himself/herself as a partner is called partner by estoppel. Though such a partner neither participates in the management of the firm nor contributes capital, even then in the eyes of the third party he is known as partner of that firm and such a partner becomes liable to those parties who advances money to the firm on the basis of such representation. For example, Lakshay is not a partner but he tells Shenoy that he is a partner in a firm called Gurpreet Enterprises. On this impression, Shenoy sells goods worth Rs. 2,40,000 to Gurpreet Enterprises. Later on, the firm fails to pay the amount. Shenoy can recover the amount from Lakshay. Here, Lakshay is partner by estoppel.</p> <p>Partner by Holding Out: A person who is not a partner in the firm but knowingly allows himself/herself to be represented as a partner in a firm, is called partner by holding out. Such a person becomes liable to third parties for the repayment of debts, extended to the firm due to such representation. In order to avoid this liability, such a person should immediately issue a denial, clarifying his position to the third party, that he is not a partner in the firm. If he does not do so, he will be liable to the third party for repayment of any debts taken by the partnership firm. For example, Gurpreet tells Shenoy in the presence of Lakshay that Lakshay is a partner in the firm of Gurpreet Enterprises. Lakshay shows no objection to the statement of Gurpreet. Later on, Shenoy gives a loan of Rs. 2,50,000 to Gurpreet Enterprises on the basis of the impression that Lakshay is a partner in the firm. The firm is unable to repay the loan to Shenoy, Lakshay is liable to pay Rs. 50,000 to Shenoy. Here, Lakshay is a partner by holding out.</p>	<p>1+1+1+1=4</p> <p>2+2= 4</p>
	27.	<p>(A) Type of Partnership: The type of partnership in the above case is a Public-Private Partnership (PPP).</p> <p>(B) Features of the Public-Private Partnership:</p>	

		Collaboration between Sectors, Shared Risk and Responsibility, Resource Pooling, Efficiency and Innovation, Infrastructure Development, Government Objectives, Contractual Arrangements, Long-Term Nature, Flexibility, Regulatory Framework (Any three or other relevant points)	1+1+1+1=4
	28.	(A) Sole Proprietor (B) Yes, due to feature of Unlimited Liability. (Explain)	1+1+2=4
	29.	The following are the types of manufacturing industry: (i) Analytical industry: This industry includes activities which are involved in analysing and separating basic materials into a number of products, for example, processing crude oil to produce petrol, diesel, etc. (ii) Synthetic industry: In this industry, two or more materials are mixed together to create a new product. For example, producing soap, biscuits, etc. (iii) Processing industry: In this industry, raw materials are processed to produce finished goods through a series of manufacturing operations. For example, sugar from sugarcane, textile products, etc. (iv) Assembling industry: In this industry, the finished product is produced by assembling the various parts or components. For example, radio, car, T.V., etc.	1+1+1+1=4
	30.	Aadhar enabled payment system (AEPS)- Aadhaar Enabled Payment System allows people to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan. People do not have to mention their bank account details to carry out these transactions. With the help of this payment system, people can send funds from one bank account to another simply through their Aadhaar numbers. Points of sale- It is the time and place where a retail transaction is completed. At the point of sale, the merchant calculates the amount owed by the customer, prepares an invoice for the customer and indicates the options for the customer to make payment. It is also the point at which a customer makes a payment to the merchant in exchange for goods or after provision of a service. Mobile Wallets - You can use mobile wallets directly on your smartphone for shopping online, making payments to merchants, sending money to friends & family, examples: Paytm, Google pay Jio Money etc.	

		Prepaid cards: Prepaid cards are simply a plastic alternative to carrying money around and are often called everyday cards. Gift cards, meal card, multi wallet card etc. are some of the examples.	1+1+1+1=4
31.	<p>(A) Public sector enterprise: Statutory Corporation</p> <p>(B) Two examples of another Statutory Corporation in India are: Oil and Natural Gas Corporation (ONGC), Bharat Heavy Electricals Limited (BHEL) (Any other relevant examples)</p> <p>(C) Limitations of Statutory Corporation:</p> <p>Autonomy only on paper: Although statutory corporations are autonomous, the working of these corporations are hampered by interference from ministers, political parties that impacts their autonomy.</p> <p>Lacks Initiative: These corporations lack any profit motive and therefore the employees and management are not interested in taking any initiative for generating profit. (Any other relevant points)</p> <p>(D) Advantages of Statutory Corporation:</p> <p>Quick decision making: Statutory corporations have significantly less file work and formalities as compared to other forms of organisations which results in quick decision making.</p> <p>Efficient Staff: The employees of the statutory corporation are provided fair wages, facilities and proper working conditions along with developmental programs. All these contribute towards making employees motivated to perform more efficiently. (Any other relevant points)</p> <p style="text-align: center;">Or</p> <p>Type of Public Enterprise: The type of public enterprise highlighted above is a Government Company.</p> <p>Minimum Investment by Government: In a government company, the government must hold at least 51% of the total paid-up share capital.</p> <p>Merits of Government Companies:</p> <p>State Control: Government companies allow the government to maintain control over strategic industries and key sectors of the economy, ensuring that important decisions are aligned with national objectives.</p> <p>Social Welfare: Government companies often prioritize public welfare over profit maximization. They can provide essential goods and services at</p>	1+1/2+1/2+1+1 +1+1=6	

		<p>affordable prices, especially in sectors where private companies might not be motivated to operate due to low profitability.</p> <p>(Any other relevant points)</p> <p>Demerits of Government Companies:</p> <p>Bureaucracy and Inefficiency: Similar to other forms of public enterprises, government companies can suffer from bureaucratic red tape and inefficiencies due to government regulations and interference.</p> <p>Lack of Innovation and Competition: Government companies might face challenges in keeping up with technological advancements and market competition, as they might not always operate with the same level of innovation and competitiveness as private sector counterparts.</p>	<p>1+1+1+1+1+1=6</p>
32.		<p>Mr. Naresh bought a fire insurance for his warehouse by giving false information about the goods stored in the warehouse.</p> <p>Utmost good faith: A contract of insurance is a contract of uberrimae fidei i.e., a contract found on utmost good faith. Both the insurer and the insured should display good faith towards each other in regard to the contract. It is the duty of the insured to voluntarily make full, accurate disclosure of all facts, material to the risk being proposed and the insurer to make clear all the terms and conditions in the insurance contract.</p> <p>It is not the warehouse that is insured, but it is the pecuniary interest of the insured in them, which is insured</p> <p>Insurable Interest: Insurable interest means some pecuniary interest in the subject matter of the insurance contract. The insured must have an interest in the preservation of the thing or life insured, so that he/she will not suffer financially on the happening of the event against which he/she is insured. In case of insurance of property, insurable interest of the insured in the subject matter of the insurance must exist at the time of happening of the event. In order to name insurable interest however, it is not necessary that one should be the owner of the property. For example, a trustee holding property on behalf of others has an insurable interest in the property</p> <p>He thought that in the event of loss, the insurer will compensate him and put him in the in the same position that he occupied immediately before the happening of the event insured against</p> <p>Indemnity: According to it, the insurer undertakes to put the insured, in the</p>	

		<p>event of loss, in the same position that he occupied immediately before the happening of the event insured against. In other words, the insurer undertakes to compensate the insured for the loss caused to him/her due to damage or destruction of property insured. The compensation payable and the loss suffered are to be measured in terms of money. The principle of indemnity is not applicable to life insurance</p> <p>Since the warehouse was insured, he did not take adequate steps to minimize loss when the ware house caught fire during last summer</p> <p>Mitigation: This principle states that it is the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property. Suppose goods kept in a store house catch fire then the owner of the goods should try to recover the goods and save them from fire to minimise the loss or damage. The insured must behave with great prudence and not be careless just because there is an insurance cover. If reasonable care is not taken like any prudent person, then the claim from the insurance company may be lost.</p> <p>He took double insurance therefore it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss payment.</p> <p>Contribution: As per this principle it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss of payment. It implies, that in case of double insurance, the insurers are to share the losses in proportion to the amount assured by each of them. In case there is a loss, when there is more than one policy on the same property, the insured will have no right to recover more than the full amount of his actual loss. If the full amount is recovered from one insurer the right to obtain further payment from the other insurer will cease. (Any four)</p> <p style="text-align: center;">Or</p> <p>(A) No, the company will not be reimbursed if the surveyor discovers the true cause of the fire, and the contract will be voided.</p> <p>(B) There are three elements to fire insurance:</p> <ul style="list-style-type: none"> • Insurable Interest: The insured must have an insurable interest in the insurance's subject matter. The insurance contract is void if there is no insurable interest. 	
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		<ul style="list-style-type: none"> • Utmost Good Faith: When providing information to the insurance company about the subject matter of the policy, the insured should be accurate and honest. • Indemnity: The contract for fire insurance is a rigorous indemnity contract. In the case of a loss, the insured can sue the insurer for the full amount of the loss. This is subject to the maximum amount of insurance coverage for the subject matter. <p>(C) When attempting to arrange money from a false claim, the principle of utmost good faith is disregarded. Insurance contracts demand that both parties operate in the best interests of the other. This means that both parties must provide all relevant information honestly and completely. This maintains impartiality while also assisting insurance firms in appropriately pricing premiums for applicants. If an applicant makes a major fact deception that the insurance company relies on, the policy might be deemed null and void. Hence, the values disregarded are trust, honesty and transparency.</p>	6
	33.	<p>(A) Promoter: Mr. Mohan</p> <p>(B) Position of Promoter: A firm's promoters have a fiduciary relationship with the company, which they must not abuse. They can only make a profit if it is publicly revealed; they cannot make any hidden gains. In the event of non-disclosure, the company has the right to cancel the contract & reclaim the money paid to the promoters. It can also sue for damages or losses incurred because of material information not being disclosed. Promoters do not have the legal right to claim expenses incurred in the company's promotion. The company, on the other hand may choose to reimburse them for their pre-incorporation costs. The corporation may also pay the promoters a lump-sum payment or a commission on the purchase price of property obtained through them or on the shares sold as compensation for their efforts. The corporation may also provide them stock or debentures or give them the opportunity to buy the securities later.</p> <p>(C) Functions of Promoter:</p> <p>1. Identification of business opportunity: The opportunity could be in the form of developing a new product or service, making a product available through a new channel, or any other investment opportunity. The technical</p>	

	<p>and economic feasibility of the opportunity is next assessed.</p> <p>2. Feasibility studies: Converting all potential business ideas into actual projects may not be viable or lucrative. As a result, the promoters do extensive feasibility assessments. The feasibility studies listed below may be carried out:</p> <ul style="list-style-type: none"> ○ Technical feasibility: An excellent idea may be technically impossible to implement. It could be due to a lack of readily available raw materials like material, labour, location, infrastructure or technology. ○ Financial viability: Every company activity necessitates the use of capital. The promoters must calculate the amount of money needed to pursue the recognised business idea. If money cannot be secured, the project must be abandoned. ○ Economic feasibility: The project might be technically and financially possible, but it may have a slim possibility of being profitable. Hence this step focuses on the cost-benefit analysis of the company to find out its future viability. <p>3. Name approval: The promoters must choose a name for the company and file an application for approval to the registrar of companies in the state where the firm's registered office will be located. If the proposed name has been rejected, an alternate name may be accepted. In the application to the Registrar of Companies, three names are submitted in priority order.</p> <p>4. Fixing up Signatories to the Memorandum of Association: The members who will sign the proposed company's Memorandum of Association must be decided by the promoters. Those who sign the memorandum are also the company's first directors. Their signed consent to serve as Directors and to purchase the company's qualification shares is required.</p> <p>5. Appointment of professionals: The promoters select specialists such as mercantile bankers, auditors, and others to assist them in preparing the essential documents that must be filed with the Registrar of Companies.</p> <p>6. Preparation of necessary documents: The promoter takes measures to prepare necessary legal documents that must be submitted to the Registrar of Companies for the company to be registered under the law. The Memorandum of Association, Articles of Association, and Consent of</p>	
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		Directors are the documents required. (Any three or any relevant points)	1+2+3=6
	34.	<p>(A) Business Risk</p> <p>(B) Speculative Risk</p> <p>(C) Causes of Business Risk:</p> <ol style="list-style-type: none"> i. Natural causes: Natural causes of business risk include natural calamities like earthquake, tsunami, tornado, famine, floods and drought, etc. Humans and businesses do not have a control over the natural causes and there certainly isn't any kind of preparation that can be undertaken for such a business risk. ii. Human Causes: The human causes of business risk are due to the loss of business that arises from changes in customer preferences, employee mindset, agitation by workers, negligence by employees, strikes and lockouts. iii. Economic Causes: Economic causes of business risk arise from changes in the different economic factors such as increasing competition, changing market conditions, increase in price of raw materials, production cost and wages. iv. Other Causes: There may be physical causes and political causes. Physical causes include technical or mechanical causes which affect the working of the assets of business. For example, breakdown of cooling machine results in damage of perishable goods such as milk and ice cream. Political causes include changes in government policies regarding taxation, excise duty, licensing. foreign trade, etc. and fall of the government, civil war, changes in laws may lead to huge loss in business. 	1+1+1+1+1+1=6

SET	B
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HALF YEARLY EXAMINATION 2023
BUSINESS STUDIES (054)**

CLASS: XI

Max. Marks: 80

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	2.	(A) Joint stock company, Partnership	1
	3.	(D) Assembly Industry	1
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	12.	(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion	1
	13.	(B) Profession	1
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		difference				
		Objectives	Memorandum of association defines the objects for which rules of the internal company are formed.	Articles of association indicate how the objectives specified in MOA are to be achieved.		
		Position	This is the main document of the company and it is subordinate to the Companies Act.	This is a subsidiary document and is subordinate to both the memorandum of association and the Companies Act.		
		Relationship	Memorandum of association define the relationship of the company with outsiders.	Articles define the relationship of the members and the company.		
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	24.	The registration of a partnership firm is optional. However, it is preferable to have a formal agreement to avoid problems between partners. The following are the implications of a firm's failure to register: I. A partner in an unregistered firm cannot sue the firm or other partners;				

		<p>II. The firm cannot sue third parties; and</p> <p>III. The firm cannot bring a case against the partners.</p> <p style="text-align: center;">Or</p> <p>The documents needed for registration for incorporation.</p> <ul style="list-style-type: none"> • Memorandum of Association: The Memorandum of Association is duly stamped, signed, and witnessed. In the case of a public business, it must be signed by at least seven members. For a private business, however, two members' signatures are sufficient. • Articles of Association: As with the Memorandum, the Articles of Association must be legally stamped and witnessed. This is also a very important document for the company that describes the way through which the objectives of MOA could be achieved. • Prospectus: If a company wants to raise money from the public, prospectus is also needed. • Director's Approval, List of Directors, Registrar's Letter, Statutory Declaration, Documentary Evidence, Registered Office. <p style="text-align: right;">(Any three or any other relevant points)</p>	3
	25.	<p>(A) Type of Partnership: The type of partnership in the above case is a Public-Private Partnership (PPP).</p> <p>(B) Features of the Public-Private Partnership:</p> <p>Collaboration between Sectors, Shared Risk and Responsibility, Resource Pooling, Efficiency and Innovation, Infrastructure Development, Government Objectives, Contractual Arrangements, Long-Term Nature, Flexibility, Regulatory Framework. (Any three or other relevant points)</p>	1+1+1+1=4
	26.	<ul style="list-style-type: none"> • Savings Account: Savings deposit account is meant for individuals who want to save some amount of money out of their incomes. In this account, customers can deposit money as per their ease and they can also withdraw money by means of a cheque or a withdrawal slip as and when they need it. The amount deposited in a savings account bank is referred to as the demand liability of bank. • Current Account: Such accounts are opened by businessmen by making an initial deposit of ₹ 5,000 in the bank. There are no restrictions on the amount deposited or the number of withdrawals made. Therefore, it is also referred to as a running and active account. 	

		<ul style="list-style-type: none"> • Recurring Deposit Account: In such accounts, the account holder is required to deposit a specified sum of money every month. They are also termed as cumulative time deposits. The period of account may range from 12 months to 10 years. • Fixed Deposit Account: In such accounts, a lump-sum amount is deposited for a specified time period which can range from fifteen days to five years. This deposit is repayable after the expiry of this fixed period. Fixed deposits are also called time deposits or long-term deposits. • Multiple Option Deposit Account: It is a combination of savings account and fixed deposit account. In this account, the depositor can enjoy the liquidity of saving account and rate of interest of fixed deposit account. In this account, the depositor gives standing instruction to the bank to convert the balance in his savings account into a fixed deposit, if it crosses a given threshold limit. (Any four) <p style="text-align: center;">or</p> <p>The various types of bank accounts being used by Saiyam and his family members are</p> <p>a) Saiyam - Current Account.</p> <p>“Saiyam being a business man has chosen the type of account in which deposits are the most liquid and there are no limits for number of transactions or the amounts of transactions in a day.”</p> <p>b) Saiyam's mother - Saving Account.</p> <p>“His mother has opened a type of account where she can conveniently deposit the money she saves. These accounts provide cheque facility and offer lot of flexibility for deposits and withdrawal of funds from the account.”</p> <p>c) Samik - Recurring Account.</p> <p>“Saiyam’s younger brother Samik has opened a special kind of account wherein he will deposit Rs.1000 every month for the next two years.”</p> <ul style="list-style-type: none"> • Savings Account: Savings deposit account is meant for individuals who want to save some amount of money out of their incomes. In this account, customers can deposit money as per their ease and they can also withdraw money by means of a cheque or a withdrawal slip as and 	
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27.	<p>A cooperative organisation is "an association of persons, usually of limited means, who have voluntarily joined together to achieve a common economic end, through the formation of a democratically controlled business organisation, making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking ".</p> <p>Features of Cooperative Societies</p> <p>The main features of cooperative societies are listed below:</p> <p>Voluntary Membership: A cooperative society is a voluntary association of persons, which means that no individual can be forced to be a member of a cooperative organisation. Any person having a common interest is free to join a cooperative society and can also leave any time by giving a prior notice. There is no compulsion to remain a member. The membership of cooperative society is open to all, irrespective of caste, religion, colour and gender.</p> <p>Legal Status: It is mandatory for a cooperative society to get itself registered with the Registrar of Cooperative Societies under the Cooperative Societies Act, 1912. After registration, the cooperative society gets a separate legal entity, different from its members. The society can buy and sell property and make contracts in its own name. It can sue others and be sued in its own name. The insolvency, incapacity and death of any member does not affect the existence of cooperative society.</p> <p>Limited Liability: The liability of the members of the cooperative society is limited to the extent of the amount of capital contributed by them. This defines the maximum risk that a member can be asked to bear.</p>		

	<p>Control: In a cooperative society, the principle of one member one vote' is adhered. Management and control of a cooperative society lies with a managing committee which is elected by members of the society. Each member has one vote irrespective of capital contributed by him. The management of a cooperative society is democratic and all members have an equal voice in its management due to equal voting rights. Members are allowed to give their suggestions and put their problems.</p> <p>Service Motive: The main purpose of cooperative society is to provide service to its members. Surplus, if generated as a result of its operations, is distributed as dividend among the members according to the bye-laws of the society. (Any three)</p> <p style="text-align: center;">Or</p> <p>A nominal partner can be two types:</p> <p>Partner by Estoppel: A person who is not a partner in a firm, but through his/her words (spoken or written) or conduct or behaviour represents himself/herself as a partner is called partner by estoppel. Though such a partner neither participates in the management of the firm nor contributes capital, even then in the eyes of the third party he is known as partner of that firm and such a partner becomes liable to those parties who advances money to the firm on the basis of such representation. For example, Lakshay is not a partner but he tells Shenoy that he is a partner in a firm called Gurpreet Enterprises. On this impression, Shenoy sells goods worth Rs. 2,40,000 to Gurpreet Enterprises. Later on, the firm fails to pay the amount. Shenoy can recover the amount from Lakshay. Here, Lakshay is partner by estoppel.</p> <p>Partner by Holding Out: A person who is not a partner in the firm but knowingly allows himself/herself to be represented as a partner in a firm, is called partner by holding out. Such a person becomes liable to third parties for the repayment of debts, extended to the firm due to such representation. In order to avoid this liability, such a person should immediately issue a denial, clarifying his position to the third party, that he is not a partner in the firm. If he does not do so, he will be liable to the third party for repayment of any debts taken by the partnership firm. For example, Gurpreet tells Shenoy in the presence of Lakshay that Lakshay is a partner in the firm of</p>	1+1+1+=4
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		Gurpreet Enterprises. Lakshay shows no objection to the statement of Gurpreet. Later on, Shenoy gives a loan of 2,50,000 to Gurpreet Enterprises on the basis of the impression that Lakshay is a partner in the firm. The firm is unable to repay the loan to Shenoy, Lakshay is liable to pay 50,000 to Shenoy. Here, Lakshay is a partner by holding out.	1+1+1+1=4
	28.	<p>Profit plays an important role in the business because:</p> <p>(i) For long-term survival: Profits alone help a business to continue to exist for a long time. It has been observed that for achieving other economic as well as social objectives, profit must be earned. The business in which the profit is meagre or no profit is earned closes down quickly.</p> <p>(ii) For rapid growth: Profit provides a sound financial structure for the growth and expansion of the business.</p> <p>(iii) Increases the efficiency of business: It acts as an incentive, motivating workers to contribute their maximum worth to the enterprise. Profit increases with the increase in efficiency and improved performance of the organisation.</p> <p>(iv) For building reputation and recognition: If the business earns adequate profits, it will pay fair and competitive wages to its employees, dividends at competitive rates to shareholders, etc. In other words, all the parties can be satisfied. This helps the business to earn reputation and goodwill in the society. (Any other relevant points)</p>	1+1+1+1=4
	Q.29	<p>(A) The sole proprietor has unlimited liability. Apart from business assets of Rs. 50,000, his personal assets worth Rs. 30,000 also should be utilized to pay off the debt.</p> <p>(B) Both Anthony and Akbar will have unlimited liability. After selling business assets worth Rs. 50,000, they will still be liable to bring in Rs. 30,000 from their personal assets. BOTH ARE INDIVIDUALLY AND JOINTLY LIABLE.</p>	2+2=4
	30.	Aadhar enabled payment system (AEPS)- Aadhaar Enabled Payment System allows people to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan. People do not have to mention their bank account details to carry out these transactions. With the help of this payment system, people can send funds from one bank account to another simply through	

		<p>their Aadhaar numbers.</p> <p>Points of sale- It is the time and place where a retail transaction is completed. At the point of sale, the merchant calculates the amount owed by the customer, prepares an invoice for the customer and indicates the options for the customer to make payment. It is also the point at which a customer makes a payment to the merchant in exchange for goods or after provision of a service.</p> <p>Mobile Wallets -You can use mobile wallets directly on your smartphone for shopping online, making payments to merchants, sending money to friends & family, examples: Paytm, Google pay Jio Money etc.</p> <p>Prepaid cards: Prepaid cards are simply a plastic alternative to carrying money around and are often called everyday cards. Gift cards, meal card, multi wallet card etc. are some of the examples.</p>	4
31.		<p>(A) Public sector enterprise: Statutory Corporation</p> <p>(B) Two examples of another Statutory Corporation in India are: Oil and Natural Gas Corporation (ONGC), Bharat Heavy Electricals Limited (BHEL) (Any other relevant examples)</p> <p>(C) Limitations of Statutory Corporation:</p> <p>Autonomy only on paper: Although statutory corporations are autonomous, the working of these corporations are hampered by interference from ministers, political parties that impacts their autonomy.</p> <p>Lacks Initiative: These corporations lack any profit motive and therefore the employees and management are not interested in taking any initiative for generating profit. (Any other relevant points)</p> <p>(D) Advantages of Statutory Corporation:</p> <p>Quick decision making: Statutory corporations have significantly less file work and formalities as compared to other forms of organisations which results in quick decision making.</p> <p>Efficient Staff: The employees of the statutory corporation are provided fair wages, facilities and proper working conditions along with developmental programs. All these contribute towards making employees motivated to perform more efficiently. (Any other relevant points)</p> <p style="text-align: center;">Or</p> <p>Type of Public Enterprise:</p>	

		<p>The type of public enterprise highlighted above is a Government Company.</p> <p>Minimum Investment by Government:</p> <p>In a government company, the government must hold at least 51% of the total paid-up share capital.</p> <p>Merits of Government Companies:</p> <p>State Control: Government companies allow the government to maintain control over strategic industries and key sectors of the economy, ensuring that important decisions are aligned with national objectives.</p> <p>Social Welfare: Government companies often prioritize public welfare over profit maximization. They can provide essential goods and services at affordable prices, especially in sectors where private companies might not be motivated to operate due to low profitability.</p> <p>(Any other relevant points)</p> <p>Demerits of Government Companies:</p> <p>Bureaucracy and Inefficiency: Similar to other forms of public enterprises, government companies can suffer from bureaucratic red tape and inefficiencies due to government regulations and interference.</p> <p>Lack of Innovation and Competition: Government companies might face challenges in keeping up with technological advancements and market competition, as they might not always operate with the same level of innovation and competitiveness as private sector counterparts.</p>	6
	32.	<p>Mr. Naresh bought a fire insurance for his warehouse by giving false information about the goods stored in the warehouse.</p> <p>Utmost good faith: A contract of insurance is a contract of uberrimae fidei i.e., a contract found on utmost good faith. Both the insurer and the insured should display good faith towards each other in regard to the contract. It is the duty of the insured to voluntarily make full, accurate disclosure of all facts, material to the risk being proposed and the insurer to make clear all the terms and conditions in the insurance contract.</p> <p>It is not the warehouse that is insured, but it is the pecuniary interest of the insured in them, which is insured</p> <p>Insurable Interest: Insurable interest means some pecuniary interest in the subject matter of the insurance contract. The insured must have an interest in the preservation of the thing or life insured, so that he/she will not suffer</p>	

		<p>financially on the happening of the event against which he/she is insured. In case of insurance of property, insurable interest of the insured in the subject matter of the insurance must exist at the time of happening of the event. In order to name insurable interest however, it is not necessary that one should be the owner of the property. For example, a trustee holding property on behalf of others has an insurable interest in the property</p> <p>He thought that in the event of loss, the insurer will compensate him and put him in the in the same position that he occupied immediately before the happening of the event insured against</p> <p>Indemnity: According to it, 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. In other words, the insurer undertakes to compensate the insured for the loss caused to him/her due to damage or destruction of property insured. The compensation payable and the loss suffered are to be measured in terms of money. The principle of indemnity is not applicable to life insurance</p> <p>Since the warehouse was insured, he did not take adequate steps to minimize loss when the ware house caught fire during last summer</p> <p>Mitigation: This principle states that it is the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property. Suppose goods kept in a store house catch fire then the owner of the goods should try to recover the goods and save them from fire to minimise the loss or damage. The insured must behave with great prudence and not be careless just because there is an insurance cover. If reasonable care is not taken like any prudent person, then the claim from the insurance company may be lost.</p> <p>He took double insurance therefore it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss payment.</p> <p>Contribution: As per this principle it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss of payment. It implies, that in case of double insurance, the insurers are to share the losses in proportion to the amount assured by each of them. In case there is a loss, when there is more than one policy on the same</p>	
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	<p>property, the insured will have no right to recover more than the full amount of his actual loss. If the full amount is recovered from one insurer the right to obtain further payment from the other insurer will cease. (Any four)</p> <p style="text-align: center;">Or</p> <p>(A) No, the company will not be reimbursed if the surveyor discovers the true cause of the fire, and the contract will be voided.</p> <p>(B) There are three aspects to fire insurance:</p> <ul style="list-style-type: none"> • Insurable Interest: The insured must have an insurable interest in the insurance's subject matter. The insurance contract is void if there is no insurable interest. • Utmost Good Faith: When providing information to the insurance company about the subject matter of the policy, the insured should be accurate and honest. • Indemnity: The contract for fire insurance is a rigorous indemnity contract. In the case of a loss, the insured can sue the insurer for the full amount of the loss. This is subject to the maximum amount of insurance coverage for the subject matter. <p>(C) When attempting to arrange money from a false claim, the principle of utmost good faith is disregarded. Insurance contracts demand that both parties operate in the best interests of the other. This means that both parties must provide all relevant information honestly and completely. This maintains impartiality while also assisting insurance firms in appropriately pricing premiums for applicants. If an applicant makes a major fact deception that the insurance company relies on, the policy might be deemed null and void. Hence, the values disregarded are trust, honesty and transparency.</p>	6
33.	<p>(A) Pure Risk: Pure risks involve only the chance of loss or no loss but they never bring any profit. Earthquake, flood, theft, fire etc. are all examples of pure risks.</p> <p>(B) Speculative Risk: Speculative risks involve both the possibility of loss as well as the possibility of profit. They arise due to price fluctuations, changes in taste and fashion of consumers, changes in demand, etc. Speculative risks can be minimised and avoided.</p> <p>(C) Natural causes: Natural causes of business risk include natural</p>	1 mark for heading +1

		calamities like earthquake, tsunami, tornado, famine, floods and drought, etc. Humans and businesses do not have a control over the natural causes and there certainly isn't any kind of preparation that can be undertaken for such a business risk.	mark for each explanation= 6
	34.	<p>(A) ABC National Bank (B)</p> <p>1. Identification of business opportunity:</p> <p>The opportunity could be in the form of developing a new product or service, making a product available through a new channel, or any other investment opportunity. The technical and economic feasibility of the opportunity is next assessed.</p> <p>2. Feasibility studies:</p> <p>Converting all potential business ideas into actual projects may not be viable or lucrative. As a result, the promoters do extensive feasibility assessments. The feasibility studies listed below may be carried out:</p> <ul style="list-style-type: none"> ○ Technical feasibility: An excellent idea may be technically impossible to implement. It could be due to a lack of readily available raw materials like material, labour, location, infrastructure or technology. ○ Financial viability: Every company activity necessitates the use of capital. The promoters must calculate the amount of money needed to pursue the recognised business idea. If money cannot be secured, the project must be abandoned. ○ Economic feasibility: The project might be technically and financially possible, but it may have a slim possibility of being profitable. Hence this step focuses on the cost-benefit analysis of the company to find out its future viability. <p>(C)</p> <ol style="list-style-type: none"> i. Fixing up Signatories to the Memorandum of Association ii. Appointment of Professionals iii. Preparation of Necessary Documents 	<p>½ mark for heading + ½ mark for each explanation= 6</p>

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**INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION 2023
BUSINESS STUDIES (054)**

CLASS: XI

Max. Marks: 80

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
C	1.	(B) President of the India	1
	2.	(D) Assembly Industry	1
	3.	(D) DTH services	1
	4.	(B) Departmental Undertaking	1
	5.	(C) Principle of Indemnity	1
	6.	(C) Memorandum of Association	1
	7.	(D) Perpetual Succession	1
	8.	(A) Joint stock company, Partnership	1
	9.	(C) Indemnity Contract	1
	10.	(A) Contribution	1
	11.	(B) Profession	1
	12.	(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.	1
	13.	(A) Wholesale Trade	1
	14.	(A) Both A and R are true. R is the correct explanation of A	1
	15.	(C) Sole proprietorship	1
	16.	(A) Utmost good faith	1

	17.	(C) Decentralised control	1						
	18.	(D) Registered Post	1						
	19.	(B) Joint Venture	1						
	20.	(D) Particular Partnership	1						
	21.	(A) Activities that help in the smooth flow of trade are called auxiliaries to trade. (B) The different auxiliaries to trade that are being used by Mr. Liyaquat in his business are: (a) Transport "He procures railways, roadways and airways." (b) Warehousing - "He also owns the stocks." (c) Insurance "He has also taken an insurance policy.... Rs.15 crores for his business." (d) Banking and Finance- "Moreover, he has taken a loan of 3,00,000 financial needs of his business." (e) Advertising - "He has placed information to popularise them."	1+½+½+½+½=3						
	22.	Yes, they can admit Ryan as a partner to the partnership firm's advantages with the permission of the partners. A minor is a person who is under the age of eighteen. Because a minor is incapable of forming a legally binding contract. He is unable to become a partner in a firm. A minor can, however, be added to the advantages of an established partnership business with the agreement of all other partners. It's unrealistic to expect him to absorb the losses. His responsibility will be limited to the amount of money he has put into the business. He will be unable to engage fully in the running of the company. Or The differences between memorandum and articles of association are as follows: <table><tr><td>Basis of difference</td><td>Memorandum of association</td><td>Article of association</td></tr><tr><td>Objectives</td><td>Memorandum of association defines the objects for which</td><td>Articles of association indicate how the</td></tr></table>	Basis of difference	Memorandum of association	Article of association	Objectives	Memorandum of association defines the objects for which	Articles of association indicate how the	
Basis of difference	Memorandum of association	Article of association							
Objectives	Memorandum of association defines the objects for which	Articles of association indicate how the							

			rules of the internal company are formed.	objectives specified in MOA are to be achieved.	
		Position	This is the main document of the company and it is subordinate to the Companies Act.	This is a subsidiary document and is subordinate to both the memorandum of association and the Companies Act.	
		Relationship	Memorandum of association define the relationship of the company with outsiders.	Articles define the relationship of the members and the company.	3
	23.	<p>The characteristics of business are as follows:</p> <p>(A) Production or procurement of goods and services: The business firm either manufactures goods or acquires them from manufacturers, before they are offered to people for consumption. A business firm is said to be manufacturing firm when it produces goods and services itself whereas if it buying goods from producers for the purpose of sale, then it is called a trading firm. The goods may be consumable or capital. Consumable goods are meant for direct consumption by the final consumers like milk, sugar, note book, clothes, shoes, butter, bread etc. Capital goods are those goods which are used for the production of consumer goods such as machinery, plant, materials etc. Services such as banking, electricity, insurance, transportation, etc.</p> <p>(B) Profit Earning: The main objective of business is to earn adequate profit and obtain wealth. Earning sufficient profits is indispensable for the survival of the business. Profit helps businessman in earning his livelihood and also in survival, growth and expansion of business. A businessman always tries to maximise revenues by making optimum use of resources, lowering costs and increasing the sales level. However, profit is not the sole criterion of business. The modern</p>			

		<p>concept of business is founded on the goal of profits through service."</p> <p>(C) Element of Risk: The risk element always exists in every business. In each business activity, some amount of risk is always present. Risk might occur by various factors such as fire, strikes, theft, change in fashion or taste of consumer, non-availability of raw material, breakdown of machinery, increase in the level of competition, power failure, hailstorm, change in government policies, bad labour-management relations, natural calamities like flood, earthquake, etc. Though, businessmen can take measures through insurance, but loss cannot completely be eliminated.</p>	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2} + \frac{1}{2} + \frac{1}{2} + \frac{1}{2} = 3$
	24.	<p>The registration of a partnership firm is optional. However, it is preferable to have a formal agreement to avoid problems between partners. The following are the implications of a firm's failure to register:</p> <p>I. A partner in an unregistered firm cannot sue the firm or other partners;</p> <p>II. The firm cannot sue third parties; and</p> <p>III. The firm cannot bring a case against the partners.</p> <p style="text-align: center;">Or</p> <p>The documents needed for registration for incorporation.</p> <ul style="list-style-type: none"> • Memorandum of Association: The Memorandum of Association is duly stamped, signed, and witnessed. In the case of a public business, it must be signed by at least seven members. For a private business, however, two members' signatures are sufficient. • Articles of Association: As with the Memorandum, the Articles of Association must be legally stamped and witnessed. This is also a very important document for the company that describes the way through which the objectives of MOA could be achieved. • Prospectus: If a company wants to raise money from the public, prospectus is also needed. <p>Director's Approval, List of Directors, Registrar's Letter, Statutory Declaration, Documentary Evidence, Registered Office. (Any three or any other relevant points)</p>	3
	25.	<ul style="list-style-type: none"> • Savings Account: Savings deposit account is meant for individuals who want to save some amount of money out of their incomes. In this account, customers can deposit money as per their ease and they can 	

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		<p>c) Samik - Recurring Account.</p> <p>“Saiyam’s younger brother Samik has opened a special kind of account wherein he will deposit Rs.1000 every month for the next two years.”</p> <ul style="list-style-type: none"> • Savings Account: Savings deposit account is meant for individuals who want to save some amount of money out of their incomes. In this account, customers can deposit money as per their ease and they can also withdraw money by means of a cheque or a withdrawal slip as and when they need it. The amount deposited in a savings account bank is referred to as the demand liability of bank. • Current Account: Such accounts are opened by businessmen by making an initial deposit of ₹ 5,000 in the bank. There are no restrictions on the amount deposited or the number of withdrawals made. Therefore, it is also referred to as a running and active account. • Recurring Deposit Account: In such accounts, the account holder is required to deposit a specified sum of money every month. They are also termed as cumulative time deposits. The period of account may range from 12 months to 10 years. (Any One) 	1+1+1+1=4
	26.	<p>A cooperative organisation is "an association of persons, usually of limited means, who have voluntarily joined together to achieve a common economic end, through the formation of a democratically controlled business organisation, making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking ".</p> <p>Features of Cooperative Societies</p> <p>The main features of cooperative societies are listed below:</p> <p>Voluntary Membership: A cooperative society is a voluntary association of persons, which means that no individual can be forced to be a member of a cooperative organisation. Any person having a common interest is free to join a cooperative society and can also leave any time by giving a prior notice. There is no compulsion to remain a member. The membership of cooperative society is open to all, irrespective of caste, religion, colour and gender.</p> <p>Legal Status: It is mandatory for a cooperative society to get itself registered with the Registrar of Cooperative Societies under the Cooperative Societies Act, 1912. After registration, the cooperative society gets a</p>	

	<p>separate legal entity, different from its members. The society can buy and sell property and make contracts in its own name. It can sue others and be sued in its own name. The insolvency, incapacity and death of any member does not affect the existence of cooperative society.</p> <p>Limited Liability: The liability of the members of the cooperative society is limited to the extent of the amount of capital contributed by them. This defines the maximum risk that a member can be asked to bear.</p> <p>Control: In a cooperative society, the principle of one member one vote' is adhered. Management and control of a cooperative society lies with a managing committee which is elected by members of the society. Each member has one vote irrespective of capital contributed by him. The management of a cooperative society is democratic and all members have an equal voice in its management due to equal voting rights. Members are allowed to give their suggestions and put their problems.</p> <p>Service Motive: The main purpose of cooperative society is to provide service to its members. Surplus, if generated as a result of its operations, is distributed as dividend among the members according to the bye-laws of the society. (Any three)</p> <p style="text-align: center;">Or</p> <p>A nominal partner can be two types:</p> <p>Partner by Estoppel: A person who is not a partner in a firm, but through his/her words (spoken or written) or conduct or behaviour represents himself/herself as a partner is called partner by estoppel. Though such a partner neither participates in the management of the firm nor contributes capital, even then in the eyes of the third party he is known as partner of that firm and such a partner becomes liable to those parties who advances money to the firm on the basis of such representation. For example, Lakshay is not a partner but he tells Shenoy that he is a partner in a firm called Gurpreet Enterprises. On this impression, Shenoy sells goods worth Rs. 2,40,000 to Gurpreet Enterprises. Later on, the firm fails to pay the amount. Shenoy can recover the amount from Lakshay. Here, Lakshay is partner by estoppel.</p> <p>Partner by Holding Out: A person who is not a partner in the firm but knowingly allows himself/herself to be represented as a partner in a firm, is</p>	
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		called partner by holding out. Such a person becomes liable to third parties for the repayment of debts, extended to the firm due to such representation. In order to avoid this liability, such a person should immediately issue a denial, clarifying his position to the third party, that he is not a partner in the firm. If he does not do so, he will be liable to the third party for repayment of any debts taken by the partnership firm. For example , Gurpreet tells Shenoy in the presence of Lakshay that Lakshay is a partner in the firm of Gurpreet Enterprises. Lakshay shows no objection to the statement of Gurpreet. Later on, Shenoy gives a loan of Rs. 2,50,000 to Gurpreet Enterprises on the basis of the impression that Lakshay is a partner in the firm. The firm is unable to repay the loan to Shenoy, Lakshay is liable to pay Rs. 50,000 to Shenoy. Here, Lakshay is a partner by holding out.	1+1+1+1=4
	27.	(A) Type of Partnership: The type of partnership in the above case is a Public-Private Partnership (PPP). (B) Features of the Public-Private Partnership: Collaboration between Sectors, Shared Risk and Responsibility, Resource Pooling, Efficiency and Innovation, Infrastructure Development, Government Objectives, Contractual Arrangements, Long-Term Nature, Flexibility, Regulatory Framework (Any three or other relevant points)	1+1+1+1=4
	28.	Sole Proprietorship: Sole trader is a type of business unit where a person is solely responsible for providing the capital, for bearing the risk of the enterprise and for the management of business. Features: Formation and Closure, Sole risk bearer, One man control, No separate Entity, Lack of business Continuity, Unlimited liability (Explain any three or any other relevant point)	1+1+1+1=4
	29.	The following are the types of manufacturing industry: (i) Analytical industry: This industry includes activities which are involved in analysing and separating basic materials into a number of products, for example, processing crude oil to produce petrol, diesel, etc. (ii) Synthetic industry: In this industry, two or more materials are mixed together to create a new product. For example, producing soap, biscuits, etc. (iii) Processing industry: In this industry, raw materials are processed to produce finished goods through a series of manufacturing operations. For	

		<p>example, sugar from sugarcane, textile products, etc.</p> <p>(iv) Assembling industry: In this industry, the finished product is produced by assembling the various parts or components. For example, radio, car, T.V., etc.</p>	1+1+1+1=4
	30.	<p>Aadhar enabled payment system (AEPS)- Aadhaar Enabled Payment System allows people to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan. People do not have to mention their bank account details to carry out these transactions. With the help of this payment system, people can send funds from one bank account to another simply through their Aadhaar numbers.</p> <p>Points of sale- It is the time and place where a retail transaction is completed. At the point of sale, the merchant calculates the amount owed by the customer, prepares an invoice for the customer and indicates the options for the customer to make payment. It is also the point at which a customer makes a payment to the merchant in exchange for goods or after provision of a service.</p> <p>Mobile Wallets -You can use mobile wallets directly on your smartphone for shopping online, making payments to merchants, sending money to friends & family, examples: Paytm, Google pay Jio Money etc.</p> <p>Prepaid cards: Prepaid cards are simply a plastic alternative to carrying money around and are often called everyday cards. Gift cards, meal card, multi wallet card etc. are some of the examples.</p>	4
	31.	<p>(A) Public sector enterprise: Statutory Corporation</p> <p>(B) Two examples of another Statutory Corporation in India are: Oil and Natural Gas Corporation (ONGC), Bharat Heavy Electricals Limited (BHEL) (Any other relevant examples)</p> <p>(C) Limitations of Statutory Corporation:</p> <p>Autonomy only on paper: Although statutory corporations are autonomous, the working of these corporations are hampered by interference from ministers, political parties that impacts their autonomy.</p> <p>Lacks Initiative: These corporations lack any profit motive and therefore the employees and management are not interested in taking any initiative for generating profit. (Any other relevant points)</p>	

	<p>(D) Advantages of Statutory Corporation:</p> <p>Quick decision making: Statutory corporations have significantly less file work and formalities as compared to other forms of organisations which results in quick decision making.</p> <p>Efficient Staff: The employees of the statutory corporation are provided fair wages, facilities and proper working conditions along with developmental programs. All these contribute towards making employees motivated to perform more efficiently. (Any other relevant points)</p> <p style="text-align: center;">Or</p> <p>Type of Public Enterprise: The type of public enterprise highlighted above is a Government Company.</p> <p>Minimum Investment by Government: In a government company, the government must hold at least 51% of the total paid-up share capital.</p> <p>Merits of Government Companies:</p> <p>State Control: Government companies allow the government to maintain control over strategic industries and key sectors of the economy, ensuring that important decisions are aligned with national objectives.</p> <p>Social Welfare: Government companies often prioritize public welfare over profit maximization. They can provide essential goods and services at affordable prices, especially in sectors where private companies might not be motivated to operate due to low profitability.</p> <p>(Any other relevant points)</p> <p>Demerits of Government Companies:</p> <p>Bureaucracy and Inefficiency: Similar to other forms of public enterprises, government companies can suffer from bureaucratic red tape and inefficiencies due to government regulations and interference.</p> <p>Lack of Innovation and Competition: Government companies might face challenges in keeping up with technological advancements and market competition, as they might not always operate with the same level of innovation and competitiveness as private sector counterparts.</p>	6
32.	<p>Mr. Naresh bought a fire insurance for his warehouse by giving false information about the goods stored in the warehouse.</p> <p>Utmost good faith: A contract of insurance is a contract of uberrimae fidei</p>	

		<p>i.e., a contract found on utmost good faith. Both the insurer and the insured should display good faith towards each other in regard to the contract. It is the duty of the insured to voluntarily make full, accurate disclosure of all facts, material to the risk being proposed and the insurer to make clear all the terms and conditions in the insurance contract.</p> <p>It is not the warehouse that is insured, but it is the pecuniary interest of the insured in them, which is insured</p> <p>Insurable Interest: Insurable interest means some pecuniary interest in the subject matter of the insurance contract. The insured must have an interest in the preservation of the thing or life insured, so that he/she will not suffer financially on the happening of the event against which he/she is insured. In case of insurance of property, insurable interest of the insured in the subject matter of the insurance must exist at the time of happening of the event. In order to name insurable interest however, it is not necessary that one should be the owner of the property. For example, a trustee holding property on behalf of others has an insurable interest in the property</p> <p>He thought that in the event of loss, the insurer will compensate him and put him in the in the same position that he occupied immediately before the happening of the event insured against</p> <p>Indemnity: According to it, 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. In other words, the insurer undertakes to compensate the insured for the loss caused to him/her due to damage or destruction of property insured. The compensation payable and the loss suffered are to be measured in terms of money. The principle of indemnity is not applicable to life insurance</p> <p>Since the warehouse was insured, he did not take adequate steps to minimize loss when the ware house caught fire during last summer</p> <p>Mitigation: This principle states that it is the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property. Suppose goods kept in a store house catch fire then the owner of the goods should try to recover the goods and save them from fire to minimise the loss or damage. The insured must behave with great prudence and not be careless just because there is an insurance cover. If reasonable care is not</p>	
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		<p>taken like any prudent person, then the claim from the insurance company may be lost.</p> <p>He took double insurance therefore it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss payment.</p> <p>Contribution: As per this principle it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss of payment. It implies, that in case of double insurance, the insurers are to share the losses in proportion to the amount assured by each of them. In case there is a loss, when there is more than one policy on the same property, the insured will have no right to recover more than the full amount of his actual loss. If the full amount is recovered from one insurer the right to obtain further payment from the other insurer will cease. (Any four)</p> <p style="text-align: center;">Or</p> <p>(A) No, the company will not be reimbursed if the surveyor discovers the true cause of the fire, and the contract will be voided.</p> <p>(B) There are three aspects to fire insurance:</p> <ul style="list-style-type: none"> • Insurable Interest: The insured must have an insurable interest in the insurance's subject matter. The insurance contract is void if there is no insurable interest. • Utmost Good Faith: When providing information to the insurance company about the subject matter of the policy, the insured should be accurate and honest. • Indemnity: The contract for fire insurance is a rigorous indemnity contract. In the case of a loss, the insured can sue the insurer for the full amount of the loss. This is subject to the maximum amount of insurance coverage for the subject matter. <p>(C) When attempting to arrange money from a false claim, the principle of utmost good faith is disregarded. Insurance contracts demand that both parties operate in the best interests of the other. This means that both parties must provide all relevant information honestly and completely. This maintains impartiality while also assisting insurance firms in appropriately pricing premiums for applicants. If an applicant makes a major fact deception that the insurance company relies on, the policy might be deemed</p>	
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		null and void. Hence, the values disregarded are trust, honesty and transparency.	6
	33.	<p>(A) Business Risk</p> <p>(B) Speculative Risk</p> <p>(C) Causes of Business Risk:</p> <ol style="list-style-type: none"> Natural causes: Natural causes of business risk include natural calamities like earthquake, tsunami, tornado, famine, floods and drought, etc. Humans and businesses do not have a control over the natural causes and there certainly isn't any kind of preparation that can be undertaken for such a business risk. Human Causes: The human causes of business risk are due to the loss of business that arises from changes in customer preferences, employee mindset, agitation by workers, negligence by employees, strikes and lockouts. Economic Causes: Economic causes of business risk arise from changes in the different economic factors such as increasing competition, changing market conditions, increase in price of raw materials, production cost and wages. Other Causes: There may be physical causes and political causes. Physical causes include technical or mechanical causes which affect the working of the assets of business. For example, breakdown of cooling machine results in damage of perishable goods such as milk and ice cream. Political causes include changes in government policies regarding taxation, excise duty, licensing, foreign trade, etc. and fall of the government, civil war, changes in laws may lead to huge loss in business. 	1+1+1+1+1+1=6
	34.	<p>(A) Promoter: Mr. Mohan</p> <p>(B) Position of Promoter: A firm's promoters have a fiduciary relationship with the company, which they must not abuse. They can only make a profit if it is publicly revealed; they cannot make any hidden gains. In the event of non-disclosure, the company has the right to cancel the contract & reclaim the money paid to the promoters. It can also sue for damages or losses incurred because of material information not being disclosed. Promoters do not have the legal right to claim expenses incurred in the</p>	

		<p>company's promotion. The company, on the other hand may choose to reimburse them for their pre-incorporation costs. The corporation may also pay the promoters a lump-sum payment or a commission on the purchase price of property obtained through them or on the shares sold as compensation for their efforts. The corporation may also provide them stock or debentures or give them the opportunity to buy the securities later.</p> <p>(C) Functions of Promoter:</p> <p>1. Identification of business opportunity: The opportunity could be in the form of developing a new product or service, making a product available through a new channel, or any other investment opportunity. The technical and economic feasibility of the opportunity is next assessed.</p> <p>2. Feasibility studies: Converting all potential business ideas into actual projects may not be viable or lucrative. As a result, the promoters do extensive feasibility assessments. The feasibility studies listed below may be carried out:</p> <ul style="list-style-type: none"> ○ Technical feasibility: An excellent idea may be technically impossible to implement. It could be due to a lack of readily available raw materials like material, labour, location, infrastructure or technology. ○ Financial viability: Every company activity necessitates the use of capital. The promoters must calculate the amount of money needed to pursue the recognised business idea. If money cannot be secured, the project must be abandoned. ○ Economic feasibility: The project might be technically and financially possible, but it may have a slim possibility of being profitable. Hence this step focuses on the cost-benefit analysis of the company to find out its future viability. <p>3. Name approval: The promoters must choose a name for the company and file an application for approval to the registrar of companies in the state where the firm's registered office will be located. If the proposed name has been rejected, an alternate name may be accepted. In the application to the Registrar of Companies, three names are submitted in priority order.</p> <p>4. Fixing up Signatories to the Memorandum of Association: The members who will sign the proposed company's Memorandum of Association must be decided by the promoters. Those who sign the</p>	
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	<p>memorandum are also the company's first directors. Their signed consent to serve as Directors and to purchase the company's qualification shares is required.</p> <p>5. Appointment of professionals: The promoters select specialists such as mercantile bankers, auditors, and others to assist them in preparing the essential documents that must be filed with the Registrar of Companies.</p> <p>6. Preparation of necessary documents: The promoter takes measures to prepare necessary legal documents that must be submitted to the Registrar of Companies for the company to be registered under the law. The Memorandum of Association, Articles of Association, and Consent of Directors are the documents required. (Any three or any relevant points)</p>	1+2+3=6
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