



**INDIAN SCHOOL SOHAR**  
**TERM 2 EXAMINATION (2019 – 2020)**  
**BUSINESS STUDIES [054]**

**CLASS: XI**  
**DATE: 16/01/2020**

**MAX MARKS: - 80**  
**DURATION: - 3HRS**

**General Instructions: -**

- 1) This paper contains 34 questions in 5 parts.
- 2) All questions in both the sections are compulsory.
- 3) Attempt all parts of a question together.
- 4) The instructions for each part are given separately. Read them carefully and follow.

**PART A**

**This part contains 20 questions carrying 1 mark each.**

1. Sandeep and Sons Ltd. located in Delhi orders pearl jewellery from Nasir and Bros based in Hyderabad. They enter into contract and make certain that that the payment will be made on receiving the goods at Delhi at their shop. Identify the terms of trade in the above example. [1]
2. From the following identify and explain the objectives of business: [1]
  - A. It is calculated by comparing the value of outputs with the value of inputs.
  - B. It refers to the position of an enterprise in relation to its competitors.
3. Edit Law is a firm which is engaged in manufacturing law journals. Due to the growing demand for its journals, it has handed over its research work to Write Right Ltd. What kind of business is being carried out by Write Right Ltd.? [1]
  - A. Leasing
  - B. Business Process Outsourcing
  - C. Franchising
  - D. Knowledge Process Outsourcing
4. What do you understand by the term carting order? [1]
5. A company wants to issue such shares as do not have the right of preference for payment of Annual Dividend and refund of Capital at the time of Liquidation. Identify such shares. [1]
6. A company can be described as an \_\_\_\_\_ having a \_\_\_\_\_, \_\_\_\_\_ and a \_\_\_\_\_ [1]  
\_\_\_\_\_ Fill in the above blanks and discuss each of these points as a feature of Joint Stock Company
7. The policy which has surrender value or paid up value is [1]
  - A. Health insurance
  - B. Marine insurance
  - C. Life insurance
  - D. Fire insurance

8. Ratnam orders a blanket based on an advertisement given in a newspaper specifying the features, price, delivery terms. It specified that the terms of payment will be VPP only. The product turned out to be of good quality. Identify this type of retail business [1]
9. Under factoring arrangement, the factor [1]
- A. produces and distributes the goods and services.
  - B. Transfers the goods from one place to another
  - C. Collects the client's debts and accounts receivable
  - D. Makes payments on behalf of the client.
10. Sanjeev trades in open rented places. The moment the opportunity of making profit at a place diminishes, he changes his place of trade. Identify the type of itinerant trade. [1]
11. Smart Ltd. invited public to subscribe for its public issue of ₹ 10 lakhs through initial Public offer (IPO). It received applications for shares of ₹ 8 lakhs. In the context of the above case Can the company proceed with allotment of shares? Why? Why not? Give reasons for your answer. [1]
12. The Research and Development Department of Maharaja Private Limited developed a formula after putting in a lot of labour. The formula was quite new, useful and non-obvious. Not only this but this formula could be used in the related industries. One could get a glimpse of the ingenuity and creativity of the R&D department of the company. The company is apprehensive about the safety of the formula. Identify the intellectual property right through the use of which the company can be relieved of this apprehension. [1]
13. Because of the festive season Bhavani Garments received double orders. Advise the company on the most appropriate sources of finance which can be used to raise necessary finance for this purpose. [1]
14. What is the role of District Industrial Centres for the growth of small business in India? [1]
15. A company got its Certificate of Incorporation on 20<sup>th</sup> August 2019 and on the certificate the date was written as 10<sup>th</sup> August 2019. The company allotted some shares on 18<sup>th</sup> August 2019. Is the allotment valid? Give reason for your answer. [1]
16. Tata Power is planting trees on roadside of several big cities. Name the objective in which Tata Power is engaged [1]
17. It is an agreement between the particular public sector unit and their administrative ministries defining their relationship and autonomy. Under this system, public sector units were given clear targets and operational autonomy for achieving those targets. State the term associated with the above given details. [1]

18. Soumya is a techno savvy person and uses different types of digital payment methods to make payments for purchases. She uses Aadhaar card 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 so that she need not have to mention their bank account details to carry out those transactions. She went to a departmental store to made payment using her debit card at the checkout counter. She uses Google pay to pay her taxi fare. She got Amazon gift card as birthday gift from her parents which she used it to buy a Bluetooth speaker from Amazon. Identify the types of digital payment used to make different purchases
19. Incentives which are not given by government to industries in backward areas is [1]
- A. Exemption from GST
  - B. Preferential allotment of raw materials
  - C. Power at concessional rates.
  - D. Free advertisement in TV and newspapers.
20. We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.” [1]
- From the above given details identify the clause of the Memorandum of Association.
- A. Association clause
  - B. Objective clause
  - C. Liability clause
  - D. Name clause

### PART B

**This part contains 5 questions carrying 3 marks each. Answers to these questions should be in about 100 words.**

21. Mahindra and Mahindra Ltd. was the first company in India to issue convertible debentures in 1990. [3]
- Now many more companies have the approval to issue convertible debentures to raise debt capital. State and explain the reason of issuing such debentures
22. Mr. Prashant Kumar is the owner of a transport company. He went to the LIC office to get himself insured. He came to know that in this insurance policy security and investment both the features are implicit. Then he went to the office of United Insurance Company Ltd. to get the company trucks insured. There he learnt that this insurance was different and it implied only the security element. [3]
- A. Identify the types of insurance discussed in the passage.
  - B. Explain the difference between the two.

23. Ranjan was a very industrious sales executive with an herbal cosmetic manufacturer. He earns a good salary and commission on the business he brings for the firm and has a very good command over the Delhi market for which he has become indispensable. He was aware of the enviable position he held in the firm so he thought, "The key to success of any business is the sale of the products. The beginning and the end of a business cycle is nothing but sales other people working in the factory to manufacture the products are merely the cogs in the business machines set in motion by the sales persons. So why carry this burden and get a small share of the prosperity of the firm while others are enjoying the fruits of my labour. Why should I not start my own company?" [3]
- A. Should Ranjan take a leap? State any three functions Ranjan would perform as an entrepreneur in relation to economic development.
24. Ganga Ram and sons has business of buying Iron and steel and selling it to other business organisation. They are the dealers of iron and steel in Jaipur. The basis of membership in this form of business is by birth in a particular family and three successive generations can be members in the business. All members have equal ownership right over the property. [3]
- A. From the details given above, Identify the form of organisation.
- B. Explain two features of this type of organisation.
25. At international level, various organisations exist for accelerating the pace of development and trade among the nations. Identify the organisation and explain the main objectives of the identified organisation. [3]

### PART C

**This part contains 3 questions carrying 4 marks each. Answers to these questions should be in about 150 words.**

26. Mr Rizwan was running a home-furnishing business through his physical store at Panipat. He was observing that the sales were declining over the past two years. His friend Akhil suggested that he should tie up with online market places. On his advice, he contracted Flipkart, which provided him training and convinced that he could do his business in his shop and go down. The online partner provided all sorts of services round the clock at a click of the mouse. He received the orders from far and wide and saw that his sales multiplied manifolds. He felt he could see slow sale for some products that require face-to-face communication. [4]
- In the context of the above case:
- A. Identify the modes of business before and after associating with Flipkart.
- B. Identify the merits and limitations of online business by quoting the lines from the paragraph.
27. Arboreally in Mumbai and Spencer in Chennai are the example of a particular type of large-scale retailer. Identify the type of retailer and explain three important features of the identified retailer [4]

28. Integral Coach Factory (ICF) is an Indian manufacturer of rail coaches located in Chennai, Tamil Nadu, India. It was established in 1952, is owned and operated by the Indian Railways. The coach factory primarily manufactures cars for Indian Railways but also exports railway coaches to other countries. [4]
- A. Identify the type of form of public sector undertaking.
  - B. List any two merits and two demerits of the identified concept.

#### PART D

**This part contains 3 questions carrying 5 marks each. Answers to these questions should be in about 200 words.**

29. Mr. Pankaj was running a home-furnishing business through his physical (brick and mortar) store at Panipat. He was observing that the sales were declining over the past two years. His friend Rohan suggested that he should tie up with online market places. On his advice, he contacted Flipkart, which provided him training and convinced him that he could do his business from his shop and go down. The online partner provided all sorts of services round the clock at a click of the mouse. He received the orders from far and wide and saw that his sales multiplied manifolds. Mr. Pankaj also observed that the usage of papers in his firm was considerably reduced and he could get all the details of sales any time as it was saved automatically in his personal computer. [5]
- A. Identify the scope of business after associating with Flipkart.
30. Ashok, Bijoy and Rahul are three partners sharing profit equally, Bijoy have contributed capital but does not take part in decision making. The firm is mainly managed by Ashok and Rahul. On the other hand, Rahul's association with the business is not known to outsiders, though he has contributed capital. Avinashi, a friend of Ashok, accompanies him and Bijoy to a bank for a meeting with the manager. The bank manager gets an impression that that Avinashi is also a partner from his behaviour and conduct. [5]
- A. Identify the type of partners mentioned above, mentioning the name.
- Which common feature of partnership found in all four individuals? Explain the feature.
31. Indian post and telegraph department provides various services across India. Explain the services provided by the Indian postal department. [5]

#### PART E

**This part contains 3 questions carrying 6 marks each. Answers to these questions should be in about 250 words.**

32. A public company can raise the required funds from the public by means of issue of shares and debentures. For doing the same, it has to issue a prospectus which is an invitation to the public to subscribe to the capital of the company and undergo various other formalities. [6]
- What are the various formalities required for raising funds from the public?

33. Ishita is having a degree of hotel management and an experience of 5 years working with Hotel Oberoi. She has a keen desire to start a hotel of her own. Few days back she saw a hotel which was on sale. The hotel was on a highway and had good business potential but needed renovation. She fixed a meeting with the property owner and finalized the deal for ₹25 lakh, she sat down to prepare a business plan and realized that to start off her own business. She will need funds not only to finance the purchase but also to run the business. She will need additional ₹10 lakh to renovate the hotel and ₹ 5 lakhs as bank balance to meet day-to-day expenses. She checked her bank balance and could organize only ₹ 10 lakhs out of her personal savings. She met the bank manager to find out how bank could help to arrange the required funds. Bank manager was ready to give her a loan of ₹5 lakh against hotel ownership papers as security for ten years. Her two friends Shivani and Shreya readily agreed to provide the funds required but would like to be partners in the business. On the basis of the information given above answer the following questions:

- A. Name the type of capital required to meet day-to-day expenses
- B. What type of capital Ishita requires to buy the hotel?
- C. State any four limitations of borrowing from bank
- D. If she gives ownership rights to her two friends in her business with limiting their liabilities to the extent of their investment made, which source of fund she has used here?
- E. What will be the nature of return on capital employed given to her friends who are also the owners of Ishita's hotel.

34. Mr. Ashok manufacturing garments in Delhi appointed Mr. Vijay for distribution of the garments to Bansal and company who sells it to the customers in Mumbai. Bansal and company have shops at all the suburbs of Mumbai. Mr. Vijay pools orders from Bansal and company and enables to undertake manufacturing in large quantities. Vijay gets the garments from Ashok and stores it in his warehouse thereby reducing the burden of storage and ensures that the goods is stored safely since he bears variety of risks. Mr. Vijay undertakes the marketing activities and reduces the burden of marketing for Mr. Ashok. Mr. Vijay purchases the garments from Mr. Ashok and facilitates in producing garments on a continuous basis and stores it till it is required in the market. Mr. Vijay gives the feedback he gets from Bansal and company about customer's likes and dislikes and market conditions to Mr. Ashok. Mr. Vijay purchases the garments from Mr. Ashok by paying cash so that the manufacturer need not block the money in stocks.

Quote the lines from the above given details and identify the services provided by Mr. Vijay to Mr. Ashok

\*\*\*\*\*THE END\*\*\*\*\*