

**SRI SATHYA SAI VIDYA VIHAR, INDORE**  
**ANNUAL EXAMINATION- FEBRUARY, 2019**

**CLASS: XI**

**SUBJECT: BUSINESS STUDIES**

**TIME: 3 Hrs**

**MAX. MARKS: 90**

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**GENERAL INSTRUCTIONS**

- Answers to questions carrying 1 mark may be from one word to one sentence.
  - Answers to questions carrying 3 marks may be from 50 to 75 words.
  - Answers to questions carrying 4-5 marks may be about 150 words.
  - Answers to questions carrying 6 marks may be about 200 words.
  - Total number of printed pages: 7
  - Total number of questions: 27
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**SECTION A**

**Q 1** Name any two types of Hundis in use by traders in ancient times. 1

**OR**

What is business risk?

**Q 2** Disha is promoting a public limited company. Before the company is formed she enters into a contract with DLF for purchase of land and also agrees to pay ₹10 crores within a period of 2 months. The company was incorporated after 1 month. After incorporation one more contract was signed by the company with another real estate agency for purchase of one more land for ₹ 5 crores and the amount was to be paid within a period of 1 month. The company got certificate of commencement of business 2 months after its incorporation. 1

On the basis of the facts, answer the following question:

Which type of contract is entered by Disha with DLF and in what capacity?

**OR**

State the minimum and maximum number of partners in partnership firm according to Section 464 and Rule 10.

**Q 3** Food Corporation of India (FCI) was established through Special Act passed in Parliament in 1964 with the objective to create buffer stocks of foods like wheat, rice etc for emergency situations like drought, flood, famines etc. 1  
Which type of public sector enterprise is discussed in this paragraph?

**Q.4** XYZ Ltd. is specialised in consultancy service. The company makes software for a reputed bank of USA. It is specialised in making accounts of that bank. To carry on this work, XYZ Ltd. hires professionals like engineers, CAs, etc., who are very competent in providing such services. 1  
Identify the type of business services provided by XYZ Ltd.

**Q.5** Identify the source of finance in the following cases: 1  
(a) It converts the value of purchases into trade payables.  
(b) It is a type of debenture which enjoys fixed returns with an option of becoming shareholder.

Q.6 What do you mean by Tax Holiday with special reference to small business? 1

Q.7 Ram and Shyam are friends. They have to attend the birthday party of a common friend. Ram goes to 'Poshak kids wear' exclusively for kids wear with his parents to get a new dress for party whereas Shyam purchases his dress from 'Smart garments.' His mother and brother also bought, their dresses from 'Smart Garments'. Identify the types of stores Ram & Shyam visited. 1

Q.8 State the term used for export and import of services. 1

OR

"Gas Authority of India Limited" has identified some major thrust areas for its CSR initiative by supporting communities in multiple areas like health, sanitation, education, skill development, livelihood and environment. Through GAIL, Utkarsh, the company has helped over 500 students from economically backward communities to join India's premier engineering institutes. They are provided residential coaching programs and given monthly scholarship once they get into IIT's / NITs. The GAIL Institute of Skills (GIS) is also working towards bridging the skill gap faced by the oil and gas industry. GAIL's CSR program operates in 25 states and Union Territories. In the last fiscal year, it spent ₹71.89 crores or 1.21% of the average net profit of the last three years, against an allocation of ₹118.67 crores".

What is meant by 'CSR'?

#### SECTION B

Q.9 The business assets of an organization amount to ₹ 60,000 but the debts that remain unpaid are ₹ 1 lakh. What course of action can the creditor take if the organization is a partnership firm with Kareena and Karishma as partners but Kareena is a nominal partner. 3

Which of the two partners can the creditors approach for repayment of debt? Explain giving reasons.

Q.10 Sanjay Mehta was working under the production unit of a large scale company producing wide variety of toiletries for last five years. Though the company earns huge profits but no increment or bonus is given to the workers. To the employees, the company doesn't give any concession or discount if they want to purchase the products manufactured in the company directly from sales department. Sanjay Mehta with his 10 other colleagues decided to resign from his job. They decided to open their own business organization, where economic interest of all its members will be promoted, values of mutual help and welfare will be emphasized, the goods and services will be made available directly from producers to consumers at very reasonable price by eliminating the role of middlemen. 3

- Name the form of organization which Sanjay Mehta has decided to opt for his business.
- Explain briefly any two features of such type of organization not mentioned in the question.

OR

Lalaji, a local vegetable trader, started taking orders online. He was the first to do this in his region and took advantage of being the first mover. With the help of venture capitalists, he raised funds to grow his business as a corporate entity with website, "locallalaji.com". In the first year, his business did well. The industry was flooded with the new entrants like, Grofers, Bigbasket etc. In spite of lot of efforts by Lalaji, his business started suffering losses. The investors were pressurizing Lalaji for good returns on their investment. In the third year of operations, the company had to stop payment of

salaries and loans. This brought legal action against the company and it was served with a legal notice of liquidation. Its assets had to be sold to repay debts. Investors demanded settlement of dues by selling Lalaji's personal assets but auctioneer did not allow for this.

- Name the form of business organisation followed by Lalaji.
- Are the investors justified in asking to sell personal assets of Lalaji? Explain by highlighting the feature associated with this situation.
- Identify two values that have affected the spirits of investors when they could not receive their dues from the company.

Q.11

The Coca-Cola is the world's largest beverage company, refreshing consumers within more than 500 sparkling and still brands. It was established more than 129 years ago in Georgia, Atlanta. Headquartered in Atlanta, it has divisions and local operations in over 200 countries worldwide. Coca cola generated more than 70% of its income outside the United States by 2003. Coca cola started its full-fledged operations in India in 1993. By 2003, Coca - Cola invested more than 1 billion dollars in India, making it one of the country's top international investors. They offer a wide portfolio of nearly 20 products which includes sparkling drinks, juice and juice drinks, packaged water, energy drinks, tea and coffee. They have their registered office in New Delhi.

On the basis of above case, answer the following questions.

- What kind of company is Coca-Cola?
- Quoting the lines from the case, identify the two features of the kind of organization Coca -Cola is.

OR

Identify the following organizations whether they are private sector enterprises or public sector enterprises and their category also:

 <p>A</p>	 <p>B</p>	 <p>C</p>
 <p>D</p>	 <p>E</p>	 <p>F</p>

Q.12

Enumerate any three limitations of electronic mode of doing business.

3

Q.13

A seminar was held in New York on the problems of finance. Its topic was 'The Different Finance Sources available at the Global Level in the Modern Context.' Two

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hundred representatives from different countries participated in this seminar. All the representatives expressed their respective opinion. One of the sources of finance discussed in the seminar was such through which the foreign companies could issue their securities in India. Looking at the great possibility of obtaining capital from the investors in India all of them showed a great interest in the discussion of the source and other source of finance which created interest in everyone was the source through which money could be obtained from the investor in America and other European countries. Since this source was concerned with a very big area the number of people who took interest in it was also large. One of the Indian representative threw light on the special characteristic of this source. His presentation was appreciated by one and all. In the final session of the seminar the discussion took place on such a source of finance which could be used only in America.

In the above paragraph three international sources of finance were discussed. Identify those sources and explain them in brief.

Q.14 Enumerate any three facts about Goods and Service Tax.

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### SECTION C

Q.15 Riya, Reema and Raima are the final year students having painting as their subject. They are excited and motivated to make their career in painting, art work. Riya's father who is already into the business of pottery and painting suggested Riya to run family business with her cousins. But Riya wants to form a new business organization with her friends but they are in a fix as to which form of organization can be selected. Reema wants to choose the business organization which should have stability and continuity and where business can be operated on large scale with no dearth of resources. Raima is of the opinion that there should be mutual agency and equal sharing of profits and losses and equal status of each member in the form of organization which they will select. On the basis of the given statements,

- i. Identify the different forms of business organization highlighted above by quoting the lines from the paragraph.
- ii. Riya joins her father's family business. Can her friends also become members of that business? Give reason.

### OR

Rahim, Krishna, Arjun and Shiva are partners in a firm. Mr. Rahim shares in the profits and losses of the firm, assumes unlimited liability of the business but does not take active part in the affairs of the business. The public does not know the presence of Mr. Krishna but in all other respects, he is like an active partner. Mr. Arjun owns good reputation in the market and has allowed the firm to use his name but he has neither contributed any capital nor takes part in the management of the business. Mr. Shiva is only 15 years old and has been admitted for the benefits of the partnership in a firm.

- a. Who is the nominal partner in the above case? Is the nominal partner liable for the debts of the firm?
- b. What kind of partner is Mr. Krishna? Briefly explain.
- c. Is Mr. Shiva a legal partner? Can he be held liable to pay the liabilities of the firm?
- d. Identify the values, which according to you motivated the partners in forming a partnership firm.

Q.16 Differentiate between (any one point of difference for each)  
1. Saving Account and Current Account

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2. Debit card and Credit Card
3. Fixed Deposit and Recurring Deposit Account.
4. Cheque and Demand Draft.

Q.17 Bhakti Consultancy services is a famous corporate group working in IT sector. The company provides IT services globally. It has various departments to manage its affairs like production, testing, sales, human resource, finance, marketing etc. In order to ensure that there is complete interaction among these departments, the company has developed its own internet network. This not only leads to better coordination among department but permits well informed and faster decisions, speedy workflows. The employees of the company use internet to conduct meetings, recruit and select the employees online via video conferencing. The management of Bhakti Consultancy Services has a responsibility to avoid speculative activities and invest the money in good business ventures and get good returns. On the basis of the given information about business done by Bhakti Consultancy Services, answer the following questions: 4

- a) Identify scope of e-Business which is referred above.
- b) Explain two other points of scope of e-Business other than identified in part (a) above.

Q.18 A company wants to issue such shares which do not have preferential rights for the payment of dividend and refund of capital at the time of liquidation. It also wants that the capital they get should be of permanent nature. 4

1. Identify the type of shares.
2. Explain any three limitations of such identified shares.

Q.19 Ghanshyam, a Saree business man is the resident of Andheri East Mumbai. He gets his goods from Ram Prasad, a resident of Surat who deals in selling sarees in bulk. Ghanshyam places some order to Ram Prasad. Ram Prasad sent the goods by train & gets the receipt. Later Ghanshyam returned some of the order to Ram Prasad that did not meet his requirement. 4

- a) Identify the types of business Ghanshyam & Ram Prasad are engaged in.
- b) Name the receipt Ram Prasad received.
- c) Name the note sent by Ghanshyam to Ram Prasad.
- d) Whose account will be credited on account of goods returned?

Or

Stan Max is a large retail showroom having a number of departments under one roof, each department specialising in one line of product such as electronics, clothing, home decor, cosmetics etc. Each of the department is like a separate shop with centralized purchasing, selling and accounting, each run by departmental manager.

- a) What type of business is Stan Max dealing with?
- b) What are the features of this type of business?

#### SECTION D

Q.20 In 1983, when Stride Arcolabs was set up, it only dealt with two cities in India i.e. West Bengal and Bihar. In 1985, it started trading nationally and by 2000, company made its way through the international market. Products used in cardiology were manufactured in 1987 and at that time, Monotrate was one of the first products that was launched and went on to become a best-seller. In 1993, Stride Pharmaceuticals Industries set up their own research institute STIRI. STIRI became popular by generating knowledge and gaining process development skills across the world. In 1994, Stride Pharma enrolled itself in the main stock exchanges in India. Stride Pharmaceuticals shifted its 5

headquarters in Mumbai as it is at the center of Indian commercial trade. The company began its first international acquisition with an amount of US\$ 7.5 million, acquiring international Pharm Lab in Detroit. Later on, the company introduced a few more treatment areas which included orthopedics, gynecology, and oncology. On the basis of the given information about Stride Arcolabs, answer the following questions:

- (a) Identify the type of business enterprise highlighted by quoting the lines from above case.
- (b) Explain any four features of the type of business enterprise identified in above question.

Q.21 "In the case of Satyam Ltd., its top official had put the interest of shareholders at stake. In spite of the dominant role of profit in the running of business today, there is a growing realization all over the world that now it is very important for every business to assume Corporate Governance." Illustrate with reasons. 5

Q.22 Explain how the following factors affect the choice of source of finance: 5

1. Cost
2. Purpose and time period
3. Risk profile
4. Control
5. Tax benefits

Q.23 a) India, known as the home of spices, has a long history of trading with the ancient civilizations of Rome and China. Today, Indian spices are the most wanted globally, given their exquisite aroma, texture, taste and medicinal value. India is the world's largest producer, consumer and exporter of spices; the country produces about 75 of the 109 varieties and accounts for half of the global trading in spices. 5

Top spices produced in the country include pepper, cardamom, chilli, ginger, turmeric, coriander, cumin, celery, fennel, dill seed, garlic, tamarind, clove and nutmeg. Among others major importers of Indian spices are USA, China, Indonesia, Malaysia, UK, Sri Lanka, Saudi Arabia and Germany.

On the basis of the aforesaid information about spices, enumerate four benefits available to India and its business firms who are engaged in spices export.

- b) Give the full form of the following:
  - 1) DGFT
  - 2) RIELA

#### SECTION E

Q.24 Suzanne after completing her MBA realized that her family needs extra income as her father was about to retire. So, she decided to set up a garment manufacturing unit. She received order for 500 shirts. Suzanne started purchasing raw materials from local suppliers and completed first order of shirts. As she completed the order on time the other purchasers also started giving orders to Suzanne on regular basis. Her hard work and sincerity resulted in huge profits and led to the growth of the business. After two years there were communal riots in her city due to which her profits were adversely affected and availability of labour also become tough and Suzanne started suffering loss. After analyzing the situation for few months she decided to shut down the business. Identify the different features of business discussed in the above case. Also quote the lines for the identified feature. 6

OR

Rohan was working with a travel agency. He was also very fond of reading books. He requested his father Mr. Anand, to buy a new "Kindle" so that he could use his travelling time for his passion. His father has always supported his reading habit, so he sold his old laptop on Quicker.com and bought his son a "Kindle" from Amazon.com. While buying from the site Mr. Anand noticed a message on the screen of the website that 1% of every purchase made from the site would be sent by the company to "Akshay Patra", an NGO for underprivileged children.

- a. Would you term the buying transaction of Mr. Anand from Quicker.com a business transaction? Explain with the help of relevant feature of a business activity.
- b. State the industry sector to which e-commerce sites belong to.
- c. By donating to "Akshay Patra" which type of responsibility is Amazon.com fulfilling? Also identify two values being achieved by the sites. (2+1+3)

Q.25 Explain in detail the following Principles of Insurance: 6

1. Principle of Contribution.
2. Principle of Subrogation.
3. Principle of Mitigation.

Q.26 Differentiate between Memorandum of Association and Article of Association on the following basis: 6

- a) Meaning
- b) Objective
- c) Necessity
- d) Alteration
- e) Validity
- f) Relationship

Or

The Indian Chamber for Commerce and Industry has recently organized 'Water India' Water Expo' in June 2017 in Pune. It was the most exclusive Trade Show on the Indian Water Industry. It had offered business opportunities to the national players from the water industry to learn and explore the future trend of the Indian water market. A large number of satisfied exhibitors showed their presence in the exhibition displaying wide array of products & services related to Water Treatment Plants, Reverse Osmosis, Reuse and Recycling, Softening, Filtration, etc.

In context of the above case:

- (a) Why was the Indian Chambers for Commerce and Industry formed?
- (b) Explain briefly any five points highlighting the role of Chambers of Commerce and Industry in the promotion of internal trade.

Q.27 You are planning to import laptops from U.S.A. List and explain all the steps required to follow and explain in detail the first six steps which will be followed by you. 6