

ELEMENTS OF BUSINESS (154)

CLASS X (2024-25)

MARKING SCHEME

Q.NO.	QUESTION	MARKS			
1.	C. Letter	1			
2.	B. Equity shares	1			
3.	A. Hire purchase	1			
4.	D. Payment on credit terms	1			
5.	B. Departmental store	1			
6.	C. Statement I is true, Statement II is false.	1			
7.(A)	D. Message	1			
	OR				
7.(B)	D. Bing	1			
8.	C. Automated vending machines	1			
9.	C. They do not provide credit facilities	1			
10.	D. Goods that are perishable and bulky in nature	1			
11.(A)	B. Retained Earnings	1			
	OR				
11.(B)	A. Debentures				
12.	A. Assertion (A) is true but Reason (R) is false.	1			
13.	A. Trade credit	1			
14.	D. Speciality stores	1			
15.	C. Purchase by sample	1			
16.	C. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.	1			
17.	A. Fall of hammer	1			
18.	A. Credit Note	1			
19.	(I) Achintya India Life Insurance Co. Ltd. - Public company Hira Asset Management Company Pvt. Ltd. - Private company (II) Difference between a public company and a private company (Any two)	1			
	<table border="1"> <tr> <td>BASIS</td> <td>PUBLIC COMPANY</td> <td>PRIVATE COMPANY</td> </tr> </table>	BASIS	PUBLIC COMPANY	PRIVATE COMPANY	
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		1 x 2			

	<table border="1"> <tr> <td>Members</td> <td>Minimum- seven Maximum-Unlimited</td> <td>Minimum- two Maximum-two hundred</td> </tr> <tr> <td>Minimum number of directors</td> <td>Three</td> <td>Two</td> </tr> <tr> <td>Transfer of shares</td> <td>No restriction on transfer</td> <td>Restriction on transfer</td> </tr> <tr> <td>Invitation to public for subscription</td> <td>Can invite public to subscribe to its shares or debentures</td> <td>Cannot invite public to subscribe to its shares or debentures</td> </tr> </table>	Members	Minimum- seven Maximum-Unlimited	Minimum- two Maximum-two hundred	Minimum number of directors	Three	Two	Transfer of shares	No restriction on transfer	Restriction on transfer	Invitation to public for subscription	Can invite public to subscribe to its shares or debentures	Cannot invite public to subscribe to its shares or debentures	
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20.	<p>(I) The source of finance that Kinjal Enterprises Ltd. has raised through issue of securities to Kaushal is Equity shares.</p> <p>(II) Disadvantages of using the source of finance are:</p> <ul style="list-style-type: none"> • Investors who want steady income may not prefer equity shares as equity shares get fluctuating returns • The cost of equity shares is generally more as compared to the cost of raising funds through other sources • Issue of additional equity shares dilutes the voting power, and earnings of existing equity shareholders • (iv) More formalities and procedural delays are involved while raising funds through issue of equity share. <p style="text-align: right;">(Any two)</p>	1 1 x 2												
21. (A)	<p>Channel of communication refers to the medium through which a message is sent and received. In other words, it's the method of communication used. Two types of channels of communication are:</p> <ul style="list-style-type: none"> • verbal communication • written communication • non-verbal communication <p style="text-align: center;">OR</p>	1 1 x 2												
21. (B)	<p>Voicemail: It is a computer-based system for receiving and responding to incoming telephone calls. It records and stores telephone messages through computer memory.</p> <p>Two advantages of voicemail are:</p> <ul style="list-style-type: none"> • The individuals can record their messages through voice mail. • The receivers at their own convenience can get the message from the machines and take action accordingly. • The caller can get the required information by dialing the voice mail number and then following the instructions of the computer. (any two) 	1 1 x 2												
22.	<p>(I) Urban Fresh is a Multiple Shop/ chain store.</p> <p>(II) Two features of Multiple shops are:</p> <ul style="list-style-type: none"> • These shops are located in fairly populous localities, where a sufficient number of customers can be approached. • The manufacturing/ procurement of merchandise for all the retail units is centralised at the head office, from where the goods are despatched to each of these shops according to their requirements. • Each retail shop is under the direct supervision of a Branch Manager, 	1 1 x 2												

	<p>who is held responsible for its day-to-day management.</p> <ul style="list-style-type: none"> • All the branches are controlled by the head office, which is concerned with formulating the policies and getting them implemented • The prices of goods in such shops are fixed and all sales are made on cash basis. • The head office normally appoints inspectors, who are concerned with day-to-day supervision of the shops, in respect of quality of customer service provided etc. <p>(any two)</p>	
23.	<p>Four reasons for choosing debentures are:</p> <ul style="list-style-type: none"> • Debentures are fixed charge funds and do not participate in profits of the company. • The issue of debentures is suitable in the situation when the sales and earnings are relatively stable. • As debentures do not carry voting rights, financing through debentures does not dilute control of equity shareholders on management. • Financing through debentures is less costly as compared to cost of preference or equity capital as the interest payment on debentures is tax deductible. 	<p>1</p> <p>1</p> <p>1</p> <p>1</p>
24. (A)	<p>(I) Purchase by sample: When goods are bought in bulk it is not possible to inspect the whole lot. Therefore the buyer examines a sample to decide the goods to be purchased. In case of purchase by sample it is agreed upon by both the parties that the bulk supply shall be of the same quality as that of the sample.</p> <p>(II) Purchase by inspection: In case of purchase by inspection the buyer personally goes to the shop to check the quality of the product to be bought. This is the most common method of buying. It is mostly used in case of retail buying.</p>	<p>2</p> <p>2</p>
24. (B)	<p style="text-align: center;">OR</p> <p>Purchase: Purchase is a contract through which a person gets the ownership of some goods or properties transferred in his name from another, on payment of money.</p> <p>Sale: Sale is a contract involving the transfer of the possession and ownership (title) of a good or property, or the entitlement to a service, in exchange for money or value.</p> <p>The difference between a cash transaction & credit transaction is the timing of the payment. A cash transaction is a transaction where payment is settled immediately. On the other hand, payment for a credit transaction is settled at a later date. For example, Rashi buys groceries and makes payment immediately in cash. It will be known as a cash transaction. However, if he makes the payment on a later date it will be known as a credit transaction.</p>	<p>1</p> <p>1</p> <p>2</p>
25.	<p>Four qualities of a good salesperson are:</p> <ul style="list-style-type: none"> • Physical qualities: A salesperson should have a good appearance and an impressive personality. He should also have sound health. • Mental qualities: A good salesperson should possess certain mental qualities like imagination, initiative, self-confidence, sharp memory, alertness etc. He should be able to understand the needs and preferences of customers. • Integrity of character: A good salesperson should possess the qualities of honesty and integrity. He is to gain the confidence of the customers. 	<p>1 x 4</p>

	<p>A salesperson should be loyal both to the employer and to the customers.</p> <ul style="list-style-type: none"> • Knowledge of the product and the company: A salesperson should have full knowledge of the product and the company he is representing. He should be able to explain each and every aspect of the product i.e. its qualities, how to use it, what precautions to be taken, etc. • Good behavior: A salesperson should be co-operative and courteous. Good behavior enables one to win the confidence of the customers. • Persuasive skills: A good salesperson should be able to convince customers and create the desire in the mind of prospective customers to possess the product. 	
26.	<p>(I) Method of communication used by Ms. Deepika Rastogi is Video Conferencing. Besides listening to the voice, the participants of the conference can also see the picture of each other while talking to each other. This is called video conferencing.</p> <p>(II) Two benefits of using this method of communication are:</p> <ul style="list-style-type: none"> • Saves time • Saves cost • Effort minimization • Rapid connect <p style="text-align: right;">(any two)</p>	<p>1</p> <p>1</p> <p>1 x 2</p>
27. (A)	<p>(I) Horizontal communication: Horizontal or lateral communication takes place between one division and another. For example, a production manager may contact a marketing manager to discuss the schedule of product delivery, product design, quality etc.</p> <p>(II) Vertical communication: Vertical communication flows vertically i.e., upwards or downwards through formal channels. Upward communications refer to flow of communication from subordinate to superior whereas downward communication indicates communication from a superior to subordinate.</p> <p>The examples of upward communication are – application for grant of leave, submission of progress report, request for grants etc. The examples of downward communication include – sending notice to employees to attend a meeting, ordering subordinates to complete an assigned work.</p> <p style="text-align: center;">OR</p>	<p>3</p> <p>3</p>
27. (B)	<p>(I) External communication-External communication means interaction of the company with the outside environment like customers, vendors, clients, investors, government agencies, society, etc. It is the transfer or exchange of information between a company and external entities such as customers, businesses, suppliers, partners etc.</p> <p>Two types of External communication:</p> <ul style="list-style-type: none"> • Formal External Communication • Informal External Communication <p>(II) Three key elements of communication:</p> <ul style="list-style-type: none"> • Message • Sender: • Encoding • Medium • Decoding 	<p>1</p> <p>1</p> <p>1 X 3</p>

	<ul style="list-style-type: none"> • Receiver • Feedback <p style="text-align: right;">(any three)</p>																			
28.	<p>(I) The hire purchase system is essentially a contract for hiring of goods. The ownership rights remain with the seller and the buyer exercises his option for purchasing the goods. The buyer can return the goods at any stage. The seller can also take back the goods in case of non-payment. When goods are sold and payment is agreed to be made in installments, it is known as the installment payment system. In this case if there is default in payment of any installment by the buyer, the seller cannot ask for the goods to be returned as the ownership rights pass to be buyer when goods are sold and initial payment is made.</p> <p>(II) Difference between hire purchase and Installment system: (any four)</p> <table border="1"> <thead> <tr> <th>S.NO.</th> <th>HIRE PURCHASE SYSTEM</th> <th>INSTALLMENT SYSTEM</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Ownership is transferred only on payment of last installment.</td> <td>Ownership is transferred at the beginning of the agreement</td> </tr> <tr> <td>2.</td> <td>Hirer has a right to terminate the agreement and return the goods.</td> <td>No right to terminate the installment purchase agreement</td> </tr> <tr> <td>3.</td> <td>Monthly payment is termed as hire charges.</td> <td>Monthly payment is termed as installment</td> </tr> <tr> <td>4.</td> <td>All the risks are borne by the financing company till the last payment by the hirer.</td> <td>All the risks are borne by the buyer from the beginning</td> </tr> <tr> <td>5.</td> <td>On default of payment, the financier has the right to forfeit the money paid till date.</td> <td>On default of payment, financier is liable to receive the remaining dues as it is not forfeited.</td> </tr> </tbody> </table>	S.NO.	HIRE PURCHASE SYSTEM	INSTALLMENT SYSTEM	1.	Ownership is transferred only on payment of last installment.	Ownership is transferred at the beginning of the agreement	2.	Hirer has a right to terminate the agreement and return the goods.	No right to terminate the installment purchase agreement	3.	Monthly payment is termed as hire charges.	Monthly payment is termed as installment	4.	All the risks are borne by the financing company till the last payment by the hirer.	All the risks are borne by the buyer from the beginning	5.	On default of payment, the financier has the right to forfeit the money paid till date.	On default of payment, financier is liable to receive the remaining dues as it is not forfeited.	<p>1</p> <p>1</p> <p>1 x 4</p>
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29.	<p>Joint Stock Company</p> <p>Features of Joint Stock Company are;</p> <p>(i) Artificial person: A company is a creation of law and exists independent of its members. Like natural persons, a company can own property, incur debts, borrow money, enter into contracts, sue and be sued but unlike them it cannot breathe, eat, run, talk etc.</p> <p>(ii) Separate legal entity: From the day of its incorporation, a company acquires an identity, distinct from its members. Its assets and liabilities are separate from those of its owners.</p> <p>(iii) Formation: The formation of a company is a time consuming, expensive and complicated process. It involves the preparation of several documents and compliance.</p> <p>(iv) Perpetual succession: A company being a creation of the law, can be brought to an end only by law. It will only cease to exist when a specific</p>	<p>1</p> <p>1 x 5</p>																		

	<p>procedure for its closure, called winding up, is completed. Members may come and members may go, but the company continues to exist.</p> <p>(v) Control: The management and control of the affairs of the company is undertaken by the Board of Directors, which appoints the top management officials for running the business.</p> <p>(vi) Liability: The liability of the members is limited to the extent of the capital contributed by them in a company. The members can be asked to contribute to the loss only to the extent of the unpaid amount of share held by them.</p>	
30. (A)	<p>(I) Television advertising- It refers to promotion of a product or service through commercials or sponsored content that are broadcast on television channels during designated time slots.</p> <p>Advantages of television advertising:</p> <p>(i) It is most effective as it has an audio-visual impact.</p> <p>(ii) With catchy slogans, song and dance sequences, famous personalities exhibiting products, TV advertising has a lasting impact.</p> <p>(iii) With varieties of channels and programmes advertisers have a lot of choice to select the channel and time to advertise.</p> <p>(iv) Even illiterate persons can watch the advertisements and understand it by seeing and hearing.</p> <p>(II) SIGNIFICANCE OF ADVERTISING</p> <p>i. To educate customers- Advertising helps in making the consumers aware about the product ,its availability and uses.</p> <p>ii. To create demand for new products- Advertising helps in creating the demand of the product in the market.</p> <p>iii. To retain existing customers- advertising helps the manufacturers not only to create a demand for a new product but also to retain the existing customers.</p> <p>iv. To increase sales-advertising creates demands for new products and sustains the demand of old ones. Thus, with increase in demand, the sale of the product also increases.</p> <p>v. To assist salesmen-The salient features of a product, its qualities and its uses helps a salesman to sell the product quickly without spending time in explaining and convincing the customer.</p> <p style="text-align: center;">OR</p> <p>(I) Sales promotion refers to short- term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service. Companies use sales promotion tools specifically designed to promote to customers.</p> <p>(II) Tools of sales promotion are:</p> <ol style="list-style-type: none"> 1. Rebate: Offering products at special prices, to clear off excess inventory. 2. Discount: Offering products at less than list price. 3. Refunds: refunding a part of price paid by customer on some proof of purchase, say on return of empty foils or wrapper. This is commonly used by food product companies, to boost their sales. 4. Product combinations: Offering another product as gift along with the purchase of a product, say offer of a pack of ½ kg of rice with the purchase of a bag of Aatta (wheat flour), or 'Get 128 KB Memory Card Free with a Digicam'. 5. Quantity gift: Offering extra quantity of the product commonly used by marketer of toiletry products. 	<p style="text-align: center;">1</p> <p style="text-align: center;">1 x 2</p> <p style="text-align: center;">1 x 3</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1 x 5</p>

6. Instant Draws and Assigned Gift: For example, 'Scratch a Card' or 'Burst a Cracker' and instantly win a refrigerator, Car, T-shirt, Computer, with the purchase of a TV.
7. Lucky Draw: For example, the offer of a bathing soap to win a gold coin on a lucky draw coupon for free petrol on purchase of a certain quantity of petrol from a given petrol pump.
8. Usable Benefit: Purchase goods worth ` 3000 and get a holiday package worth ` 3000 free' or 'Get a Discount Voucher for Accessories on Apparel Purchase of ` 1000 and above.'
9. Full finance @ 0%: Many marketers of consumer durables such as Electronic goods, automobiles etc offer easy financing schemes such as '24 easy installments.
10. Sampling: Offer of free sample of a product, say a detergent powder or toothpaste to potential customers at the time of launch of a new brand.
11. Contests: Competitive Events involving application of skills or luck, say solving a quiz or answering some questions. (any five)