



**ST. LAWRENCE HIGH SCHOOL**  
A JESUIT CHRISTIAN MINORITY INSTITUTION  
**First Term Test – 2018**



**Sub: Business Studies**

**Class: XI C**

**F. M. 80**

**Duration: 3 Hours 15 Mins**

**Date: 08.08.2018**

**Group - A**

**1. Choose the correct alternatives:**

**(1x10=10)**

- a. Which of the broad categories of industries covers oil refinery and sugar mills?  
i. Heavy industry.  
ii. Medium industry.  
iii. Light industry.  
iv. None of these.
- b. Which of the following industry is not a tertiary industry?  
i. Insurance.  
ii. Warehousing.  
iii. Mining.  
iv. Transport.
- c. Which of the following cannot be classified as an objective of business?  
i. Investment.  
ii. Productivity.  
iii. Innovation.  
iv. Profit earning.
- d. Business risk is not likely to arise due to –  
i. Changes in government policy.  
ii. Good management.  
iii. Employee dishonesty.  
iv. Profit earning.
- e. Which of the following is not an occupation?  
i. Business.  
ii. Profession.  
iii. Employment.  
iv. Going for morning walks.
- f. The simplest form of business organization is –  
i. Partnership.  
ii. Public limited company.  
iii. Sole proprietorship.  
iv. Cooperatives.
- g. The Partnership Act was introduced in the year –  
i. 1932.  
ii. 1949.  
iii. 1956.  
iv. 1988.
- h. The partner who actively participates in the daily affairs of the business is called –  
i. Active partner.  
ii. Sleeping partner.  
iii. Special partner.  
iv. None of these.
- i. Limited Liability partnership was enacted in the year –  
i. 2004.  
ii. 2005.  
iii. 2007.  
iv. 2008.
- j. In a cooperative society the principle followed is –  
i. One share one vote.  
ii. One man one vote.  
iii. No vote.  
iv. Multiple votes.

**(1x10=10)**

**2. Answer the following questions in a sentence or briefly:**

- a. Mention two features of business.  
b. Give two advantages of partnership business.  
c. What is industry?

**OR**

What is profession?

- d. What are the objectives of a business?  
e. What do you mean by genetic industry?  
f. What do you mean by fixed term partnership?

**OR**

What do you mean by secret partner?

- g. Mention two disadvantages of co-operative society.

**OR**

Write two forms of co-operative society.

- h. What do you mean by sole proprietorship business?

**OR**

List two advantages of sole proprietorship business.

- i. Mention anyone objective of co-operative society.

**OR**

State one disadvantage of Limited Liability Partnership.

j. Is registration compulsory for partnership business?

**3. Answer the following questions (Alternatives are to be noted)**

**(4x6=24)**

a. Why is business considered an economic activity?

b. Discuss the features of profession.

**OR**

Compare business with profession.

c. "Profit maximization is the sole objective of a business" – Comment.

d. Explain the concept of consumers' cooperative society.

**OR**

What is partnership deed? Mention four clauses of the deed.

e. Explain the rights and duties of partner in ordinary partnership.

f. What is the position of a minor in an ordinary partnership?

**OR**

Differentiate between sole proprietorship and partnership.

**Group – B**

**4. Choose the correct alternatives:**

**(1x8=8)**

a. Unlimited liability is the major disadvantage of which form of business –

i. Partnership.

ii. Public limited company.

iii. Cooperatives.

iv. Sole proprietorship.

b. In Limited Liability Partnership business the maximum number of partners is –

i. 15.

ii. 20.

iii. 50.

iv. Unlimited.

c. The minimum number of persons required to form a partnership business is –

i. 2.

ii. 4

iii. 6.

iv. 10.

d. The 'Karta' in joint hindu family business has –

i. Limited liability.

ii. No liability for debts.

iii. Unlimited liability.

iv. Joint liability.

e. Which of the following does not characterize business activity?

i. Production of goods and services.

ii. Presence of risk.

iii. Sale or exchange of goods and services.

iv. Salary or wages.

f. Business activities include –

i. Trade and commerce.

ii. Industry and commerce.

iii. Trade and industry.

iv. Trade and auxiliaries to trade.

g. Which of the following cannot be classified as an auxiliary to trade?

i. Insurance.

ii. Warehousing.

iii. Mining.

iv. Transport.

h. The occupation in which people work for others and get remuneration –

i. Employment.

ii. Business.

iii. Profession.

iv. None of these.

**5. Answer the following questions in a sentence or briefly:**

**(1x8=8)**

a. Who are wholesalers?

**OR**

Who are retailers?

b. What do you mean by internal trade?

c. Give an idea of international trade.

d. What is export trade?

**OR**

What is entreport trade?

e. What do you mean by construction industry?

**OR**

What do you mean by extractive industry?

f. What do you mean by partner in profit only?

**OR**

What do you mean by illegal partnership?

- g. What do you mean by marketing co-operative society?
- h. Define business risk.

**6. Answer the following questions (Alternatives are to be noted)**

**(4x2=8)**

- a. What do you mean by human objectives of a business?
- b. What do you mean by Partnership at will?

**OR**

What do you mean by partner by estoppel?

**7. Answer the following questions (Alternatives are to be noted)**

**(6x2=12)**

- a. What are the objectives of marketing cooperative societies?
- b. Discuss three hindrances that are removed by commerce.

**OR**

Discuss the role of profits in business.



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*30/08/18*



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Group - A

1. Choose the correct alternatives:

1x10=10

- Heavy Industry.
- Mining.
- Investment.
- Good management.
- Going for morning walks.
- Sole Proprietorship.
- 1932.
- Active Partner.
- 2008.
- One man one vote.

2. Answer the following questions in a sentence or briefly:

1x10=10

- Entrepreneur, an economic activity, production and procurement of goods and services, satisfaction of wants, recurring sale or exchange of goods and services, element of risk, profit motive, service motive, uncertainty of return, separate entity. **(Mention any one of the given points)**
- Easy formation, more funds, efficiency of management, flexibility, profit maximization and minimization of risks, secrecy, protection of minority interest, easy dissolution. **(Mention any two of the given points)**
- Industry refers to the production of wealth and includes all activities which are undertaken to convert the raw materials into finished or semi-finished products.

**OR,**

Profession is an economic activity that requires special knowledge and skill to be applied by individuals for earning their livings.

- Production of goods and services, earning of profit and living, creation of customers, survival and growth, continuous innovations, production and supplying quality goods and services at reasonable prices, fair remuneration to employees, employment generation, fair return to investor, social welfare, payment of government dues, development of human resources, creating right atmosphere for work, workers participation in management, customer service, good relationship with investors, creditors and suppliers, production according to nation's priority, attainment of social justice, attainment of self-sufficiency, development of small business, development of workers, duties of government. **(Mention any one of the given points)**
- The industries that are engaged in germinating and breeding plants and animals with a view to using them for further reproduction are known as genetic industry.
- When a partnership business is carried out for a fixed time period or tenure it is known as fixed term partnership.

**OR,**

A secret partner is a partner who takes an active part in the management and affairs of the business but does not disclose himself as a partner of the firm and remains a secret person.

- Lack of capital, lack of management, lack of motivation, cash trading, unlimited liability, lack of secrecy, absence of profit, lack of unity, drawbacks of proper education facility, lack of technical education, state interference, political interventions. **(Mention any two of the given points)**

**OR**

Producers' cooperative society, consumers' cooperative society, credit cooperative society, marketing cooperative society, housing cooperative society, farming cooperative society. **(Mention any two of the given points)**

- The form of business which is owned by an individual who brings in the capital, takes the risk, enjoys the profit and himself manages the business is called sole proprietorship business.

**OR**

Easy formation, minimum cost, advantages of unlimited liability, direct supervision and personal contact, elimination of wastage, flexibility, secrecy, efforts leading to results **(Mention any two of the given points)**

i. **Mention any one of the given objectives of a cooperative society.**

- To save the poor and weaker sections of the society from exploitation.
- To attain the social welfare benefits for the society at large.
- To ensure delivery of consumer goods at a fair price to consumers.
- To save agriculture from ill-production and saving the farmers from the clutches of moneylenders.
- To make possible cottage and small-scale workers to get fair wage.

**OR**

**Mention any one of the following disadvantages**

- It has to be registered under the Act. It has to spend time and money in the documents and formalities of incorporation.
- There is less secrecy of business affairs as it has to fulfill legal requirements.
- Credit standing of an LLP is reduced due to limited liability of the partners.

j. According to Partnership Act registration of a partnership is not obligatory. It does not fetch any legal separate entity of the firm because it is formed out of an agreement by the partners. Registration merely confirms the existence of a firm.

**3. Answer the following questions: (Alternatives are to be noted)**

**(4x6=24)**

- a. It is considered as an economic activity because it involves the use of money and profit.  
 b. The following are the features of profession:

- Systematic knowledge.
- Existing and specialized knowledge.
- Formal education and training.
- Social responsibility.
- Code of conduct.
- Representative body or association.
- Formalized method of acquiring knowledge.
- Practical application.

**OR**

The following are the differences between business and profession:

Basis	Business	Profession
Objectives	The objective of business is to earn maximum profit.	It is service oriented backed by economic objectives.
Educational Qualification	Educational qualification is not mandatory but desirable for smooth operation.	Specialized education and knowledge and proper training is required.
Advertisement	A business man may advertise for his products etc.	Advertisement of professionals is prohibited by professional organizations.
Risk	Risk is involved from beginning to end.	The amount of risk is quite negligible.
Code of conduct	No prescribed code of conduct is to be followed.	Professional code of conduct must be followed.
Scope of activities	Businessman is not in a position to introduce professional side in his business.	A professional man can introduce his business side.

- c. Without profit no business can survive hence profit maximization is the sole objective.  
 d. In the case of consumers' cooperative society, the individuals combine themselves into a society to meet their own consumption needs. This society buys from the manufacturers or wholesalers in large quantity, different kinds of articles required for everyday's consumption. The money required for such purchases is supplied by the members of the society themselves.

**OR**

The partnership deed is a document which embodies the terms and conditions of the partnership agreement laying down the mutual rights, duties and obligations of partners.

The following are four clauses of the deed:

- Name of the firm.
- Nature of the firm's business.

- Duration of partnership, if any.
- Name and addresses of partners.

e. The following are the rights and duties of partner in ordinary partnership:

- Each partner enjoys the right to take part in the conduct of the business.
- Each partner has a right to take part in important business decisions.
- Each partner has a right to have an access to the books of accounts.
- Each partner has the right to have share in business either in equal proportion or as per agreement.
- Each partner is to be consulted on admission of a new partner.
- Each partner is to get monetary benefit like interest on capital, salary, commission as per agreement.

f. A minor is a person who has not yet completed 18 years of age. A minor cannot become a partner because he is not qualified to enter into contract. But he may be admitted to the benefits of partnership with the mutual consent of all the partners. On being so admitted, a minor becomes entitled to a share of the profits of the firm. He can inspect and copy the books of accounts of the firm but he cannot take active part in the firm's management. His liability is limited to the extent of his share in the capital and profits of the firm.

**OR**

The following are the differences between sole proprietorship and partnership:

Basis	Sole Proprietorship	Partnership
Owners	It is exclusively owned by a single person.	It is owned by more than two persons not exceeding twenty.
Contract	It does not require such formality.	It is formed out of an agreement written or verbal by the persons.
Risk Liability	It is wholly assumed by the sole proprietor.	The business risk is shared by all the partners either severally or jointly.
Business Secrets	There is an absolute secrecy in this business since the owner does not share it with anyone.	All partners know the business secrets and there is a chance of leaking out.

**Group - B**

**4. Choose the correct alternatives:**

**(1x8=8)**

- Sole proprietorship.
- Unlimited.
- 2.
- Unlimited liability.
- Salary or wages.
- Industry and commerce.
- Mining.
- Employment.

**5. Answer the following questions in a sentence or briefly:**

**(1x8=8)**

- Wholesalers are people who purchase comparatively in larger quantities from the producers and sell them in smaller quantities to the retailers.

**OR**

Retailers are small businessmen, who buy smaller quantities from wholesalers in order to sell the same to the end consumers along with their profits.

- When trade is carried out within the geographical boundaries of a nation, state, city etc, it is known as internal trade.
- When trade takes place among countries of the world, it is called foreign trade or international trade.
- When goods are sold and sent out to other countries for foreign use, it is known as export trade.

**OR**

It refers to purchase of goods from one country in order to export them to some other countries.

- These industries are involved in the construction of buildings, dams, bridges, roads etc. Engineering and architectural skills are an important part in construction industries.

**OR**

Any industry engaged in extracting materials from beneath the earth's surface or natural resources is called an extractive industry.

f. Such partners by contract or agreement share only the profits of the business and are not liable for the losses.

**OR**

Any partnership which is disqualified by the law of the land or is allowed to carry on any business by a judicial proclamation is known as an illegal partnership.

g. The cooperative society formed by small farmers to market their produce is the marketing cooperative society.

h. Business risk refers to the possibility of inadequate profits or even losses due to uncertainties e.g., change in tastes, preferences of consumers, strikes, increased competition, changes in government policy, obsolescence etc.

**6. Answer the following questions: (Alternatives are to be noted) (4x6=24)**

a. Every business concern operates along with humans. It is the responsibility of the business to cater to the needs of the people who are associated with it. Business enterprises should look forward for the overall development of its human resources.

The following are the human objectives of a business:

- Development of human resources.
- Creating right atmosphere for work.
- Proper participation in management.
- Customer service.
- Good relationship with investors, creditors and suppliers.

**(Mention the following points and explain them as well)**

b. when partnership is formed according to will of the partners then it is called partnership at will. It can continue as long as the partners want and end as per the will of the partners.

**OR**

If a person by conduct represents himself or knowingly permits himself to be a partner and leads a third party to believe him to be a partner, then he is estopped for denying that he is a partner.

**7. Answer the following questions: (Alternatives are to be noted) (6x2=12)**

a. To ensure ready steady and favourable market.

To undertake centralized selling.

To eliminate middlemen

To provide loans to producers

b. The following are the three hindrances that are removed by commerce:

- Banking.
- Insurance.
- Warehousing.
- Transportation.
- Communication.
- Advertising.

**(Mention any three points and explain them)**

**OR**

Profit in business is the surplus earned by business over its cost. When income of the business is in excess of this expenses (including production, administration, selling and distribution), the favorable differences is known as profit or surplus.

Profit is the outcome of business activities. Profit may be described as:

- Profit may be the reward of risk taking.
- Profit may be the result of innovations.
- Profit may be the surplus of a monopolist.
- Profit may come from business exploitations.
- Profit may be deemed to be the price for the owner's service.
- Profit may come as a part of windfall gains.
- Profit is a flow of income from price differentiation.