

FIRST REVISION – ANSWER KEY – JANUARY 2024
11TH COMMERCE

I. Choose the most appropriate answer

20 x 1 = 20

1	A	Balban	11	B	Cost Reduction
2	C	Profession	12	D	Generated within the business
3	A	Sole Proprietorship	13	A	International Market
4	A	Chartered Companies	14	C	3
5	C	Open to All	15	A	Wholesaler
6	B	President	16	C	Foreign Trade
7	A	Economic Development	17	C	Geneva
8	B	SBI	18	D	Contracts
9	D	Warehouse Warrant	19	D	All of these
10	C	Indemnity Contract	20	A	Integrated Goods and Service Tax

II. Answer any 7 questions. Question No. 30 is Compulsory

7 x 2 = 14

21) Barter System – Meaning:

- Goods were exchanged for goods prior to invention of money.

22) Rochdale Pioneers:

- ✎ In 1844 England, Robert Owen was the formed a consumer's co-operative society with 28 workers as members, called "Rochdale Society of Equitable Pioneers".
- ✎ He is the father of co-operative movement.

23) Chartered Company:

- * Chartered companies are established by the King or Queen of a country.
- * Powers and privileges of chartered company are specified in the charter.

24) Foreign Banks:

- ★ Banks which have registered office in a foreign country and branches in India are called foreign banks.

★ **Examples:**

- ♣ Bank of America - The USA
- ♣ Barclays Bank - The UK
- ♣ Deutsche Bank – Germany

25) Health Insurance?

- Health Insurance policy is a contract between an insurer and an individual or group, in which the insurer agrees to provide specified health insurance at an agreed upon price.

26) Business Process Outsourcing (BPO) – Meaning:

- * The companies must identify their core competence and concentrate on that function and outsource all other routine function to outside agencies, who are specialized in those functions.
- * This is called Business Process Outsourcing (BPO).

27) Debentures.

- * Debentures are an important instrument for raising long term debt capital.
- * A Company can raise funds through issue of debentures which bear a fixed rate of interest.

28) Multiple Shops.

- * A number of identical retail shops with similar appearance normally deal in standardized consumer products established in different localities owned by manufacturers are called as Multiple Shops.

29) Indent:

- * An indent actually points to an order received from abroad for export of goods. i.e. sale of goods.

30) i) Yes, this is a deal.

ii) The deal between A and B is a valid agreement. This is because A has agreed to sell his car to B at a price which B may be able to pay. The agreement is legally enforceable, and both parties are bound by the terms of the agreement.

III. Answer any 7 questions. Question No. 40 is Compulsory 7 x 3 = 21**31) Short notes on: a) Business****b) Profession****a). Business:**

- ➔ To any human activity undertaken on a regular basis with the object to earn profit through production, distribution, purchase and sale of goods and services.
- ➔ Economic activities performed for earning profits." - **James Stephenson**

b). Profession:

- ✘ Professions are those occupations which involve rendering of personal services of a special and expert nature.
- ✘ A profession is something which is more than a job.
- ✘ It is a career for someone who is competent in their respective areas.

32) Unlimited liability:

- * When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.

33) Short note on - RTGS.

- ✱ It was launched by the RBI in 2013.
- ✱ RTGS facility is available between 9.00 am to 4.30 pm on weekdays.
- ✱ RTGS transfers are not allowed on Sundays and bank holidays.
- ✱ Minimum limit for RTGS transaction is 2 lakhs.

34) Cold Storage Warehouse:

- ♣ Goods are transported in refrigerated containers and stored in refrigerated warehouses.
- ♣ These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc.,
- ♣ Goods stored in cold storages without deterioration in quality, can be made available throughout the year.

35) Corporate Governance – Definition:

“Corporate governance is about promoting fairness, transparency and accountability.” - World Bank

36) Pledge – Meaning:

- ➞ A customer transfers the possession of an article with the creditor (banker) and receives loan.
- ➞ Till the repayment of loan, the article is under the custody of the borrower.
- ➞ If the debtor fails to refund the loan, creditor (banker) will auction the article pawned and adjust the outstanding loan from the sale proceeds.

37) Types of mercantile agents.**i). Broker:**

- * A Broker is one who bargains for another and receives commission for his service.
- * He is paid ‘brokerage’ for his services.

ii). Factor:

- * A factor is a mercantile agent to whom goods are entrusted for sale by a principal.

iii). Commission Agents:

- * A commission agent buys and sells goods on behalf of the principal for a fixed rate of commission for all his transactions.

38) Functions of SAARC.

1. Monitoring and co-ordinating the development programme
2. Determining inter-sectoral priorities
3. Mobilizing cooperation within and outside the region.
4. Dealing with modalities of financing

39) Agreement:

1. Every promise and set of promises forming consideration for each other is an agreement.
2. In short, Agreement = Offer + Acceptance.

40) 1) Mr. Ravi holds 10 shares in a co-operative society, but he cast **only one vote in an election in a co-operative society.**

2) Because, in co-operative society are based on the principle of ‘One Man, One Vote’.

IV. Answer all the questions**7 x 5 = 35****41.a. Hindrances of business:****i). Hindrance of place:**

- Production takes place in one centre and consumers are spread throughout the country and world.
- Rail, air, sea and land transports bring the products to the place of consumer.

ii). Hindrance of time:

- Consumers want products whenever they have money, time and willingness to buy.
- Goods are produced in anticipation of such different regional centers.
- So that they can be distributed at the right time to the consumers.

iii). Hindrance of risk of loss:

- Fire, theft, floods and accidents may bring huge loss to the business.
- Insurance companies serve to cover the risk of such losses.

iv). Hindrance of knowledge:

- Advertising and communication help in announcing the arrival of new products and their uses to the people.

v). Hindrance of finance:

- Banks and other financial institutions provide funds and help in transfer of funds to enable the functioning of business smoothly.

[OR]**41.b. Kinds of source of short term finances.****i). Bank Overdraft**

- ✧ It refers to an arrangement whereby the bank allows the customers.
- ✧ To overdraw the required amount from its current deposit account within a specified limit.

ii). Trade Credit

- Trade credit is very simple and convenient method of raising short term finance.

iii). Mortgage

- ✧ This is a type of loan taken from the bank by lodging with the banker title deeds of immovable assets like land and building.

iv). Loans against the Securities

- ✧ Banks accept various types of securities like fixed deposit receipt, book debts, insurance policies, supply bills, shares, debentures, bonds of company, document of title to the goods and so on.

v). Clean Loan

- ➔ Banks provide clean loan is loan given without any security or with personal security.
- ➔ It simply grants loan without any physical security.

42) a). Features of Government Company:**i) Registration under the Companies Act:**

✿ A Government company is formed through registration under the Companies Act, 1956; and is subject to the provisions of this Act, like any other company.

ii) Executive Decision of Government:

➔ A Government company is created by an executive decision of the Government, without seeking the approval of the Parliament or the State Legislature.

iii) Separate Legal Entity:

- ✿ A Government company is a legal entity separate from the Government.
- ✿ It can acquire property; can make contracts and can file suits, in its own name.

iv) Own Staff:

- ☉ A Government company has its own staff; except Government officials who are sent to it on deputation.
- ☉ Its employees are not governed by civil service rules.

v) Free from Procedural Controls:

- ✿ A Government company is free from budgetary, accounting and audit controls, applicable to Government undertakings.

[OR]

42. b) Differences between Internal Trade and International Trade

S.No	Basis	Internal Trade	International Trade
01	Participants in the business	With in the country people	Outside of the country people
02	Mode of transport	It is mainly transported by roadways and railways.	It is mainly transported by water and airways
03	Currency used	Local currency of a country.	Foreign currencies.
04	Risk Exposure	The risks are relatively less.	This risks are high
05	Scope of market	The scope of market is Limited	The scope of market is unlimited

43) a). Primary functions performed by the commercial banks.

The primary functions of a commercial bank are of three types. They are:

- *Accepting Deposits*
- **Granting Loans and Advances.**
- *Creation of Credit*

I. Accepting Deposits

- ❖ In these days banks compete with each other to attract customers by adding facilities.
- ❖ Broadly deposit accounts can be classified into demand deposits and time deposits.

A. Demand Deposits

These deposits are repayable on demand on any day.

- ✿ Savings Deposits
- ✿ Current Deposits

B. Time Deposits

They include fixed deposits and recurring deposits which are repayable after a period.

- ✿ Fixed Deposits (FD)
- ✿ Recurring Deposits (RD)

II. Granting Loans and Advances

- ⊙ It is lending money in order to earn interest income.
- ⊙ Banks provide specific sums as loans which are repayable along with interest.
- ⊙ But both terms are used interchangeably.

i). Advances

- ⤴ Overdraft
- ⤴ Cash Credit
- ⤴ Discounting of Bills

ii). Loans

Generally commercial banks provide the following loans.

- ➔ Housing Loan
- ➔ Consumer Loans
- ➔ Vehicle Loans
- ➔ Educational Loan
- ➔ Jewel Loan

III. Creation of Credit

- ✱ Credit money of commercial banks is far greater in volume than the currency money.
- ✱ The volume, the purposes and the sector to which this credit money is to be channeled.

[OR]

43. b) Functions of Wholesalers:**1. Collection of Goods:**

- Wholesaler collects the goods from manufacturers or producers in bulk.

2. Storage of Goods:

- Wholesaler collects and stores them safely in warehouses, till they are sold out.
- Perishable goods like fruits, vegetables, etc. are stored in cold storage facility.

3. Distribution:

- Wholesaler sells goods to different retailers. Thus he performs the function of distribution.

4. Financing:

- Wholesalers provide financial support to producers and manufacturers by providing money in advance to them.
- He also sells goods to retailer on credit.

5. Risk Taking:

- Wholesaler buys finished goods from the producer and keeps them in the warehouses till the time.
- They are sold and assumes the risk arising from price, spoilage of goods, and changes in demand.

44) a). Features of Departmental Stores.**i). Large Size:**

- ➔ A department is a large scale retail showroom requiring a large capital investment by forming a joint stock company managed by a board of directors.

ii). Wide Choice:

- ✓ It acts as a universal provider of a wide range of products from Pin to Car.
- ✓ To satisfy all the expected human needs under one roof

iii). Departmentally organized

- Goods offered for sale are classified into various departments.
- Each department specializes in one line of product and operates as a separate unit.

iv). Facilities provided:

- ★ It provides a number of facilities and services to the customers.
- ★ Such as restaurant, rest rooms, recreation, packing, free home delivery, parking, etc.

v). Centralized purchasing

- ☀ All the purchases are made centrally and directly from the manufacturers.
- ☀ It operates separate warehouses whereas sales are decentralized in different departments.

[OR]

44. b) Principles of Insurance.**i). Utmost Good Faith**

- According to this principle, both insurer and insured should enter into contract in good faith.
- Insured should provide all the information that impacts the subject matter.
- Insurer should provide all the details regarding insurance contract.

ii). Insurable Interest

- The insured must have an insurable interest in the subject matter of insurance.
- The insured must have an interest in the preservation of the thing or life insured
- So that they will suffer financially on the happening of the event against which they are insured.

iii). Indemnity

- Indemnity means security or compensation against loss or damages.
- This principle ensures that the insured does not make any profit out of the insurance.
- This principle of indemnity is applicable to property insurance alone.

iv). Causa Proxima

- The word 'Causa proxima' means 'nearest cause'.
- The direct, the most dominant and most effective cause of loss should be taken into consideration.
- The insurance company is not liable for the remote cause.

v). Contribution

- The same subject matter may be insured with more than one insurer then it is known as 'Double Insurance'.
- In such a case, the insurance claim to be paid to the insured must be shared on contributed by all insurers in proportion to the sum assured by each one of them.

45) a) Benefits of Corporate Governance**Some of the benefits of corporate governance are as follows:**

1. Good corporate governance enables corporate success and economic development.
2. Ensures stable growth of organizations.
3. Aligns the interests of various stakeholders.
4. Improves investors' confidence and enables raising of capital.
5. Reduces the cost of capital for companies.
6. Has a positive impact on the share price

[OR]

45.b) Characteristics of Sole Trading Business:**i. Ownership by one man:**

- ✱ This is owned by single person.
- ✱ The sole trader contributes the required capital.

ii. Freedom of work and Quick Decisions:

- ✱ Since the individual is himself as a owner, he need not consult anybody else.
- ✱ Hence he can take quick decisions.

iii. Unlimited Liability:

- When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.

iv. Enjoying entire profit:

- ✱ He strives tirelessly for the improvement and expansion of his business and enjoys all the benefits of his hard work.

v. Maintenance of Secrecy:

- ♣ Since he/she manages all the affairs of the business, the secrecy can be maintained easily.

46) a) Objectives of SHGs:

- ✱ Focusing on empowerment of women.
- ✱ Saving people from the clutches of money lenders
- ✱ Building capacity of women and to enable them to participate in generating activities.
- ✱ Promoting entrepreneurship skills among women.
- ✱ Elevating the economic standard of the member's families.

[OR]

46. b.

Differences Between GDR and ADR

Basis	Global Depository Receipts GDR	American Depository Receipts ADR
Denomination	It is denominated in terms of any freely convertible currency	It is denominated only in US dollars
To whom it is issued	It is issued to investors in one or across more markets simultaneously	It is issued only to investors, who are residents of the United States of America.
Listed in	Non-US Stock Exchange such as London Stock Exchange or Luxemburg Stock Exchange.	American stock exchange
Approval	Issue of GDR does not require foreign regulatory clearances.	Issue of ADR requires approval from the Securities Exchange Commission (SEC) of United States of America.
Negotiation	It is negotiable all over the World.	It is negotiable only in America.

47) a) Essentials of a Valid Contract. (Any 5)**i). Offer and Acceptance**

- There must be two parties to an agreement namely one party making the offer and the other party accepting it.

ii). Legal Relationship

- The parties must have the intention to create legal relationship between them.
- An agreement of Social or domestic nature is not at all a contract.

iii). Lawful Consideration

- As per Contract Act under Sec.2 (d) Consideration means something in return.
- A contract without consideration becomes invalid.
- It may be in cash or kind or in any form as specified in the act.

iv). Lawful Object (Section 23)

- The object of agreement should be lawful and legal.
- It must not be immoral, illegal or opposed to public policy.
- Two persons cannot enter into an agreement to do a criminal act.

v). Free Consent (Section 13 & 14)

- Consent of the parties must be free and genuine. Consent means agreeing upon same thing in the same sense at the same time i.e. there should be consensus – ad – idem.
- Consent is said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation or mistake.

[OR]**47. b. Features of Income Tax.****i. Levied as Per the Constitution**

- * Income tax is levied in India by virtue of entry No. 82 of list I (Union List) of Seventh Schedule to the Article 246 of the Constitution of India.

ii. Levied by Central Government

- * Income tax is charged by the Central Government on all incomes other than agricultural income.
- * However, the power to charge income tax on agricultural income has been vested with the State Government as per entry 46 of list II, i.e., State List.

iii. Direct Tax

- * Income tax is direct tax.
- * It is because the liability to deposit and ultimate burden are on same person.
- * The person earning income is liable to pay income tax out of his own pocket.
- * It cannot pass on the burden of tax to another person.

iv. Annual Tax

- * Income tax is an annual tax because it is the income of a particular year which is chargeable to tax.

v. Tax on Person

- * It is a tax on income earned by a person.
- * The term 'person' has been defined under the Income tax Act.
- * It includes individual, Hindu Undivided Family, Firm, Company, local authority, Association of person or body of Individual or any other artificial juridical persons.
- * The persons who are covered under Income tax Act are called 'assessee's'

******* All the best *******

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