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INDIAN SCHOOL SALALAH
FIRST TERM EXAMINATION – SEPTEMBER 2025



BUSINESS STUDIES (054)

Class: XI

Date: 30.09.2025

Time: 3 Hrs

Maximum Marks: 80

General instructions:

1. This question paper contains 34 questions in 8 pages.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1	The documents for registration for a company were filed on 21st February 2024. The Certificate of Incorporation was issued on 28 th February 2024. But the date mentioned on the Certificate of Incorporation was 27th February 2024. From which date will the company be considered to be in existence and the contracts signed will be considered valid. (A) 21st February 2024 (B) 29th February 2024 (C) 27th February 2024 (D) None of the above	1
2	Mr. Lakshit Aggarwal owns an ancestral house in Shimla. On the advice of his friend, he converts it into a lodge with renovation. The revenue from the lodge helps to supplement his income substantially. On his death the property (lodge) is inherited by his three sons in order of their age namely, Lakshay, Luv and Lok who carry on with the business under the form of Joint Hindu Family Business. In context of the above case: Name the law which governs the Joint Hindu Family Business. (A) Hindu Family Act (B) Joint Hindu Act (C) Hindu Succession Act	1

	(D) Hindu Joint Act	
3	<p>Vijay is a shareholder in a company holding 3000 shares of ₹ 10 each on which he has already paid ₹ 8 per share. His liability in the event of losses or company's failure to pay debts can be only up to</p> <p>(A) ₹ 30000 (B) ₹ 24000 (C) ₹ 36000 (D) ₹ 6000</p>	1
4	<p>An Indian company deals in a type of trade in which it purchases (imports) Rubber from Thailand and sells the same to another company of Japan. Company is earning good volume of profit from its trade. Identify the type of trade followed by the company as discussed in the above case.</p> <p>(A) Wholesale Trade (B) Retail Trade (C) International Trade (D) Entrepot Trade</p>	1
5	<p>ARD Communication Limited and Aashirvad Production Limited entered into partnership contract to produce a movie based on the social issue of female foeticide to showcase the future of the country, if we keep killing the girl child. In context of the above identify the type of partnership being described in the above lines.</p> <p>(A) Partnership at will (B) Partner by estoppel (C) Partner by holding out (D) Particular Partnership</p>	1
6	<p>Varun is a practicing Chartered Accountant. He has her C.A. Firm in Bangalore. He deals in providing Income Tax and GST related services to his clients against very reasonable consultancy fees. Identify the type of economic activity performed by Varun as referred to in the above case.</p> <p>(A) Business (B) Profession (C) Employment (D) None of these</p>	1
7	<p>Assertion (A): Timely decisions of sole proprietor help him/her to take advantage of market opportunities as and when they arise.</p> <p>Reason (R): Sole proprietorship can be easily started or dissolved at any time with minimum legal formalities.</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of</p>	1

	<p>Assertion (A)</p> <p>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>(C) Assertion (A) is true, but Reason (R) is false</p> <p>(D) Assertion (A) is false, but Reason (R) is true</p>	
8	<p>Maninder, Surinder and Balbinder and Harinder pursued their Masters Degree in Business Management from a reputed institute of Delhi. After completion of their studies, all of them got engaged in different fields. Maninder got a job at an Oil Refinery Industry as a Junior Executive Finance. Surinder joined his family business of Textile Industry at Jalandhar, Punjab. Balbinder opened his own Dairy Firm and Harinder join construction business. Name the type of industry Mr. Maninder worked in reference to the above lines.</p> <p>(A) Genetic Industry</p> <p>(B) Extractive Industry</p> <p>(C) Territory Industry</p> <p>(D) Assembling Industry</p>	1
9	<p>Satellite based communication services which can be used to provide innovative applications such as online newspaper, tele education, etc. This is Services.</p> <p>(A) VSAT services</p> <p>(B) Direct to Home services</p> <p>(C) Cellular mobile services</p> <p>(D) Cable Services</p>	1
10	<p>Jai and Viru belonged to a small town in Jharkhand and aspired to be famous movie star. As the luck shined on Jai, he became a superstar in Jollywood cinemas. Whereas, after working in a few films as a supporting actor, Viru decided to start an advertising agency in Ranchi. In order to give a boost to his business right from its inception he asked his friend Jai to become a partner in his business. Jai agreed to do so and allowed the use of his name by the firm. But he refused to participate in the management of the business. Identify the type of partners being mention in the given paragraph.</p> <p>(A) Viru-Active, Jai-Nominal</p> <p>(B) Viru-Nominal, Jai-sleeping</p> <p>(C) Viru-Dormant, Jai-Active</p> <p>(D) None of these</p>	1
11	<p>As per Rule 10 of The Companies (miscellaneous) Rules 2014, at present the maximum number of members can be,</p> <p>(A) 20</p> <p>(B) 50</p> <p>(C) 100</p>	1

	(D) 10	
12	<p>Sachin took a Marine Policy worth ₹ 5,00,000 to protect his goods from the perils of sea. On the way, the goods were spoiled by rats. He suffered a loss of ₹ 3,75,000. He filed a claim for the loss against the insurance company. (i) Can Kapil recover ₹ 3,75,000 from the insurance company. (ii) Which principle of insurance is highlighted in the given case.</p> <p>(A) Yes, Proximate Cause (B) No, Indemnity (C) Yes, Mitigation (D) None of these</p>	1
13	<p>Assertion (A): Banks do not pay any interest on Current Account. Rather, it imposes service charges for running these accounts.</p> <p>Reason(R): There is no restriction on number & amount of deposits & withdrawals in case of Current Accounts.</p> <p>(A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A), (B) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is True but Reason (R) is False. (D) Assertion (A) is False but Reason (R) is True.</p>	1
14	<p>Assertion (A): Business represents exchange of Goods and Services.</p> <p>Reason (R): Risk and Uncertainties are always there with any form of business.</p> <p>(A) Both A and R are true. R is the correct explanation of A (B) Both A and R are true, but R is not the correct explanation of A (C) A is correct, but R is incorrect (D) A is incorrect, but R is correct</p>	1
15	<p>A company has undertaken a fire insurance policy for ₹6 lakhs. After 3 years due to fire, it incurred a loss of ₹2 lakh. How much amount will the company get as compensation?</p> <p>(A) ₹ 6,00,000 (B) ₹ 18,00,000 (C) ₹ 2,00,000 (D) ₹ 4,00,000</p>	1
16	<p>A Statement in lieu of prospectus may be issued by</p> <p>(A) Public company (B) Private company</p>	1

	(C) Both public and private company (D) None of the above	
	Read the following hypothetical situation and answer question numbers from 17 to 20 on the basis of the given information. One of the political parties made a promise that if they came into power, they would set up such public sector enterprises in the states which will have the partnership of both the public and the government. However, in these enterprises, the ownership of the government shall not be less than 51%, like as SAIL, BHEL etc. Setting up of these enterprises is done as per the provisions of the Indian Companies Act, 2013. The financing of these enterprises is done jointly by both, the people and the government. The burden of financing them will not be put on the shoulders of the people only. This organization will work like as public company of private sector. The interference of government will be minimized. The directors will be appointed as per the numbers of shareholders of both sectors.	
17	What was the sector in which the political party promised to open the commercial unit: - (A) Public sector. (B) Private sector. (C) Joint sector. (D) None of these.	1
18	In which form of PSUs, a private individual can also become a shareholder? (A) Departmental undertakings. (B) Public corporations. (C) Government Company. (D) None of these.	1
19	Government companies are formed by :- (A) Passing special act in parliament. (B) The order of concerned minister. (C) Complying the provisions of Companies Act 2013. (D) None of these.	1
20	Which of the following is not the example of proposed unit? (A) SAIL (B) HEC (C) LIC (D) BHEL	1
21	Rahul and Sahil completed their studies and planned to start their own business instead of looking for a job. Rahul's father is working as a supervisor in Portland cement manufacturing Company .He told them that common materials used to manufacture cement include limestone, shells, and chalk combined with clay, slate, blast furnace slag, silica sand, and iron ore. He also	3

	<p>told them that limestone is most often mined from a quarry which is done by Antra Ltd. He told them that his company is facing a problem of storing the limestone because of a shortage of space. This gave them an idea to start a warehousing business.</p> <p>On the basis of the given information, answer the following questions:</p> <p>a) Identify the different types of industries being discussed in the above case.</p> <p>b) Specify the category of type of industries to which the industries identified in part(a).</p>	
22	<p>Komal is doing an export business. Every time she would procure an export order, she felt stressed and had an anxiety about completing it on time. Few years later, her younger sister Esha, after completing a course in fashion designing, joined her in business as a partner. Consequently, Komal realized that her level of stress and anxiety related to business operations had reduced considerably and she had started feeling more relaxed. However, at the same time she noticed that since both of them differ in their choice of colours for making garments lot of time is being wasted in reaching a mutual consent.</p> <p>(a) Identify and explain the related merit of partnership being highlighted in the paragraph.</p> <p>(b) Also, state the related demerit of partnership being described in the paragraph.</p>	3
23	<p>With exponential growth seen in domestic air traffic requiring additional airport infrastructure, the government has decided to offer more airports to private parties for operation and management. In India as many as 300 airports need to be revived and upgraded in coming years to support the double-digit growth in the sector. This would require huge private investment as public funds are limited for infrastructure development. In February 2017, government announced that airport infrastructure will be built under the PPP model in smaller cities and towns. Besides, major airport in Delhi, Mumbai, Bangalore and Hyderabad had been handed out to private developers.</p> <p>In context of the above case:</p> <p>State any three features of a PPP model.</p>	3
24	<p>People National Bank has been established under Public Private Partnership Model. The bank is offering various services to its customers. Their customers are happy and satisfied with the quality of services provided. The bank also spend amount towards building public conveniences. In the light of the above information answer the following questions:</p> <p>a) Explain Recurring Deposit Account and Multiple option deposit account as types of bank accounts.</p> <p>b) Explain the term bank draft.</p>	3
25	<p>Ajit was running a trading business in India now he extended its operations to Dubai and USA by establishing places of business in these countries. In order to increase sales in Dubai the company adopted selling strategies like sales promotion and advertising. As the company had an excellent credibility in the capital market, it was able to meet all its financial requirements by borrowing from Citi Bank. On the basis of the given information about Ajit, Answer the following questions</p> <p>a) Identify and explain the auxiliaries to trade used by Ajit for running his business. Also quote lines.</p> <p>b) Identify the type of trade carried on by Ajit earlier and now.</p>	4
26	<p>What is One Person Company? Explain various features of a One Person Company</p>	4

27	<p>Nestle S.A. is a Swiss transnational food and drink company headquartered in Vevey, Vaud, Switzerland. It has been the largest food company in the world. Nestle has over 8,000 brands with a wide range of products across a number of markets, including coffee, bottled water, milkshakes and other beverages, breakfast cereals, infant foods, performance and health care nutrition, seasonings, soups and sauces, frozen and refrigerated foods, and pet food.</p> <p>In context of the above case:</p> <p>(a) What form of enterprise is Nestle? Explain.</p> <p>(b) State any three features of the form of enterprise as identified in part a) above.</p>	4
28	<p>NHPC Ltd. is a public limited company involved in manufacturing electrical appliances. The company took a loan of ₹ 90 lakhs from XYZ Finance Ltd. for its growth and expansion. The company was unable to repay it because of heavy losses. The company asked its shareholders to come forward and contribute towards the repayment of loan. The shareholders refused as they had already paid the full amount due on their shares. XYZ Finance Ltd. filed a case against NHPC Ltd for not repaying the loan amount. The court decided that NHPC Ltd. was a public company and hence its shareholders had limited liability. They were liable only upto the unpaid amount on shares held by them. They couldn't be called to repay loan out of their personal property. It was the duty of NHPC Ltd. to use company's assets to repay loan.</p> <p>(a) In the given case, what type of liability is enjoyed by shareholders of NHPC Ltd.?</p> <p>(b) The members of the NHPC Ltd were not liable to contribute towards the repayment of loan. This decision was based on which concept? Explain.</p> <p>(c) Members may come and members may go but the company continues to exist. Identify and explain the related feature of a Joint Stock Company.</p>	4
29	<p>“The inherent limitations of the sole proprietorship paved the way for other forms of business organizations”.In the light of this statement explain various limitations of sole proprietorship business.</p>	4
30	<p>Differentiate between Life insurance, Fire insurance and Marine insurance on the following basis.</p> <p>A) Subject matter B) Insurable Interest C) Duration D) Indemnity</p>	4
31	<p>Amul is an Indian dairy cooperative, based at Anand in the state of Gujarat. It was formed in 1946 and is a brand managed by a cooperative body, the Gujarat Co- operative Milk Marketing federation Ltd. (GCMMF), which today is jointly owned by 3.6 million milk producers in Gujarat. Amul spurred India’s White Revolution, which made the country the world’s largest producer of milk and milk products. In the process, Amul became the largest food brand in India and has ventured into markets overseas.</p> <p>(a) What is a cooperative society?</p> <p>(b) Why do you think Amul was promoted in the form of cooperative? Explain by giving any five merits of a cooperative society form of business organization.</p>	6
32	<p>Name and explain the principle of insurance for each of the following statements:</p>	6

	<p>(a) The insured is expected to disclose all the important facts related to the Property insured.</p> <p>(b) Insurer is not liable for any uninsured causes or perils.</p> <p>(c) Insured must have some economic interest in the subject matter of Insurance.</p> <p>(d) Insurer can stand in the position of the insured once the claim is settled.</p> <p>(e) To claim for insurance the insured must take reasonable steps to minimize the loss.</p> <p>(f) Insured is entitled to recover the loss suffered by him, up to the limit of Policy amount.</p>	
33	Explain the meaning and limitations of Departmental Undertakings as a form of Public sector enterprises.	6
34	<p>Krishna Private Ltd. was in the process of incorporation. The promoter of the company signed an agreement for the purchase of ten computers for the company and payment was to be made to the suppliers of the computers by the company after incorporation. The company was incorporated and the computers were used by it. Shortly after incorporation, the company went into liquidation and the debt could not be paid by the company for the purchase of the computers. As a result, suppliers sued the promoters of the company for the recovery of money.</p> <p>In context of the above case:</p> <p>(a) During the promotion of the company the promoters enter into certain contracts with third parties on behalf of the company as described above. Examine whether promoters can be held liable for payment in the above case.</p> <p>(b) Explain any four functions of a promoter.</p>	6