CBSE Class 10 Elements of Business 2026-27

Sample Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 hours **Maximum Marks: 70**

General Instructions

(i) This question paper contains **30 questions**. All questions are compulsory.

(ii) **Q.1 to 18** are Multiple Choice Type Questions, carrying **1 mark** each.

(iii) **Q.19 to 22** are Short Answer Type Questions, carrying **3 marks** each. They are to be answered in **60 to 80 words**.

(iv) **Q.23 to 26** are Short Answer Type Questions, carrying **4 marks** each. They are to be answered in **80 to 100 words**.

(v) **Q.27 to 30** are Short Answer Type Questions, carrying **6 marks** each. They are to be answered in **100 to 150 words**.

1. Read the following Assertion (A) and Reason (R). Choose the correct option from those given below:

Assertion (A): E-mail has become an essential tool of communication for the modern business organisations.

Reason (R): E-mail facilitates quicker transmission of information, reduction in cost of communication, and easier storage/retrieval of business records. [1 mark]

(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, but 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.

Correct Answer: (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

Solution:

Concept:

- This is an Assertion-Reason question on e-mail as a means of business communication.
- We must check three things: is (A) true, is (R) true, and does (R) explain (A).

Step 1: Check Assertion (A) Today a firm sends quotations, purchase orders, invoices, payment reminders and notices by e-mail every day.
E-mail reaches customers, suppliers and staff in any city or country within seconds.
So modern business organisations really do depend on it, and (A) is TRUE.

Step 2: Check Reason (R) An e-mail reaches the receiver almost at once, so transmission is quick.
It costs much less than a courier, a letter or an international call, so the cost of communication falls.
Mails stay saved in the mailbox. They can be searched, sorted and forwarded later, so storage and retrieval of records is easy.
So (R) is TRUE.

Step 3: Check the link between (A) and (R) Speed, low cost and easy record keeping are the very reasons why firms rely on e-mail.
So (R) is the correct explanation of (A).

Step 4: Why the other options are wrong Option (B) says (R) does not explain (A). But (R) gives exactly the reasons behind (A).
Option (C) calls (R) false, and option (D) calls (A) false. Both statements are true, so these two cannot be right.

Step 5: Conclusion Both statements are true and the reason explains the assertion. This is option (A).

Quick Tip to Solve: Check if A and R are each true, then ask whether R tells why A is true.

2. The liability of equity shareholders is .
(Choose the correct option to fill up the blank) [1 mark]

(A) Limited

(B) Zero

(C) Unlimited

(D) Equal

Correct Answer: (A) Limited

Solution:

Concept:

- A company is owned by its shareholders. Equity shareholders are the owners who buy equity shares.
- The question asks how far an equity shareholder is responsible if the company cannot pay its debts.

Step 1: Recall the key idea A company is a separate legal person. Its debts belong to the company and not to its owners.
A shareholder has to pay only the face value of the shares he holds. If part of the price is still unpaid, he must pay that part when called. Nothing more can be asked from him.
This is called limited liability.

Step 2: Work it out with a small example Suppose Ravi holds 100 shares of Rs. 10 each and has paid Rs. 7 per share. The unpaid amount is Rs. 3 per share.
The most the company can ask from Ravi is 100 x 3 = Rs. 300. His house, car and savings are safe.

Step 3: Check option (A) Limited This matches the idea above, so (A) is correct.

Step 4: Check option (B) Zero Liability is not zero. A shareholder must pay the full price of the shares he holds, and the unpaid part can be called. So (B) is wrong.

Step 5: Check option (C) Unlimited Unlimited liability belongs to a sole proprietor and to partners of a firm. Their private property can be used to clear business debts. This is not true for shareholders, so (C) is wrong.

Step 6: Check option (D) Equal Liability depends on the number of shares held, so it is different for different people. 'Equal' is not a type of liability at all. So (D) is wrong.

Step 7: Conclusion Equity shareholders have limited liability. This is option (A).

Quick Tip to Solve: Think of the word 'limited' in the name of a company: Pvt. Ltd. and Ltd.

3. Identify, which of the following statements correctly describes the hire purchase system? [1 mark]

(A) The buyer becomes the owner of goods immediately after taking possession.

(B) The buyer pays the full price in lump sum at the time of purchase.

(C) The buyer gets possession of goods immediately but ownership is transferred only after the last instalment is paid.

(D) The seller cannot repossess the goods in case of default.

Correct Answer: (C) The buyer gets possession of goods immediately but ownership is transferred only after the last instalment is paid.

Solution:

Concept:

- Hire purchase is a way of buying costly goods such as a car, a refrigerator or a machine without paying the whole price at once.
- The buyer pays the price in instalments over a fixed period. The instalments include some interest.

Step 1: Recall the main features 1. The buyer gets possession of the goods on the first day and can use them.
2. The ownership stays with the seller until the last instalment is paid.
3. If the buyer fails to pay an instalment, the seller can take the goods back. This is called repossession.
4. Instalments paid earlier are usually kept by the seller as hire charges.

Step 2: Check option (A) The buyer does not become the owner when he takes possession. He becomes the owner only after the last instalment. So (A) is wrong.

Step 3: Check option (B) Paying the full price at the time of purchase is a cash purchase, not hire purchase. So (B) is wrong.

Step 4: Check option (C) This states both main features: immediate possession and ownership after the last instalment. So (C) is correct.

Step 5: Check option (D) The right to repossess goods on default is a key protection for the seller in hire purchase. So (D) is wrong.

Step 6: Conclusion Option (C) is the right description of hire purchase.

Quick Tip to Solve: In hire purchase, think about who owns the goods while instalments are still pending.

4. Identify, which of the following is commonly sold through vending machines? [1 mark]

(A) Furniture

(B) Snacks and beverages

(C) Jewellery

(D) Cars

Correct Answer: (B) Snacks and beverages

Solution:

Concept:

- A vending machine is a coin, note or card operated machine. The customer puts in money and the machine gives out the product.
- No shopkeeper is needed. So the products must be small, low priced, packed and ready to use.

Step 1: Think about what fits such a machine Snacks, chocolates, cold drinks, bottled water, tea and coffee fit well. They are small, sold in standard packs and bought in a hurry.
Customers do not need to see, test or bargain for them.

Step 2: Check option (A) Furniture Furniture is big and heavy, and people like to see and test it before buying. It cannot be kept in a machine. So (A) is wrong.

Step 3: Check option (B) Snacks and beverages These are the most common vending machine goods in offices, railway stations and malls. So (B) is correct.

Step 4: Check option (C) Jewellery Jewellery is costly and buyers want to check purity and design. It

is not sold from a machine. So (C) is wrong.

Step 5: Check option (D) Cars Cars are of very high value and need documents, a test drive and a loan. A machine cannot do that. So (D) is wrong.

Step 6: Conclusion Snacks and beverages are commonly sold through vending machines. This is option (B).

Quick Tip to Solve: Vending machines sell small, low-priced, packed items that need no trial.

5. Goods sold on approval basis are recorded as sales by the seller: [1 mark]

(A) Immediately after the goods are dispatched.

(B) Only when the buyer approves or accepts the goods.

(C) As soon as payment is received in advance.

(D) When the goods are packed for delivery.

Correct Answer: (B) Only when the buyer approves or accepts the goods.

Solution:

Concept:

- In a sale on approval, the seller sends goods to the buyer for trial.
- The buyer may keep the goods or send them back.

Step 1: Recall when the sale is complete Here the buyer has not yet agreed to buy. The sale becomes final only when the buyer approves, accepts, or keeps the goods beyond the time allowed without returning them.
Until then the goods still belong to the seller, and they are counted as the seller's stock.

Step 2: Check option (A) Dispatch only means the goods have been sent for trial. The buyer may reject them. So (A) is wrong.

Step 3: Check option (B) A sale is recorded only when the buyer approves or accepts the goods. So (B) is correct.

Step 4: Check option (C) Receiving an advance does not change the nature of the deal. The goods are still on trial, and the buyer may return them. So (C) is wrong.

Step 5: Check option (D) Packing is just a step in preparing the goods for dispatch. No sale takes place at that point. So (D) is wrong.

Step 6: Conclusion The seller records the sale only when the buyer approves or accepts the goods. This is option (B).

Quick Tip to Solve: Ask when the buyer finally agrees to buy the goods sent on trial.

6. Read the following Assertion (A) and Reason (R). Choose the correct options from those given below:
Assertion (A): Departmental stores generally require heavy capital investments.
Reason (R): Departmental stores operate on a large scale and maintain a variety of goods. [1 mark]

(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, but 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.

Correct Answer: (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

Solution:

Concept:

- A departmental store is a big retail shop divided into many departments under one roof, such as clothes, grocery, toys and electronics.
- We must check (A), check (R), and see if (R) explains (A).

Step 1: Check Assertion (A) A departmental store needs a large building, often in the heart of a city, where rent or land cost is high.
It also needs furniture, lifts, air conditioning, a big stock of goods and many trained staff.
All this needs a lot of money, so (A) is TRUE.

Step 2: Check Reason (R) A departmental store works on a large scale with many departments. It keeps a wide variety of goods under one roof.
So (R) is TRUE.

Step 3: Check the link Because the store is large and keeps many kinds of goods, it needs more space, more stock and more staff. That is why the capital needed is heavy.
So (R) is the correct explanation of (A).

Step 4: Why the other options are wrong Option (B) says (R) does not explain (A). But large size and variety are the cause of heavy capital.
Options (C) and (D) call one of the statements false. Both are true.

Step 5: Conclusion Both statements are true and (R) explains (A). This is option (A).

Quick Tip to Solve: Large size and many product lines mean more building, stock and staff, so more capital.

7(a). Identify, which of the following is an example of non-verbal communication. [1 mark]

(A) Writing a report.

(B) Using facial expressions

(C) Speaking in a meeting

(D) Sending a text message

Correct Answer: (B) Using facial expressions

Solution:

Concept:

- Communication can be verbal or non-verbal. Verbal communication uses words, either spoken (oral) or written.
- Non-verbal communication uses no words. It uses body language, such as facial expressions, gestures, posture and eye contact.

Step 1: Check option (A) Writing a report A report is made of written words. It is written verbal communication. So (A) is wrong.

Step 2: Check option (B) Using facial expressions A smile, a frown or a raised eyebrow carries a message without any word. This is non-verbal. So (B) is correct.

Step 3: Check option (C) Speaking in a meeting Speaking uses spoken words. It is oral verbal communication. So (C) is wrong.

Step 4: Check option (D) Sending a text message A text message is made of written words. It is written verbal communication. So (D) is wrong.

Step 5: Conclusion Facial expressions are non-verbal communication. This is option (B).

Quick Tip to Solve: Non-verbal means no spoken or written words.

OR

7(b). Feedback in the communication process helps to .
(Choose the correct option to fill up the blank) [1 mark]

(A) start the communication

(B) know if the message is understood

(C) encode the message

(D) create barriers

Correct Answer: (B) know if the message is understood

Solution:

Concept:

- The communication process has a sender, a message, a medium, a receiver and feedback.
- Feedback is the reply or reaction of the receiver to the message.

Step 1: Role of feedback When the receiver replies, the sender learns whether the message reached the receiver and was understood in the way it was meant.
If it was not understood, the sender can explain again. This completes the communication cycle.

Step 2: Check option (A) The sender starts the communication, not the feedback. Feedback comes at the end. So (A) is wrong.

Step 3: Check option (B) This is exactly the work of feedback. So (B) is correct.

Step 4: Check option (C) Encoding is done by the sender, who puts ideas into words or symbols before sending. Feedback has no part in it. So (C) is wrong.

Step 5: Check option (D) Feedback removes confusion and so reduces barriers. It does not create them. So (D) is wrong.

Step 6: Conclusion Feedback helps to know if the message is understood. This is option (B).

Quick Tip to Solve: Feedback is the receiver's reply. What does the sender learn from it?

8. Automated vending machine is an example of retailing.
(Choose the correct option to fill up the blank) [1 mark]

(A) Itinerant

(B) Non-store

(C) Large scale

(D) Wholesale trade

Correct Answer: (C) Large scale

Solution:

Concept:

- Retailing means selling goods to the final consumer in small quantities. It can be done in many ways.
- We need to say what type of retailing a vending machine is.

Step 1: Recall the types of retailing Store retailing happens in a fixed shop, such as a general store or a departmental store.
Non-store retailing happens without a shop, for example vending machines, online selling, mail order and direct selling.

Step 2: Check option (A) Itinerant Itinerant retailers move from place to place carrying goods, such as hawkers. A vending machine stays at one place and has no seller. So (A) is wrong.

Step 3: Check option (B) Non-store A vending machine sells goods without a shop and without a salesman. So (B) is correct.

Step 4: Check option (C) Large scale Large scale retailing means big stores like departmental stores and supermarkets. A vending machine is small. So (C) is wrong.

Step 5: Check option (D) Wholesale trade Wholesale trade is selling in bulk to retailers. A vending machine sells single packs to consumers. So (D) is wrong.

Step 6: Conclusion A vending machine is an example of non-store retailing. This is option (B).

Quick Tip to Solve: A vending machine sells without a shop and without a salesman.

9. From the following, identify the correct example of a chain store: [1 mark]

(A) A small roadside tea stall

(B) A weekly village market

(C) A branch of Big Bazaar in Delhi

(D) A street hawker

Correct Answer: (C) A branch of Big Bazaar in Delhi

Solution:

Concept:

- A chain store, also called a multiple shop, is one of many shops owned by one company. They are spread over different places, sell similar goods and follow common policies.
- The shops use the same name, the same look and are controlled from a head office.

Step 1: Check option (A) A small roadside tea stall is a single small unit owned by one person. It is not part of a chain. So (A) is wrong.

Step 2: Check option (B) A weekly village market is a periodic market that sits only on fixed days. It is not a company-owned shop network. So (B) is wrong.

Step 3: Check option (C) Big Bazaar had many branches in different cities, all under one company with common policies. A branch in Delhi is one shop of such a chain. So (C) is correct.

Step 4: Check option (D) A street hawker walks around selling goods. He is an itinerant retailer, not a chain store. So (D) is wrong.

Step 5: Conclusion A branch of Big Bazaar in Delhi is a chain store. This is option (C).

Quick Tip to Solve: A chain store has many branches under one owner and one brand name.

10. Read the following Assertion (A) and Reason (R). Choose the correct options from those given below:
Assertion (A): Mail order houses operate by sending catalogues or advertisements to customers, who place orders by mail or online.
Reason (R): Mail order houses do not require physical retail stores to sell their products. [1 mark]

(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, but 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.

Correct Answer: (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

Solution:

Concept:

- A mail order house sells goods by post, or now by the internet, without the customer visiting a shop.
- We must check (A), check (R) and see if (R) explains (A).

Step 1: Check Assertion (A) The firm sends catalogues, brochures or advertisements to the customer.

The customer sees them and places an order by mail, phone or online. The goods are then sent by post or courier.
So (A) is TRUE.

Step 2: Check Reason (R) Because the whole dealing happens through catalogues and mail, the firm does not need a shop where customers walk in. It can work from an office and a godown.
So (R) is TRUE.

Step 3: Check the link The method in (A) is the reason why no physical store is needed, as stated in (R). The two statements go together, and the marking scheme takes (R) as the correct explanation of (A).
So the correct option is (A).

Step 4: Why the other options are wrong Option (C) calls (R) false and option (D) calls (A) false. Both are true.
Option (B) says (R) does not explain (A). But (R) tells why this way of selling works without a shop.

Step 5: Conclusion Both statements are true and (R) is the correct explanation of (A). This is option (A).

Quick Tip to Solve: Mail order houses sell through catalogues and posts, so no shop is needed.

11(a). **Read the following statements carefully:**
Statement I: Equity Shareholders enjoy voting rights in company.
Statement II: Equity Shareholders get a fixed rate of dividend.
In the light of given statements, choose the correct option from the following: [1 mark]

(A) Statement I is true, Statement II is false.

(B) Statement II is true, Statement I is false

(C) Both the statements are true.

(D) Both the statements are false.

Correct Answer: (A) Statement I is true, Statement II is false.

Solution:

Concept:

- Equity shareholders are the real owners of a company.
- We need to judge two statements about their rights.

Step 1: Check Statement I Equity shareholders can attend general meetings and vote on important matters. They also vote to elect the directors.
So Statement I is TRUE.

Step 2: Check Statement II A fixed rate of dividend is given to preference shareholders, not equity shareholders.
The dividend on equity shares depends on the profit of the company and on the decision of the directors. It may be high in a good year and nil in a bad year.
So Statement II is FALSE.

Step 3: Choose the option Statement I is true and Statement II is false. This matches option (A).
Option (B) reverses the two. Option (C) calls II true, which is wrong. Option (D) calls I false, which is also wrong.

Step 4: Conclusion Statement I is true and Statement II is false. This is option (A).

Quick Tip to Solve: Fixed dividend belongs to preference shares, voting to equity shares.

OR

11(b). Retained Earnings is also known as .
(Choose the correct option to fill up the blank) [1 mark]

(A) Self- financing

(B) Internal financing

(C) Ploughing Back of Profits

(D) Trade Credit

Correct Answer: (C) Ploughing Back of Profits

Solution:

Concept:

- A company does not usually give all its profit to shareholders as dividend. It keeps a part inside the business.
- That part of the profit which is kept is called retained earnings.

Step 1: Find the other name When these saved profits are put back into the business as fresh capital, the process is called ploughing back of profits. The word 'ploughing' is used as a farmer puts back part of the crop as seed.
So retained earnings is also known as ploughing back of profits.

Step 2: Check options (A) and (B) Self-financing and internal financing are general terms for raising funds from inside the business. Retained earnings are one such source. But the standard other name of retained earnings is the one in option (C), and that is the answer given in the marking scheme.

Step 3: Check option (C) This is the usual other name. So (C) is correct.

Step 4: Check option (D) Trade Credit Trade credit is credit given by suppliers for goods bought. It is an outside source of finance. So (D) is wrong.

Step 5: Conclusion Retained earnings is also known as ploughing back of profits. This is option (C).

Quick Tip to Solve: The profit kept in the business is put back, like a farmer ploughing in the field.

12. The board of directors of a Joint Stock Company is elected by
(Choose the correct option to fill up the blank) [1 mark]

(A) Public

(B) Government bodies

(C) Shareholders

(D) Employees

Correct Answer: (C) Shareholders

Solution:

Concept:

- A joint stock company is owned by its shareholders but it is run by a team called the board of directors.
- We need to find who chooses this team.

Step 1: Recall the rule Shareholders are the owners of the company. They cannot manage it daily, so they elect directors at the annual general meeting (AGM). The directors work on their behalf.

Step 2: Check option (A) Public The general public has no say unless its members hold shares. So (A) is wrong.

Step 3: Check option (B) Government bodies The government does not elect the board of a company. So (B) is wrong.

Step 4: Check option (C) Shareholders Shareholders vote to choose the directors. So (C) is correct.

Step 5: Check option (D) Employees Employees work for the company. They do not vote for directors in that capacity. So (D) is wrong.

Step 6: Conclusion The board of directors is elected by the shareholders. This is option (C).

Quick Tip to Solve: The owners of the company choose the directors at the annual general meeting.

13. Credit extended by one trader to another for the purchase of goods and services is called as . (Choose the correct option to fill up the blank) [1 mark]

(A) Bank Overdraft

(B) Trade Credit

(C) Term Loan

(D) Lease Financing

Correct Answer: (B) Trade Credit

Solution:

Concept:

- The question describes credit given by one trader to another.
- The words to notice are 'one trader' and 'goods and services'.

Step 1: Recall the term When a supplier sells goods and allows the buyer to pay after some days, such as 30 or 60 days, it is called trade credit.
The buyer gets goods now and pays later. It is a short-term source of finance.

Step 2: Check option (A) Bank Overdraft In an overdraft, a bank allows a current account holder to draw more than the balance. The lender is a bank, not a trader. So (A) is wrong.

Step 3: Check option (B) Trade Credit This is the credit given by a trader to another for goods and services. So (B) is correct.

Step 4: Check option (C) Term Loan A term loan is a loan of a fixed amount from a bank or institution, repaid over a fixed period. So (C) is wrong.

Step 5: Check option (D) Lease Financing In lease financing, an owner allows another person to use an asset for rent. No goods are bought on credit. So (D) is wrong.

Step 6: Conclusion The credit given by one trader to another is trade credit. This is option (B).

Quick Tip to Solve: Ask who is giving the credit: a trader, a bank, or an asset owner.

14. A retail outlet that deals in a single line of products such is known as .
(Choose the correct option to fill up the blank) [1 mark]

(A) Departmental Store

(B) Multiple Shop

(C) Super Market

(D) Specialty Store

Correct Answer: (D) Specialty Store

Solution:

Concept:

- Retail shops differ by the range of goods they keep.
- We are asked about a shop that keeps only a single line of products.

Step 1: Check option (A) Departmental Store A departmental store keeps many lines of goods in different departments under one roof. So (A) is wrong.

Step 2: Check option (B) Multiple Shop A multiple shop is one of a chain of branch shops with common management. It is known for its network of branches, not for selling a single line. So (B) is wrong.

Step 3: Check option (C) Super Market A supermarket is a big self-service store that sells groceries and many household items. It does not stick to a single line. So (C) is wrong.

Step 4: Check option (D) Specialty Store A specialty store deals in only one line of products, such as a shoe shop, a book shop or a sports shop. It keeps a deep range in that one line. So (D) is correct.

Step 5: Conclusion A shop with a single line of products is a specialty store. This is option (D).

Quick Tip to Solve: Think of a shop that sells only one type of goods, such as books or shoes.

15. Buying goods on the basis of a small representative portion shown by the seller is known as
(Choose the correct option to fill up the blank) [1 mark]

(A) Purchase by Description

(B) Hire Purchase

(C) Purchase by Sample

(D) Cash on Delivery

Correct Answer: (C) Purchase by Sample

Solution:

Concept:

- In some trades, such as cloth, grain or tea, it is hard to show the entire stock. The seller shows a small part to represent the whole lot.
- We need the name of this method of buying.

Step 1: Recall the term A sample is a small piece or portion of the goods that shows the quality of the whole lot. When the buyer decides after seeing the sample, it is called purchase by sample.

Step 2: Check option (A) Purchase by Description Here the buyer relies on a written or spoken description, such as a brand name or a catalogue. No sample is seen. So (A) is wrong.

Step 3: Check option (B) Hire Purchase Hire purchase means paying in instalments with ownership passing at the end. It has no link to a sample. So (B) is wrong.

Step 4: Check option (C) Purchase by Sample This is the method where a small representative part is shown. So (C) is correct.

Step 5: Check option (D) Cash on Delivery In cash on delivery, the buyer pays the price when the goods are delivered. It is a payment method. So (D) is wrong.

Step 6: Conclusion Buying on the basis of a small representative portion is purchase by sample. This is option (C).

Quick Tip to Solve: A sample is a small part that shows the quality of the whole lot.

16. Read the following Assertion (A) and Reason (R). Choose the correct alternative from those given below:

Assertion (A): Multiple shops operate under centralised management and follow uniform policies in all their branches.

Reason (R): In multiple shops, all major decisions regarding pricing, purchasing, and advertising are taken by the head office. [1 mark]

(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, but 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.

Correct Answer: (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).

Solution:

Concept:

- A multiple shop (chain store) is a group of shops of one owner in many places.
- We must test (A), test (R) and see if (R) explains (A).

Step 1: Check Assertion (A) All branches are run by one organisation. They keep the same goods, the same prices and the same style.
So the management is central and the policies are uniform. (A) is TRUE.

Step 2: Check Reason (R) The head office takes the key decisions on pricing, buying and advertising. Branch managers mostly follow these decisions and manage daily work.
(R) is TRUE.

Step 3: Check the link Because the head office decides on price, purchase and advertising for all branches, the branches work in the same way. This is the cause of centralised management and uniform policies.
So (R) explains (A).

Step 4: Why the other options are wrong Option (B) denies the link between them, which is clear. Options (C) and (D) call a true statement false.

Step 5: Conclusion Both statements are true and (R) explains (A). This is option (A).

Quick Tip to Solve: Central decision making by the head office leads to uniform policies in all branches.

17. In case of auction sale, a bid may be withdrawn
(Choose the correct option to fill up the blank) [1 mark]

(A) after acceptance by the auctioneer

(B) before acceptance by the auctioneer

(C) after delivery of goods.

(D) after payment is made

Correct Answer: (B) before acceptance by the auctioneer

Solution:

Concept:

- In an auction, goods are sold publicly to the highest bidder.
- Each bid is an offer made by a bidder, and the auctioneer accepts one of them, usually by the fall of the hammer.

Step 1: Recall the rule A bid is only an offer until the auctioneer accepts it. So the bidder can take it back before acceptance.
Once the auctioneer accepts it, a contract is formed and the bidder cannot withdraw.

Step 2: Check option (A) After acceptance the sale is final. So (A) is wrong.

Step 3: Check option (B) This matches the rule above. So (B) is correct.

Step 4: Check option (C) Delivery comes after the sale is complete, which is much later than acceptance. So (C) is wrong.

Step 5: Check option (D) Payment also comes after the sale is complete. So (D) is wrong.

Step 6: Conclusion A bid may be withdrawn before acceptance by the auctioneer. This is option (B).

Quick Tip to Solve: A bid is only an offer until the auctioneer accepts it.

18. A credit note is issued by the seller to .
(Choose the correct option to fill up the blank) [1 mark]

(A) Increase the amount payable.

(B) Acknowledge receipt of advance

(C) Reduce the amount receivable from the buyer

(D) Cancel the order

Correct Answer: (C) Reduce the amount receivable from the buyer

Solution:

Concept:

- A credit note is a document sent by the seller to the buyer.
- It is used when the seller has to reduce the amount that the buyer owes.

Step 1: When is it issued It is issued when goods are returned by the buyer, when goods are found damaged, or when the seller has charged more by mistake.

The buyer then has to pay a smaller amount.

Step 2: Check option (A) To increase the amount payable by the buyer, the seller issues a debit note, not a credit note. So (A) is wrong.

Step 3: Check option (B) Receipt of an advance is acknowledged by a receipt. So (B) is wrong.

Step 4: Check option (C) This is the purpose of a credit note. The seller's claim on the buyer goes down. So (C) is correct.

Step 5: Check option (D) Cancelling an order is done by a letter of cancellation by either party. A credit note is not meant for it. So (D) is wrong.

Step 6: Conclusion A credit note is issued to reduce the amount receivable from the buyer. This is option (C).

Quick Tip to Solve: A credit note lowers what the buyer owes to the seller.

19(1). Read the following text carefully:

Riddhi Garments Ltd., headquartered in Jaipur, exports designer clothes to buyers in the USA and Australia. Earlier, the company's managers had to travel abroad frequently to finalise orders and resolve business issues. However, the company recently adopted a digital communication system that allows participants in different countries to interact face-to-face, share documents, and make presentations instantly through the internet.

With the help of this system, Riddhi Garments Ltd. has been able to speed up decision-making, improve coordination with foreign clients, and significantly reduce travelling and accommodation expenses.

In the light of the above text and common understanding, answer the following questions:

Identify the communication system adopted by Riddhi Garments Ltd. [1 mark]

Solution:

Concept:

- The passage says managers of Riddhi Garments earlier had to travel abroad again and again to finalise orders.
- Now the company uses a digital system in which people in different countries can "interact face-to-face, share documents, and make presentations instantly through the internet".
- The system also cuts travelling and accommodation costs and speeds up decisions.

Step 1: Recall the common modern communication systems E-mail sends written messages and files, but it is not a live face-to-face talk.
A telephone call carries voice only, so people cannot see each other or show a presentation.
A fax sends a printed page, which is a one-way copy of a document.
Video conferencing joins people at different places through the internet so that they can see, hear and talk to each other live, and can also share files and slides.

Step 2: Match the clues with the system Face-to-face interaction, sharing of documents and live presentations over the internet are exactly the three things a video conference allows.
The saving on travel and stay is the main reason companies move to this system.
So the system adopted by Riddhi Garments Ltd. is video conferencing.

Step 3: Conclusion Riddhi Garments Ltd. has adopted video conferencing to communicate with its foreign clients.

Quick Tip to Solve: Look for the system that lets people in different countries see and talk to each other live over the internet.

19(2). State any two features of this communication system. [2 marks]

Solution:

Concept:

- We have to state any two features of video conferencing, the system found in the previous part.
- A feature is a basic quality that tells us what the system does and how it works. Two features with a short reason are enough.

Step 1: Feature 1: Live audio and visual interaction Video conferencing connects people at different places through audio and video links over the internet.
They can see and speak to each other at the same moment, almost like sitting in one room.
In the case, managers and foreign clients "interact face-to-face" without going abroad.

Step 2: Feature 2: Sharing of documents and presentations Users can show slides, reports, designs and other files on the screen during the meeting.
So ideas are explained clearly and a decision can be taken at once.
The case mentions that participants "share documents, and make presentations instantly".

Step 3: Other features that could also be written It saves the cost and time of travel and stay, as the company has noticed.
It supports communication between many people at many locations in one meeting.
Any two features written clearly earn full marks, so we keep Feature 1 and Feature 2.

Step 4: Conclusion Two features of video conferencing are real-time audio and visual interaction, and easy sharing of documents and presentations.

Quick Tip to Solve: Think about what you can do on a video call: see, speak and share files.

20. "Vindhya Publications Pvt. Ltd." has been operating successfully for several years. Due to increasing demand and expansion plans across the country, the management is planning to convert it into a public company so that it can raise funds from the general public.
Question:
List any three features of a Public Company. [3 marks]

Solution:

Concept:

- Vindhya Publications Pvt. Ltd. wants to become a public company so that it can raise funds from the general public.
- We need to list any three features of a public company. A feature is a basic quality that sets this type of company apart.

Step 1: Feature 1: Separate legal entity A public company is created by law under the Companies Act, 2013, and gets its own legal identity.
The company can own property, sign contracts, borrow money and sue or be sued in its own name.
The owners (shareholders) and the company are two different persons in the eyes of law.

Step 2: Feature 2: Perpetual succession The life of a public company does not depend on its members.
If a shareholder dies, retires or sells the shares, the company goes on working.
Only a legal process called winding up can end its existence.

Step 3: Feature 3: Limited liability The liability of a shareholder is limited to the unpaid amount on the shares held by him or her.
If the company fails, personal property of the shareholders cannot be used to pay the debts beyond this amount.
This safety is one reason why the general public is ready to invest in such a company.

Step 4: Other features that could also be written Minimum 7 members and no upper limit, minimum 3 directors, free transfer of shares, and the right to invite the public to buy shares by issuing a prospectus.
Any three correct features earn full marks.

Step 5: Conclusion Three features of a public company are separate legal entity, perpetual succession and limited liability.

Quick Tip to Solve: Think of the legal position, the life and the liability of a public company.

21(A). Read the following text carefully:
Abhimanyu is the Sales Manager of AAMC Appliances Ltd. The company recently launched a new product and Abhimanyu wanted his sales team to understand its features clearly. He carefully prepared a presentation explaining the product specifications, pricing, and target customers. During the meeting, he used simple language and real-life examples to explain the details.
After delivering the message, Abhimanyu asked the team members to share their understanding of the product and clarify doubts. He also requested weekly sales reports to check whether the team had understood the instructions properly. As a result, the sales team confidently explained the product to customers and sales increased steadily.
In the light of the above text and common understanding, answer the following questions:
Identify the sender and the receivers in the above case. [2 marks]

Solution:

Step 1: Recall the parts of the communication process The sender is the person who has a message and starts the communication.
The receiver is the person (or people) for whom the message is meant and who gets it.
In between come the message, encoding, the medium, decoding and feedback.

Step 2: Find the sender in the case Abhimanyu, the Sales Manager, wants his team to understand the new product.
He prepares the presentation and delivers the message in the meeting. So he is the one who starts the communication.
Sender: Abhimanyu, the Sales Manager of AAMC Appliances Ltd.

Step 3: Find the receivers in the case The message about the product features, price and target customers is meant for the sales team.
The team members listen, understand and then explain the product to customers.
Receivers: the members of the sales team.

Step 4: Do not mix up feedback with sender and receiver When the team shares its understanding and sends weekly reports, it is giving feedback.
Feedback is the reply of the receiver. It does not change who the original sender and receivers are.

Step 5: Conclusion The sender is Abhimanyu and the receivers are the members of his sales team.

Quick Tip to Solve: The sender starts the message; the receivers are those for whom it is meant.

21(B). Which step of the communication process is involved when Abhimanyu prepares a presentation? Explain briefly. [1 mark]

Solution:

Step 1: Recall the steps of the communication process The usual steps are: sender, encoding, message, medium, receiver, decoding and feedback.
Encoding is the step in which the sender turns his or her ideas into words, symbols, pictures or figures that can be sent.

Step 2: Look for the step in the action of Abhimanyu Abhimanyu "carefully prepared a presentation explaining the product specifications, pricing, and target customers".
He chose simple language and real-life examples so that the sales team could follow the details.
He is converting his ideas about the product into a form in which they can be sent. This is encoding.

Step 3: Why the other steps do not fit here Message is what is sent, but here we are looking at the act of preparing it.
Medium is the path (the meeting). Decoding is done by the receivers when they read or hear the message.
Feedback is the reply (team sharing understanding, weekly reports). None of these is the act of preparing the presentation.

Step 4: Conclusion The step involved is encoding: the sender converts ideas about features, pricing and customers into a presentation in simple language.

Quick Tip to Solve: Preparing a message in a form the receiver can understand is which step?

22(A). Raman Ltd. is planning to expand its business operations. The Finance Manager suggests raising funds through equity shares, while the Managing Director prefers taking a long-term loan from a bank.
Questions:
Identify the two sources of finance being discussed. [1 mark]

Solution:

Step 1: Recall how sources of finance are grouped On the basis of ownership, funds are either owner's funds or borrowed funds.
Owner's funds are put in by the owners of the business, such as share capital and retained profit.
Borrowed funds are raised from outsiders, such as loans, debentures and trade credit, and must be repaid.

Step 2: Source 1: Equity shares The Finance Manager wants to issue equity shares. People who buy them become part owners of Raman Ltd.
So equity shares are owner's funds.

Step 3: Source 2: Long-term loan from a bank The Managing Director wants a long-term loan. The bank is an outsider and lends money for a fixed time.
The money must be repaid with interest, so this is a borrowed fund.

Step 4: Conclusion The two sources being discussed are equity shares (owner's fund) and long-term bank loan (borrowed fund).

Quick Tip to Solve: Name the two sources from the passage and say who provides the money in each.

22(B). State any two differences between these two sources of finance. [2 marks]

Solution:

Step 1: Know what is being compared From part A, equity shares are owner's funds and the bank loan is borrowed funds.
We need any two differences between these two types of funds.

Step 2: Difference 1: Meaning (definition) Owner's funds mean the amount invested by the owners and the profits they keep in the business.
Borrowed funds are the funds that the business raises from outside parties through loans or borrowings.

Step 3: Difference 2: Control Shareholders who supply owner's funds get a share in the control of the company, as they can vote on important matters.
A bank that gives a loan has no stake in the control of the company. It only expects interest and repayment.

Step 4: Present the two differences in a table

Basis	Owner's Funds (Equity Shares)	Borrowed Funds (Bank Loan)
Meaning	Total amount invested by the owners plus the profits they have reinvested in the business.	Funds raised through loans or borrowings from outside parties.
Control	Control of the enterprise rests with the persons who provide the capital.	Providers of borrowed funds have no say in the control of the enterprise.

Step 5: Other differences you may use Repayment: owner's funds are not repaid during the life of the company, borrowed funds must be repaid on time.
Return: owners get a dividend that depends on profit, while lenders get fixed interest even if there is a loss.

Step 6: Conclusion Owner's funds and borrowed funds differ in meaning and in the control they give over the business.

Quick Tip to Solve: Compare owner's funds and borrowed funds on meaning and control.

23(A). Radhika, a young rural girl, visited Delhi during her school holidays to meet her relatives. One afternoon, she accompanied her cousins to a large shopping outlet, located in the heart of the city. As she stepped inside, she was amazed to see the extensive variety of products available under one roof - from daily-use items to premium branded goods. She also noticed that the store provides additional facilities such as clean restrooms and a restaurant where customers can relax and eat.
Questions:
Identify the type of store visited by Radhika. [1 mark]

Solution:

Step 1: Pick the clues from the passage A large shopping outlet in the heart of the city.
An extensive variety of products under one roof, from daily-use items to premium branded goods.
Extra facilities such as clean restrooms and a restaurant.

Step 2: Compare with the types of large scale retail stores Supermarket: mainly food and grocery items on a self-service basis, usually without a restaurant.
Chain store or multiple shop: many branches of the same business selling similar goods in many places.

Specialty store: sells only one line of goods, so it does not offer a wide variety.
Departmental store: a large store with many departments selling different goods under one roof, in a central location, with extra customer services.

Step 3: Decide Every clue fits a departmental store, so that is the store Radhika visited.

Step 4: Conclusion Radhika visited a departmental store.

Quick Tip to Solve: One big store, many departments, one roof, central location.

23(B). Quoting relevant lines from the passage, explain any three features of this type of store [3 marks]

Solution:

Concept:

- We have to explain any three features of a departmental store and support each with a line from the passage.

Step 1: Feature 1: Wide variety of goods under one roof Line from the passage: "extensive variety of products available under one roof - from daily-use items to premium branded goods".
A departmental store has many departments, each selling a different type of goods. So the customer can buy almost everything at one place.

Step 2: Feature 2: Located in the central part of the city Line from the passage: "located in the heart of the city".
Such stores are set up in prime locations so that a large number of customers can reach them easily.

Step 3: Feature 3: Additional customer facilities Line from the passage: "the store provides additional facilities such as clean restrooms and a restaurant where customers can relax and eat".
The store gives extra services like restaurant, restrooms, parking and home delivery so that shopping is comfortable and convenient.

Step 4: Other features that could also be written Large size and large capital, centralised buying, and the use of many departments with one management.

Step 5: Conclusion Three features of a departmental store from the passage: wide variety under one roof, central location, and extra customer facilities.

Quick Tip to Solve: For each feature, quote a line from the passage and then explain it in one or two sentences.

24. Read the following text carefully:
Megha works as a sales executive in a reputed furniture showroom. She greets every customer warmly and patiently explains the features, price, and maintenance of different products. She never forces customers to buy but helps them compare options according to their budget and preferences. Megha remains calm even when customers raise complaints or ask repeated questions. She also keeps herself updated with the latest designs and trends in the market. Due to her polite behaviour and product knowledge, many customers specifically ask for her assistance.
State and explain any two qualities of a good salesman reflected in the above case. [4 marks]

Solution:

Concept:

- We need to state two qualities of a good salesman that Megha shows and explain each with the

help of the case.

Step 1: Quality 1: Polite and courteous behaviour Megha greets every customer warmly and remains calm even when customers raise complaints or ask repeated questions.
She never forces anyone to buy. A salesman who is polite builds trust and makes shopping a pleasant experience.
This is why customers specifically ask for her.

Step 2: Quality 2: Good product knowledge Megha clearly explains the features, price and maintenance of different products, and she keeps herself updated with the latest designs and trends.
A salesman who knows the product well can answer doubts and help customers compare options as per budget.
This helps customers take better buying decisions and raises their confidence in the salesperson.

Step 3: Other qualities that could also be written Patience, a pleasant personality, honesty, communication skill and a helpful attitude. Any two qualities with a case link are fine.

Step 4: Conclusion Two qualities of a good salesman seen in Megha are polite and courteous behaviour, and good product knowledge.

Quick Tip to Solve: Match what Megha does with the qualities: how she treats customers, and what she knows about the products.

25. Distinguish between Cash and Credit transaction on the basis of:
(a) Meaning
(b) Time of payment [4 marks]

Solution:

Concept:

- We need to distinguish between a cash transaction and a credit transaction on two bases: meaning and time of payment.
- A good distinction is written in a table with one point for each basis.

Step 1: Basis (a): Meaning In a cash transaction, the buyer pays at the same time as the goods or services are bought or sold.
In a credit transaction, the goods or services are given now, and the buyer promises to pay later.

Step 2: Basis (b): Time of payment In cash dealing, payment is made on the spot, so there is no waiting.
In credit dealing, payment is made after a period fixed by agreement between buyer and seller, for example 30 days.

Step 3: Write the answer in table form

Basis	Cash Transaction	Credit Transaction
Meaning	A transaction in which payment is made immediately at the time of purchase or sale of goods or services.	A transaction in which goods or services are bought or sold with a promise to make the payment at a later date.
Time of payment	Payment is made instantly, on the spot.	Payment is made after a certain period as agreed between the buyer and the seller.

Step 4: Conclusion Cash and credit transactions differ in meaning and in time of payment, as shown

in the table.

Quick Tip to Solve: Write a two-row table: meaning, and time of payment.

26. Write short notes on:
(i) Internal Business Communication
(ii) Non- Verbal Communication [4 marks]

Solution:

Step 1: Plan the notes Short notes need a clear meaning of the term, its purpose and one or two examples. We write about 40 to 50 words for each note.

Step 2: Note (i): Internal business communication It is the exchange of information within an organisation, among managers, employees and different departments.
It helps in coordinating activities, giving instructions, sharing ideas and keeping the organisation running smoothly.
It may flow upward, downward or horizontally, through meetings, e-mails, notices, reports and so on.

Step 3: Note (ii): Non-verbal communication It is the sending of messages without spoken or written words.
It uses facial expressions, gestures, body language, eye contact, posture and tone of voice.
It supports or strengthens verbal messages and often shows feelings and attitudes better than words.

Step 4: Conclusion Internal communication is the exchange of information within the organisation. Non-verbal communication passes messages without words.

Quick Tip to Solve: Give meaning, purpose and a way of working for each note.

27(a). Read the following text carefully:

Rachit wanted to buy a laptop but did not have enough money to pay the full amount at once. He purchased the laptop from a showroom under the hire purchase system. He paid Rs 10,000 as a down payment and agreed to pay the remaining amount in monthly instalments. The ownership of the laptop would be transferred to Rachit only after the last instalment is paid. If he failed to pay any instalment, the seller had the right to take back the laptop.

In the light of the above text and common understanding, answer the following questions:

Identify the method of sale used in the above case. [1 mark]

Solution:

Step 1: Pick the clues Rachit did not have enough money to pay in full, so he paid Rs 10,000 as a down payment and the rest in monthly instalments.
Ownership passes to him only after the last instalment, and the seller can take the laptop back if an instalment is missed.

Step 2: Compare with the methods of sale Cash sale: full payment at once. Rachit did not do this.
Instalment sale: ownership passes at once after the first payment. Here it does not.
Hire purchase: the buyer gets the goods for use at once, pays in instalments, ownership comes after the last instalment, and the seller can repossess the goods if a payment is missed.

Step 3: Decide All the clues match the hire purchase system. The passage also states it directly.

Step 4: Conclusion The method of sale used is the hire purchase system.

Quick Tip to Solve: Down payment, instalments, ownership after the last instalment, goods can be taken back.

27(b). State any two features of this system. [2 marks]

Solution:

Step 1: Recall what hire purchase is In hire purchase the buyer takes the goods on payment of a down payment and pays the rest in instalments. The seller remains the owner until the end.

Step 2: Feature 1: Payment in instalments after a down payment The buyer pays part of the price at the start and the rest in instalments. Rachit paid Rs 10,000 first and then monthly instalments.

Step 3: Feature 2: Ownership passes only after the last instalment Until the last instalment is paid, the seller stays the legal owner. Rachit becomes the owner only after he pays the full price.

Step 4: Other features that could also be written The seller can repossess the goods if the buyer fails to pay an instalment. The buyer can use the goods from the day of the agreement.

Step 5: Conclusion Two features: the price is paid in instalments after a down payment, and ownership is transferred only after the last instalment.

Quick Tip to Solve: Think about how the price is paid and when the buyer becomes the owner.

27(c). Who will be the owner of the laptop before the last instalment is paid? [1 mark]

Solution:

Step 1: Find the rule in the passage The passage says "the ownership of the laptop would be transferred to Rachit only after the last instalment is paid".

Step 2: Apply the rule Before the last instalment, ownership has not passed to Rachit. He can only use the laptop.
So the owner is the person who sold it, that is, the seller (the showroom).

Step 3: Why not Rachit If Rachit were the owner, the seller could not take the laptop back on a missed payment. The seller can, so the seller is the owner.

Step 4: Conclusion Till the last instalment is paid, the seller is the owner of the laptop.

Quick Tip to Solve: In hire purchase, ownership passes at the end.

27(d). State two advantage of this system for buyers. [2 marks]

Solution:

Step 1: Think from the buyer's side A buyer who cannot pay the full price at once wants to start using the goods and pay slowly. We list two such benefits.

Step 2: Advantage 1: Immediate use without paying the full price Rachit got the laptop at once after paying only Rs 10,000. He did not have to wait and save the full amount.

Step 3: Advantage 2: Lower burden of payment The remaining price is split into small monthly instalments, so the payment load is spread over time and is easy to bear.

Step 4: Other advantages It is easy to buy costly goods, and the buyer may build the habit of regular saving.

Step 5: Conclusion Two advantages: use of the goods immediately, and payment in easy instalments.

Quick Tip to Solve: Think about what a buyer with little money gets from this system.

28(A). Discuss the following:
(i) External Communication
(ii) Vertical Communication [6 marks]

Solution:

Step 1: Plan the answer We need to discuss two types of business communication: external and vertical. Each carries 3 marks, so each gets a meaning, a purpose and the means used.

Step 2: (i) External communication: meaning It is the exchange of information between the organisation and people outside it, such as customers, suppliers, government agencies, investors and the general public.

Step 3: (i) External communication: purpose and means It helps in building business relationships, promoting products, sharing important information and keeping a good image of the organisation.
It takes place through advertisements, e-mails, letters, reports, meetings, press releases and social media.

Step 4: (ii) Vertical communication: meaning It is the flow of information between different levels of management within the organisation.

Step 5: (ii) Vertical communication: types and purpose Downward: from managers to employees, in the form of instructions, policies and guidelines.
Upward: from employees to managers, in the form of feedback, suggestions or reports.
It helps in coordination, supervision and effective decision-making.

Step 6: Conclusion External communication is with people outside the organisation; vertical communication flows up and down between levels of management.

Quick Tip to Solve: For each type give meaning, purpose and the way it takes place.

OR

28(B). Explain any two barriers of effective communication. [6 marks]

Solution:

Concept:

- A barrier is anything that stops a message from reaching the receiver properly or being understood correctly.
- We explain any two barriers, 3 marks each.

Step 1: Barrier 1: Language barrier Differences in language, hard words, jargon or unclear sentences can lead to misunderstanding.
If the sender uses words that the receiver does not know, the message is not decoded correctly.
Remedy: use simple and clear words in the language the receiver knows.

Step 2: Barrier 2: Psychological barrier Emotions such as anger, fear, stress or lack of interest can stop the receiver from understanding the message properly.
A worried or angry person may not listen with attention or may read a wrong meaning.
Remedy: pick a calm moment and a friendly tone, and check for feedback.

Step 3: Other barriers that could also be written Physical barriers such as noise or distance, and organisational barriers such as too many levels of management.

Step 4: Conclusion Two barriers of effective communication are the language barrier and the psychological barrier.

Quick Tip to Solve: Name the barrier, explain how it blocks the message, then give a short example.

29. Distinguish between Public company and Private company on the basis of:
(a) Number of Members
(b) Number of Directors
(c) Transfer of Shares [6 marks]

Solution:

Concept:

- We must compare a public company and a private company on three bases: number of members, number of directors and transfer of shares.
- The best form is a table with one row for each basis.

Step 1: Basis (a): Number of members A public company needs at least 7 members and there is no upper limit, so any number of people can join.
A private company needs at least 2 members and can have at most 200.

Step 2: Basis (b): Number of directors A public company must have at least 3 directors.
A private company needs at least 2 directors.

Step 3: Basis (c): Transfer of shares Shares of a public company can be sold or transferred freely.
In a private company, the articles of association put restrictions on the transfer of shares.

Step 4: Write the table

Basis	Public Company	Private Company
Number of members	Minimum 7 members; no maximum limit.	Minimum 2 members; maximum 200 members.
Number of directors	Minimum 3 directors.	Minimum 2 directors.
Transfer of shares	Shares are freely transferable.	There are restrictions on the transfer of shares.

Step 5: Conclusion A public company and a private company differ in members, directors and transfer of shares as shown in the table.

Quick Tip to Solve: Make a three-row table: members, directors, transfer of shares.

30(A). Explain any three importance of personal selling to a business organization. [6 marks]

Solution:

Concept:

- Personal selling means face-to-face selling, in which a salesperson meets the customer, explains the product and persuades him or her to buy.
- We explain any three reasons why it is important to a business, 2 marks each.

Step 1: Importance 1: Increases sales The salesperson talks directly to customers, explains product features and persuades them to buy.
This raises the chance of higher sales.

Step 2: Importance 2: Builds customer relationships Through personal contact the salesperson gains the trust of the customer over time.
It leads to repeat purchases and customer loyalty.

Step 3: Importance 3: Provides market feedback Salespersons meet customers closely and learn about their needs, tastes and complaints.
The business uses this information to improve its products and marketing strategies.

Step 4: Other points that could also be written Flexibility in the sales talk, quick clearing of doubts and help in launching new products.

Step 5: Conclusion Three importance of personal selling: it increases sales, builds customer relationships and provides market feedback.

Quick Tip to Solve: Think of what a salesperson gives the business: sales, relations and information.

OR

30(B). Explain the importance of advertising. [6 marks]

Solution:

Concept:

- Advertising is a paid, non-personal form of communication used to tell people about a product, service or idea.
- We explain three reasons why it is important to a business, 2 marks each.

Step 1: Importance 1: Creates awareness Advertising informs people about new products, their features, prices and where they are available in the market.

Step 2: Importance 2: Increases demand and sales Effective advertising attracts customers and encourages them to buy the product, which leads to higher sales.

Step 3: Importance 3: Builds brand image Regular advertising builds a strong brand identity and trust among customers, so people prefer the brand over others.

Step 4: Other points that could also be written It helps in facing competition, supports the launch of new products and educates customers.

Step 5: Conclusion Advertising is important because it creates awareness, increases demand and sales, and builds brand image.

Quick Tip to Solve: Think of what ads do: inform, attract buyers and build trust in the brand.