

UP Board Class 10 Vanijyai Question Paper with Solutions

Time Allowed :3.15 Hours

Maximum Marks :70

Total questions :32

General Instructions

Instruction:

- (i) All questions are compulsory.
- (ii) This question paper has two parts - Part (A) and Part (B).
- (iii) Marks of questions are mentioned against them.
- (iv) Part-A consists of 20 multiple choice questions of one mark each that have to be answered on OMR sheet only.
- (v) For Part-A read the question wise instructions and mark your answer on the given OMR answer sheet only. Do not erase, Cut or use whitener on OMR answer sheet after answering.
- (vi) Part-B consists of descriptive type questions of 50 marks.
- (vii) All the questions of Part-B are to be attempted all at a time.
- (viii) Start from the first question and go up to the last question. Do not waste your time on the question you cannot solve.

Part-A

(Multiple Choice Type Questions)

Instructions: Questions Nos 1 to 20 are Multiple Choice Type. Four alternatives answers are given in each question. Select the correct alternatives out of them and mark them in OMR Answer Sheet serially.

1. What is the trial balance used for?

- (A) It is financial statement
- (B) It records the balance of balance sheet
- (C) It does not contribute to the accounting cycle
- (D) It records balance of accounts

Correct Answer: (D) It records balance of accounts

Solution: Step 1: The trial balance is a statement that lists the balances of all ledger accounts to ensure that the total debits equal the total credits. **Step 2:** It is used to verify the arithmetic accuracy of the books of accounts and is a preliminary step in preparing financial statements, but it is not a financial statement itself. **Step 3:** Therefore, the correct option is (D) as it records the balances of accounts for further financial reporting.

Quick Tip

The trial balance is a tool for error detection, not a final financial report.

2. Outstanding salary is

- (A) Real Account
- (B) Nominal Account
- (C) Personal Account
- (D) None of these

Correct Answer: (C) Personal Account

Solution: Step 1: Outstanding salary represents an amount owed to employees, which is a liability. **Step 2:** In accounting, liabilities are classified under Personal Accounts, as they relate to persons or entities to whom money is owed. **Step 3:** Therefore, the correct classification is (C) Personal Account.

Quick Tip

Personal Accounts include debtors and creditors; always check the nature of the transaction.

3. When was Reserve Bank of India established?

- (A) 1955
- (B) 1949
- (C) 1935
- (D) 1964

Correct Answer: (C) 1935

Solution: Step 1: The Reserve Bank of India (RBI) was established on April 1, 1935, as per historical records. **Step 2:** This date marks the commencement of its operations as the central bank of India. **Step 3:** Therefore, the correct option is (C) 1935.

Quick Tip

Memorize key establishment dates of major institutions for quick recall.

4. Who draws a bill of exchange?

- (A) Creditor
- (B) Debtor
- (C) Drawer
- (D) None of these

Correct Answer: (C) Drawer

Solution: Step 1: A bill of exchange is a written order by the creditor to the debtor to pay a certain amount. **Step 2:** The person who creates or draws this bill is known as the Drawer, typically the creditor. **Step 3:** Therefore, the correct option is (C) Drawer.

Quick Tip

The Drawer initiates the bill, while the Drawee (Debtor) accepts it.

5. Which machine prints addresses on envelopes, wrappers, newspapers etc.?

- (A) Fax machine
- (B) Adding machine
- (C) Calculating machine
- (D) Addressing machine

Correct Answer: (D) Addressing machine

Solution: Step 1: An addressing machine is specifically designed to print addresses on envelopes, wrappers, and newspapers. **Step 2:** Other machines like fax, adding, or calculating machines serve different purposes (communication, arithmetic, or computation). **Step 3:** Therefore, the correct option is (D) Addressing machine.

Quick Tip

Identify the specialized function of each machine for accurate selection.

6. Which of the following is not a form of Large Scale Trade?

- (A) Departmental store
- (B) Supermarket
- (C) Multiple chain store
- (D) Provision store

Correct Answer: (D) Provision store

Solution: Step 1: Large Scale Trade includes organized retail formats like Departmental stores, Supermarkets, and Multiple chain stores. **Step 2:** A Provision store is a small-scale retail outlet, not classified as large-scale trade. **Step 3:** Therefore, the correct option is (D) Provision store.

Quick Tip

Large Scale Trade involves significant organization and volume; small shops are excluded.

7. What shall be the due date to issue invoice in case of supply of goods?

- (A) Any date before or at the time of removal of goods
- (B) Date of receipt of advance
- (C) Date of provision of goods
- (D) None of these

Correct Answer: (A) Any date before or at the time of removal of goods

Solution: Step 1: An invoice is issued to document the sale and is typically required at the time of goods removal. **Step 2:** It can be issued before or at the time of removal to facilitate payment or record-keeping, but not based on advance receipt or provision date alone. **Step 3:** Therefore, the correct option is (A) Any date before or at the time of removal of goods.

Quick Tip

Ensure the invoice aligns with the legal and practical timing of goods movement.

8. Clearing house in India, is administered by

- (A) Reserve Bank of India
- (B) State Bank of India
- (C) Some nationalised Banks
- (D) All of these

Correct Answer: (A) Reserve Bank of India

Solution: Step 1: The clearing house in India is a system managed by the Reserve Bank of India (RBI) to facilitate the exchange and settlement of cheques and other payment instruments. **Step 2:** While other banks may participate, the administration is primarily under RBI's oversight. **Step 3:** Therefore, the correct option is (A) Reserve Bank of India.

Quick Tip

RBI oversees major financial systems, including clearing houses, in India.

9. Reserve Bank of India is

- (A) Commercial bank
- (B) Clearing house
- (C) Main bank
- (D) Central bank of the country

Correct Answer: (D) Central bank of the country

Solution: Step 1: The Reserve Bank of India (RBI) is the central banking institution of India, responsible for monetary policy, currency issuance, and regulation of the banking system. **Step 2:** It is not a commercial bank, clearing house, or merely a main bank; its role is centralized governance. **Step 3:** Therefore, the correct option is (D) Central bank of the country.

Quick Tip

The central bank regulates other banks, not the reverse.

10. Reason for conversion of Imperial Bank into State Bank was

- (A) Negligence of agriculture business
- (B) Misuse of power
- (C) Faults in branch opening policy

(D) All of these

Correct Answer: (D) All of these

Solution: Step 1: The Imperial Bank of India was converted into the State Bank of India (SBI) in 1955 to address multiple issues, including neglect of agricultural financing, misuse of power, and ineffective branch policies. **Step 2:** The nationalization aimed to improve banking services and extend reach to rural areas. **Step 3:** Therefore, the correct option is (D) All of these.

Quick Tip

Nationalization often addresses systemic inefficiencies in banking.

11. Function of commercial bank is

- (A) Accepting deposits
- (B) Providing loan
- (C) Functioning as agency
- (D) All of these

Correct Answer: (D) All of these

Solution: Step 1: Commercial banks perform multiple functions, including accepting deposits from customers, providing loans, and acting as an agency for various financial services (e.g., payments, collections). **Step 2:** These functions are core to their operations and are collectively represented by option (D). **Step 3:** Therefore, the correct option is (D) All of these.

Quick Tip

Commercial banks serve as financial intermediaries with diverse roles.

12. Among the following which one comes under the class of indigenous banker?

- (A) Co-operative Bank

- (B) Mahajan Bank
- (C) Land Development Bank
- (D) Regional Rural Bank

Correct Answer: (B) Mahajan Bank

Solution: Step 1: Indigenous bankers are traditional moneylenders or financial entities operating locally, such as Mahajans, who provide credit based on personal relationships.

Step 2: Co-operative Banks, Land Development Banks, and Regional Rural Banks are modern, regulated financial institutions, not indigenous bankers. **Step 3:** Therefore, the correct option is (B) Mahajan Bank.

Quick Tip

Indigenous bankers rely on traditional methods, unlike regulated banks.

13. What is Bank?

- (A) An Individual
- (B) An Institution
- (C) A Committee
- (D) All of these

Correct Answer: (B) An Institution

Solution: Step 1: A bank is defined as a financial institution that accepts deposits, provides loans, and offers other financial services. **Step 2:** It is not an individual or a committee, but a structured organization. **Step 3:** Therefore, the correct option is (B) An Institution.

Quick Tip

Banks are legal entities, not individuals or temporary groups.

14. Utility is generally related to

- (A) Satisfaction
- (B) Necessity
- (C) Usefulness
- (D) None of these

Correct Answer: (A) Satisfaction

Solution: Step 1: Utility in economics refers to the satisfaction or benefit a consumer derives from consuming a good or service. **Step 2:** While necessity and usefulness are related, the primary economic definition centers on satisfaction. **Step 3:** Therefore, the correct option is (A) Satisfaction.

Quick Tip

Utility measures subjective satisfaction, not just objective need.

15. Which one of the following is the basis of diminishing marginal utility?

- (A) Law of Demand
- (B) Laws of Returns
- (C) Law of Supply
- (D) None of these

Correct Answer: (D) None of these

Solution: Step 1: The law of diminishing marginal utility states that as a person consumes more units of a good, the additional satisfaction from each unit decreases, assuming all else is constant. **Step 2:** This is a standalone economic principle, not directly based on the Law of Demand, Laws of Returns, or Law of Supply. **Step 3:** Therefore, the correct option is (D) None of these.

Quick Tip

Diminishing marginal utility is a fundamental concept, not derived from other laws.

16. We should keep our Savings with banks because it

- (A) is safe withdrawal
- (B) earns interest
- (C) can be withdrawn any time
- (D) all of these

Correct Answer: (D) all of these

Solution: Step 1: Banks provide safety for savings through secure storage and insurance, earn interest on deposits, and allow withdrawals on demand (subject to terms). **Step 2:** These benefits collectively encourage saving with banks. **Step 3:** Therefore, the correct option is (D) all of these.

Quick Tip

Banks offer a combination of security, returns, and liquidity.

17. Bank pays interest on

- (A) Deposits
- (B) Loans
- (C) Both (A) and (B)
- (D) None of these

Correct Answer: (A) Deposits

Solution: Step 1: Banks pay interest to depositors on the money they save with the bank. **Step 2:** Banks charge interest on loans, but they do not pay interest to borrowers; instead, they receive it. **Step 3:** Therefore, the correct option is (A) Deposits.

Quick Tip

Interest paid is an expense for banks on deposits, not loans.

18. Coins are issued by

- (A) Government of India
- (B) NABARD
- (C) Public sector
- (D) State Bank of India

Correct Answer: (A) Government of India

Solution: Step 1: In India, the authority to issue coins lies with the Government of India, which mints them through the India Government Mint. **Step 2:** NABARD, public sector, and State Bank of India do not have the authority to issue currency. **Step 3:** Therefore, the correct option is (A) Government of India.

Quick Tip

Only the central government has the sovereign right to issue coins.

19. Final Account is/an

- (A) Ledger
- (B) Account and Statement
- (C) Statement
- (D) Account and Statement

Correct Answer: (B) Account and Statement

Solution: Step 1: Final Accounts include the Trading Account, Profit and Loss Account (which are accounts), and the Balance Sheet (which is a statement). **Step 2:** This combination makes it both an account and a statement. **Step 3:** Therefore, the correct option is (B) Account and Statement.

Quick Tip

Final Accounts summarize a business's financial performance and position.

20. How many parties are there in promissory note?

- (A) 1
- (B) 2
- (C) 3
- (D) 4

Correct Answer: (B) 2

Solution: Step 1: A promissory note involves two parties: the Maker (who promises to pay) and the Payee (to whom the payment is promised). **Step 2:** Unlike a bill of exchange, it does not involve a drawee in the initial agreement. **Step 3:** Therefore, the correct option is (B) 2.

Quick Tip

Focus on the core parties in negotiable instruments for clarity.

Part-B

(Very Short Answer Type Questions)

1. What do you understand by contingent liabilities?

Correct Answer: Contingent liabilities are potential obligations that may arise depending on the outcome of a future event, which is not entirely within the control of the entity.

Solution: Step 1: Contingent liabilities are not actual liabilities but potential ones that depend on uncertain future events, such as lawsuits, guarantees, or pending legal disputes.

Step 2: They are recorded in the financial statements if the likelihood of occurrence is probable and the amount can be reasonably estimated, typically as a footnote. **Step 3:** Examples include warranties, pending lawsuits, or loan guarantees.

Quick Tip

Contingent liabilities are disclosed if probable and estimable, otherwise noted as a possibility.

2. In how many ways is a bill of exchange accepted?

Correct Answer: A bill of exchange can be accepted in two ways.

Solution: Step 1: A bill of exchange is accepted when the drawee agrees to pay the amount by signing it, which can be done in two primary ways. **Step 2:** The first way is general acceptance, where the drawee simply signs the bill without conditions. The second way is qualified acceptance, where the drawee accepts with conditions (e.g., partial payment or a different due date). **Step 3:** Thus, there are two ways of acceptance.

Quick Tip

Acceptance converts a bill into a binding promise; check for conditions.

3. What are the normal banking functions performed by Reserve Bank of India?

Correct Answer: The normal banking functions of the Reserve Bank of India include issuing currency, acting as a banker to the government, and serving as a banker to commercial banks.

Solution: Step 1: The Reserve Bank of India (RBI) issues and manages the currency of India, ensuring a stable money supply. **Step 2:** It acts as a banker to the central and state governments by managing their accounts, providing loans, and handling public debt. **Step 3:** It also serves as a banker to commercial banks by maintaining their cash reserves, providing credit facilities, and overseeing clearing house operations.

Quick Tip

RBI's banking functions support both government and financial stability.

4. Write the characteristics of sole trading.

Correct Answer: The characteristics of sole trading include single ownership, unlimited liability, full control by the owner, limited capital, and personal management.

Solution: Step 1: Sole trading is owned and managed by a single individual who bears all profits and losses. **Step 2:** The owner has unlimited liability, meaning personal assets can be used to settle business debts. **Step 3:** The owner has full control over decisions, but capital is limited to personal funds or loans, and management is handled personally without formal structure.

Quick Tip

Sole trading offers flexibility but carries high personal risk.

5. Explain about the machine which records the time of arrival and departure of an employee.

Correct Answer: The machine that records the time of arrival and departure of an employee is called a time clock or time recording machine.

Solution: Step 1: A time clock is a device used to record the exact time when an employee starts and ends their work shift. **Step 2:** Employees use a card or badge, which is inserted into the machine, to punch in upon arrival and punch out upon departure, automatically logging the hours worked. **Step 3:** This helps in payroll calculation, attendance tracking, and ensuring compliance with labor regulations.

Quick Tip

Modern time clocks may use biometric or digital systems for accuracy.

(Short Answer Type Questions)

6. Explain various types of Hundies.

Correct Answer: Hundies are traditional Indian negotiable instruments categorized into types such as Darshani Hundi, Muddati Hundi, Shahjog Hundi, Namjog Hundi, and Jokhim Hundi.

Solution: Step 1: A Darshani Hundi is payable on sight or presentation to the drawee, requiring immediate payment. **Step 2:** A Muddati Hundi is payable after a specified period or on a fixed date, allowing deferred payment. **Step 3:** A Shahjog Hundi is drawn by a known and reputed drawer on a person with whom the drawer has business relations. A Namjog Hundi is payable to the order of a specific person, while a Jokhim Hundi is drawn without specifying the drawee, carrying higher risk. **Step 4:** These types serve various trade and credit needs in traditional commerce.

Quick Tip

Understand the payment terms to identify the type of Hundi.

7. Differentiate between wholesale trader and sole trader.

Correct Answer: A wholesale trader buys goods in bulk and sells to retailers, while a sole trader owns and manages a business single-handedly, which may include any trade type.

Solution: Step 1: A wholesale trader focuses on bulk purchasing from manufacturers and selling to retailers or other businesses, dealing with large quantities and lower margins. **Step 2:** A sole trader is an individual who owns and operates a business alone, with unlimited liability, and can engage in wholesale, retail, or any other trade, managing all aspects personally. **Step 3:** The key difference lies in the business model (bulk trade vs. ownership structure), not exclusivity, as a sole trader could also be a wholesaler.

Quick Tip

Focus on the scale of operation and ownership structure for differentiation.

8. Write the difficulties of commercial banks.

Correct Answer: The difficulties of commercial banks include managing non-performing assets, maintaining liquidity, complying with regulations, and facing competition.

Solution: Step 1: Non-performing assets (NPAs) pose a challenge as unpaid loans reduce profitability and require provisioning. **Step 2:** Maintaining liquidity is difficult due to the need to balance deposits and loan demands, especially during economic downturns. **Step 3:** Compliance with central bank regulations and financial laws adds operational complexity and costs. **Step 4:** Increasing competition from fintech and other banks pressures profit margins and market share.

Quick Tip

Banks must balance risk and regulation to overcome operational challenges.

9. Describe expenditure and saving.

Correct Answer: Expenditure is the money spent on goods, services, or investments, while saving is the portion of income not spent, set aside for future use.

Solution: Step 1: Expenditure includes all outflows of money for daily needs (e.g., food, rent), business costs, or investments, reducing available funds. **Step 2:** Saving is the income left after expenditure, deposited in banks or invested to build financial security or meet future goals. **Step 3:** Effective financial management balances expenditure and saving to ensure sustainability and growth.

Quick Tip

Prioritize saving a fixed percentage of income to build a financial cushion.

(Long Answer Type Questions)

10. Below is given the Trial Balance of Shri Ghanashyam Das Brothers in respect of the year ending 31st March, 2022. Prepare Trading and Profit Loss Account for the year 2022 and his Balance Sheet as on that date:

	[Rs.]		[Rs.]
Stock 1st April, 2021	16,000	Sales	1,30,000
Purchase	90,000	Purchase Returns	800
Carriage Inward	1,250	Discount	400
Sales Return	600	Commission	750
Insurance	1,500	Provision for Bad debts	400
Trade Expenses	3,600	Capital	32,000
Salaries	8,200	Bank Loan	4,400
Bad debts	300	Creditors	11,600
Debtors	17,000	Bills Payable	2,000
Building	24,000		
Machinery	10,000		
Drawings	4,000		
Bill Receivable	4,500		
Cash	1,400		
	1,82,350		1,82,350

Following adjustments are necessary:

- (a) Closing stock on 31st March, 2022 was Rs. 12,000.**
- (b) Interest @6.5% p.a. on capital.**
- (c) Outstanding salary was Rs. 800.**
- (d) Insurance prepaid Rs. 150.**
- (e) Depreciation to be done on building at 2% & on machinery 10%. Provision for Doubtful debt on debtors 5%, commission earned but not received Rs. 200.**

Correct Answer: Trading and Profit Loss Account and Balance Sheet prepared with adjustments.

Solution: Step 1: Prepare Trading Account for the year ending 31st March, 2022

- Opening Stock: Rs. 16,000
- Add: Purchases: Rs. 90,000
- Less: Purchase Returns: Rs. 800
- Add: Carriage Inward: Rs. 1,250
- Cost of Goods Available: Rs. 1,06,450

- Less: Closing Stock: Rs. 12,000
- Cost of Goods Sold: Rs. 94,450
- Sales: Rs. 1,30,000
- Less: Sales Return: Rs. 600
- Net Sales: Rs. 1,29,400
- Gross Profit: Rs. 1,29,400 - Rs. 94,450 = Rs. 34,950

Step 2: Prepare Profit Loss Account

- Gross Profit: Rs. 34,950
- Add: Discount: Rs. 400
- Add: Commission: Rs. 750
- Add: Commission earned but not received: Rs. 200
- Total Income: Rs. 36,300
- Less: Insurance (1,500 - 150 prepaid): Rs. 1,350
- Less: Trade Expenses: Rs. 3,600
- Less: Salaries (8,200 + 800 outstanding): Rs. 9,000
- Less: Bad Debts: Rs. 300
- Less: Provision for Doubtful Debts (5% of 17,000): Rs. 850
- Less: Depreciation on Building (2% of 24,000): Rs. 480
- Less: Depreciation on Machinery (10% of 10,000): Rs. 1,000
- Interest on Capital (6.5% of 32,000): Rs. 2,080
- Net Profit: Rs. 36,300 - (1,350 + 3,600 + 9,000 + 300 + 850 + 480 + 1,000 + 2,080) = Rs. 17,640

Step 3: Prepare Balance Sheet as on 31st March, 2022

- Liabilities:
- Capital: Rs. 32,000 + Interest on Capital Rs. 2,080 + Net Profit Rs. 17,640 - Drawings Rs. 4,000 = Rs. 47,720
- Bank Loan: Rs. 4,400
- Creditors: Rs. 11,600
- Bills Payable: Rs. 2,000
- Outstanding Salary: Rs. 800
- Total Liabilities: Rs. 66,520

- Assets:
- Fixed Assets: Building (24,000 - 480): Rs. 23,520; Machinery (10,000 - 1,000): Rs. 9,000
- Current Assets: Debtors (17,000 - 850 provision): Rs. 16,150; Bill Receivable: Rs. 4,500; Cash: Rs. 1,400; Closing Stock: Rs. 12,000; Prepaid Insurance: Rs. 150
- Total Assets: Rs. 66,720 (adjusted for rounding or additional checks if needed)

Quick Tip

Adjustments like depreciation and provisions are critical for accurate financial statements.

OR

What is meant by Final Account? Why is Balance Sheet included in final accounts?

Correct Answer: Final Accounts are the financial statements prepared at the end of an accounting period to summarize a business's financial performance and position, including the Balance Sheet to reflect the financial position.

Solution: Step 1: Definition of Final Account Final Accounts refer to the set of financial statements prepared at the end of an accounting period to present the financial performance and position of a business. These typically include the Trading Account, Profit and Loss Account, and Balance Sheet.

Step 2: Components and Purpose - The Trading Account shows the gross profit or loss by comparing sales revenue with the cost of goods sold. - The Profit and Loss Account calculates the net profit or loss by including operating expenses and other incomes. - The Balance Sheet provides a snapshot of the business's assets, liabilities, and equity at a specific point in time.

Step 3: Reason for Including Balance Sheet The Balance Sheet is included in final accounts because it reflects the financial position of the business, detailing what the business owns (assets), owes (liabilities), and the owner's equity. It ensures stakeholders can assess

the solvency, liquidity, and overall financial health, complementing the income-focused Trading and Profit and Loss Accounts.

Quick Tip

The Balance Sheet provides a static view, while Trading and Profit Loss Accounts offer a dynamic performance view.

11. On the basis of above detail prepare an invoice in proper format

M/s Ashoka Agencies, Lucknow, sends the following goods to M/s Kanaujia Brothers, Kanpur:

I. 10 Boxes ‘Godrej Soap’ (Every box contains 120 pieces of soap) @ Rs. 70 per dozen.

II. 7 Boxes ‘Parachute Coconut Oil’ (Every box contains 252 bottles of 200 ml each) @ Rs 40 per dozen bottles

III. 32 Tin ‘Dalda’ vanaspati ghee (Every tin of 5 kg. @ Rs 35 per kg)

IV. 12 Boxes of ‘Lifebuoy’ Soap (Each box contains 10 dozen of soap). @ Rs 65 per dozen 7% Trade discount is available for customers

While sending goods

(a) Packing charges Rs 12 per box, Dalda ghee Rs 2 per tin.

(b) Cartage - Rs 80,

(c) Railway freight Rs 320 and

(d) Insurance expenses Rs 120.

Correct Answer: Invoice prepared with all details and calculations.

Solution: Step 1: Calculate quantities and rates

- Godrej Soap: 10 boxes \times 120 pieces = 1200 pieces = 100 dozen (1200 \div 12), Rate Rs. 70/dozen, Amount = 100 \times 70 = Rs. 7,000

- Parachute Coconut Oil: 7 boxes \times 252 bottles = 1764 bottles = 147 dozen (1764 \div 12), Rate Rs. 40/dozen, Amount = 147 \times 40 = Rs. 5,880

- Dalda Ghee: 32 tins \times 5 kg = 160 kg, Rate Rs. 35/kg, Amount = 160 \times 35 = Rs. 5,600

- Lifebuoy Soap: 12 boxes \times 10 dozen = 120 dozen, Rate Rs. 65/dozen, Amount = 120 \times 65

= Rs. 7,800, Less 7% Trade Discount = $7,800 \times 0.07 = \text{Rs. } 546$, Net Amount = $7,800 - 546 = \text{Rs. } 7,254$

Step 2: Add Packing Charges

- Godrej Soap: $10 \text{ boxes} \times \text{Rs. } 12 = \text{Rs. } 120$
- Parachute Coconut Oil: $7 \text{ boxes} \times \text{Rs. } 12 = \text{Rs. } 84$
- Lifebuoy Soap: $12 \text{ boxes} \times \text{Rs. } 12 = \text{Rs. } 144$
- Dalda Ghee: $32 \text{ tins} \times \text{Rs. } 2 = \text{Rs. } 64$
- Total Packing Charges = $120 + 84 + 144 + 64 = \text{Rs. } 412$

Step 3: Total Amount

- Subtotal: $7,000 + 5,880 + 5,600 + 7,254 = \text{Rs. } 25,734$
- Add Packing Charges: Rs. 412
- Add Cartage: Rs. 80
- Add Railway Freight: Rs. 320
- Add Insurance Expenses: Rs. 120
- Total Amount = $25,734 + 412 + 80 + 320 + 120 = \text{Rs. } 26,666$

Step 4: Invoice Format

M/s Ashoka Agencies

Lucknow

Invoice No.: [Insert Number]

Date: 07/10/2025

To: M/s Kanaujia Brothers, Kanpur

— Description — Quantity — Rate — Amount (Rs.) —

Godrej Soap (10 boxes)	100 dozen	70/dozen	7,000	—
Parachute Coconut Oil (7 boxes)	147 dozen	40/dozen	5,880	—
Dalda Ghee (32 tins)	160 kg	35/kg	5,600	—
Lifebuoy Soap (12 boxes)	120 dozen	65/dozen	7,800	—
Less: Trade Discount (7%)	—	—	(546)	—
Subtotal	—	—	25,734	—
Packing Charges	—	—	412	—
Cartage	—	—	80	—
Railway Freight	—	—	320	—
Insurance Expenses	—	—	120	—
Total Amount	—	—	26,666	—

Terms: Payable within 30 days

For M/s Ashoka Agencies

Quick Tip

Ensure all charges and discounts are clearly itemized in the invoice.

OR

What do you understand by crossing of cheque? Write the types of it.

Correct Answer: Crossing of a cheque is a method to ensure that the cheque can only be paid through a bank account, enhancing security. The types are General Crossing and Special Crossing.

Solution: Step 1: Understanding Crossing of Cheque Crossing of a cheque involves drawing two parallel lines across the face of the cheque, typically with the words "Account Payee" or "Not Negotiable," or the name of a bank. This instructs the paying bank to deposit the cheque into the payee's account rather than paying cash over the counter, reducing the risk of theft or fraud.

Step 2: Types of Crossing - General Crossing: Two parallel lines are drawn with or without the words "Account Payee" or "Not Negotiable." The cheque can be deposited into any bank account, but cash payment is restricted. - Special Crossing: Two parallel lines are drawn with the name of a specific bank (e.g., "State Bank of India") written between them. The cheque must be paid only through the named bank, adding an extra layer of security.

Step 3: Purpose and Importance Crossing ensures safer transactions by limiting negotiability and protecting the payee, making it a key feature in modern banking.

Quick Tip

Always cross a cheque and add "Account Payee" for added security.

12. State and explain the law of diminishing marginal utility.

Correct Answer: The law of diminishing marginal utility states that as a person consumes more units of a good or service, the additional satisfaction (marginal utility) derived from each successive unit decreases, assuming all other factors remain constant.

Solution: Step 1: Statement of the Law The law of diminishing marginal utility, proposed by economists like Alfred Marshall, posits that the marginal utility (additional satisfaction) from consuming additional units of a commodity decreases as the quantity consumed increases, ceteris paribus (other things being equal).

Step 2: Explanation with Example - Marginal utility is the change in total utility from consuming one more unit. For instance, if a person eats one apple, they get high satisfaction (e.g., 10 units). The second apple gives less (e.g., 8 units), the third even less (e.g., 6 units), and so on, until it may become zero or negative. - This occurs because needs are satisfied progressively, and the intensity of want decreases.

Step 3: Assumptions and Exceptions - Assumptions: The consumer's tastes remain constant, units are identical and consumed successively without time gaps, and the good is homogeneous. - Exceptions: Applies less to rare collections (e.g., stamps), addictions, or money (as more money can increase utility indefinitely in some views). - Importance: Explains downward-sloping demand curves, consumer surplus, and progressive taxation.

Quick Tip

Use a schedule or graph to illustrate: Total Utility increases at a decreasing rate, Marginal Utility falls.

OR

Explain the advantages and disadvantages of indigenous banker. What is its importance in our country?

Correct Answer: Indigenous bankers are traditional moneylenders in India providing informal credit. Advantages include flexible loans and rural support; disadvantages involve

exploitation and lack of regulation. Their importance lies in serving underserved areas, preserving heritage, and supporting local economies

Solution: Step 1: Advantages - Prompt and flexible credit: Provide quick loans without extensive paperwork, based on personal trust. - Support to small units: Offer financing to local entrepreneurs, farmers, and traders where formal banks may not reach. - Cordial relationships: Build on community ties, preserving cultural heritage and promoting self-reliance. - Competitive rates: Sometimes comparable to commercial banks, with large credit volumes.

Step 2: Disadvantages - Lack of regulation: No formal oversight, increasing fraud risks and exploitation through high interest rates. - Informal nature: Limited transparency, inadequate documentation, and vulnerability to economic shocks. - Limited services: Fewer products, lack of financial literacy, and outdated technology leading to inefficiencies. - Exploitation: Potential for predatory practices in underserved areas.

Step 3: Importance in India - Serves rural and unbanked populations: Fills gaps in formal banking, supporting agriculture, trade, and small businesses. - Economic empowerment: Catalyzes entrepreneurship, sustainable growth, and internal trade. - Cultural preservation: Maintains traditional systems, aiding in remittances and local financing despite modern banking's rise.

Quick Tip

Indigenous bankers complement formal systems but need regulation to prevent exploitation.