



Important Instructions to examiners:

- 1) The answers should be examined by key words and not as word-to-word as given in the model answer scheme.
- 2) The model answer and the answer written by candidate may vary but the examiner may try to assess the understanding level of the candidate.
- 3) The language errors such as grammatical, spelling errors should not be given more Importance (Not applicable for subject English and Communication Skills).
- 4) While assessing figures, examiner may give credit for principal components indicated in the figure. The figures drawn by candidate and model answer may vary. The examiner may give credit for any equivalent figure drawn.
- 5) Credits may be given step wise for numerical problems. In some cases, the assumed constant values may vary and there may be some difference in the candidate's answers and model answer.
- 6) In case of some questions credit may be given by judgement on part of examiner of relevant answer based on candidate's understanding.
- 7) For programming language papers, credit may be given to any other program based on equivalent concept.



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Q1) Solve any eight of the following

a) Define the term

i) Commerce (1 Mark):-It is the part of business activity which are related to distribution & selling of the goods and services or exchange of commodities.

OR

It constitutes sum total of those processes which are engaged in the removal of hindrances of person, place, time, etc. in the exchange of commodities.

ii) Consumer goods(1 Mark):-The goods which are used by final consumers are called as consumer goods or finished goods.

e.g. Tablets, Capsules ,Syrups, etc. are consumer goods.

b) Define the cheque. Give three parties to a cheque.

Definition(1 mark):- Cheque is an instrument in writing containing an unconditional order signed by the maker, directing a special banker to pay, on demand ,a certain sum of money only to the order of a certain persons or to the bearer of the cheque.

Parties to a cheque (1Mark)

A cheque deals with three parties:

1) The Drawer,i.e.the person who draws a cheque.

2) The Drawee,i.e.The person named in the cheque to whom the cheque is drawn OR is the person on whom the cheque is drawn i.e. banker.

3) The Payee, i.e. the person named in the cheque to whom the money is is to be paid.OR is the person in whose favour the cheque is drawn .

c) Write the importance of warehouse by giving minimum four points.

(0.5 mark for each, any four for 2 marks)

The warehouses are important because of the following reasons:

1) To maintain stability of prices

2) To ensure the availability of goods throughout the year inspite of the fact that the same grows or is produced only during a particular season e.g. Tincture orange is manufactured when oranges are available ,but it is available in the market throughout the year.



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- 3) There is always time gap between production of goods and its subsequent sale. To ensure continuous availability of goods in the market, its proper storage in warehouses is required.
- 4) To maintain an adequate reserve stock and to eliminate the possibility of delay in receiving further stocks of goods in time as a result of delay in transportation.
- 5) Certain good , such as drugs ,chemicals ,perishable foods etc. are required to be properly stored to prevent their destruction or damage.

d) What is mean by ‘Books of Original entries ’? Give two examples of it.

Definition (1Mark):-These are books for account in which transaction is recorded for the first time from a source document.

OR

These are the books for account in which a transaction is recorded for the first time from a source document.

Various books of original entries:(0.5 mark for each ,any 2 examples required)

i)Journal

ii)Cash book: simple cash book, two columnar cash book, Three columnar cash book, Petty cash book.

iii)Other day book :Purchase book, Sales book, Purchase return book, Sales return book.

e) Explain functional middleman with two examples

Explanation(1 Mark):The functional middleman are those intermediaries who perform various marketing functions without having any title to goods i.e. they help in transfer of goods from the hands of the producer to those of the consumers without acquiring any ownership rights.

Examples (0.5 mark for each ,any 2 examples required)

i)Brokers:Brokers are those agents who obtain neither the possession nor the ownership of the goods and their only function is to bring the buyers and seller together.

ii)Commission agents: They sell goods on behalf of the seller .They negotiate the sale of goods, take possession of the goods and make arrangement for the transfer of the title to the goods.

iii)Auctioneers:-In an auction the auctioneer who has collected goods from the sellers, displays it for the would be buyers and invites bids from them.



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iv)**Del credere agents:**They find buyers for the seller and also guarantee the payment of the price of the goods on their behalf.

f)Define 'Evaluation '.What is the need of evaluation of employees?

Definition(1Mark):It implies employees rating based on qualification, product knowledge, experience, performance etc.

Need of evaluation(0.5 mark for each ,any 2 points)

- 1) To check the capabilities of employees as the pay scale depend on their capabilities.
- 2) To reward employees proportionately and periodically, those who are exceptionally good in the performance of their duties.
- 3) To check the capabilities of employees for their promotions.
- 4) To find suitable corrective measures to improve their performance.

g) What is meaning of accounting concepts and convention in accountancy?

Accounting concepts(1Mark):Accounting concepts means the necessary assumption or conditions upon which accounting is based.

e.g. Entity concept, Going concern concept etc.

Accounting conventions (1Mark):The term ' Accounting conventions' is used to denote established customs or traditional practices as a guide to the preparation of accounting statements.

e.g. Convention of Disclosure, Convention of Materiality.



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h)Write the difference between Journal and Ledger(0.5 mark for each ,any 4 points)

Journal	Ledger
1) It is the book of original entry	It is the book of secondary entry
2) It is the book for chronological record.	It is the book for analytical record.
3) Balancing is not done.	All the accounts are balanced.
4)From the books of original entry ,entries are transferred to the ledger.	From the ledger, the trial balance is drawn and then financial statements are prepared.
5) The process of recording entries in the journal is called 'Journalising'	The process of recording entries in the ledger is called 'Posting'.
6)In the journal there is one column for particulars & two columns for amount one for debit & another for credit.	6) The ledger there are two equally divided sides having identical columns. The left side is known as debit side & the right side is known as credit.
7) The unit of classification of data within the journal is the transaction.	7) The unit of classification of data within the ledger is the account.

i)What is meaning of 'contra entry'? Why contra entry is not posted in ledger? Give reason.

Explanation (1 mark)-Contra entries means the entries which are made on both sides of cash book with three columns..

Reason(1mark):Since in the ledger ,there are no separate cash account and bank account, therefore no posting will be done from the cash book to the ledger in case of such a transaction.



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j)What is ordering cost and Inventory carrying cost?

Ordering cost(1Mark):The ordering cost consists of the cost of paper work involved in placing an order, like use of paper, typing, posting, filing etc. It also includes the cost of salaries of staff involved in this work, the costs incidental to placing an order like follow-up, receiving, inspection.

Inventory carrying cost(1Mark)It is represented by items like rent of storage, cost of insurance and taxes, salaries of store-keeper and losses in stores due to pilferage, wastage, breakage etc.

k) Define Purchasing. Write objectives of purchasing

Definition(1 Mark):Purchasing is defined as business activity directed to securing the materials, supplies and equipments required in the operation of an organization.

OR

Purchasing is defined as procurement of right type of material, at right price, at right time and at right place.

Objectives of purchasing(1Mark)

The objective of purchasing is not only to procure the raw material at the lowest price but also to reduce the cost of the final product.

l)Enlist minimum four techniques of inventory control.(0.5 mark for each)

- 1) ABC analysis
- 2) Economic order quantity
- 3) Perpetual inventory system
- 4) Review of slow and non-moving items
- 5) Input –Output ratio analysis
- 6) Setting of various levels
- 7) Use of material budgeting
- 8) Establishing an effective purchase procedure.
- 9) VED Analysis.



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Q2)Solve any FOUR of the following.

a) Give classification of trade. write any four advantages of internal trade.

Definition:Trade means buying, selling and exchange of goods and services.

Classification: (2 Marks)

1) Internal trade/Home trade :It consists of sale and exchange of goods within the boundries of a country .It is classified as follows

i) Wholesale trade: It involves sale of goods in comparatively large quantity to those traders who are in direct contact with retailers.

ii) Retail trade: In this trade the retailers supplies the requirements of consumers in small quantities as per their needs.

2)International trade/External trade :It means the exchange of goods and services between citizens, business firms or government of different countries .It is classified as follows

i) Import trade: When trader of one country purchases goods from the traders of other countries ,it is called as import trade.

ii) Export trade: When the trader of one country sells goods to the trader of other countries, this trade is called as export trade.

iii) Entrepport trade: When trader purchases goods from one country and sells the same goods to the another country, is called as entrepport trade.

Advantages of internal trade(1 mark)

1)The payment involved in business transactions is done in nation's own currency.

2)The movement of goods is done through transport system owned by state government, central government, so it increase government income.

3)A variety of goods of better quality from different states are available to customers at reasonable prices.

4)Traders of different states come in contact with each other and learn about each other's cultural qualities.

5)The excess production of one state can be transported to other states and creates mutual dependence.



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6) Traders get opportunities for business.

7)It creates employment opportunities.

b) Define share. Explain different types of share

Definition : The capital which is required by the business, when divided into a large number of equal parts, each part is considered as share.(1Mark)

Types of shares(2Marks)

i)Preference shares:

- The shares which carry a preference both regarding dividend and the return of the capital.
- These are preferred by people who don't like risk about their capital but yet want income.
- The Preference shareholders get fixed dividend from profits .
- The Preference shareholders get fixed dividend in case of winding up of the organization.

ii)Ordinary shares.

- It is also known as Equity shares
- These shareholders are real owners of the organization as they control the company.
- These shareholders have voting rights to elect director of company.
- These shareholders have risk about their clearance of claims.
- These shareholders are generally paid higher rate of dividend.
- The rate of dividend on such share depends upon the amount of profits available and the policy of directors.

c) Give the format of balance sheet .Explain methods of marshalling of balance sheet

format of balance sheet (format 1 mark, methods 2 marks.)

'Dr'		'Cr'	
Liabilities	Amount Rs.	Assets	Amount Rs.
Total		Total	



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Methods of marshalling of balance sheet

The order in which assets and liabilities are recorded in balance sheet is called as marshalling of balance sheet.

The methods are as follows

i) Liquidity basis/order of liquidity(1Mark): When assets and liabilities are arranged according to their responsibility and payment preferences, such an order is called liquidity. Such arrangement is as follows

BALANCE SHEET			
Liabilities	Rs.	Assets	Rs.
Current Liabilities		Liquid Assets	
Bills payable		Cash in hand	
Sundry creditors		Cash at bank	
Bank overdraft		Floating Assets	
Long Term Liabilities		Sundry debtors	
Loan from bank		Investments	
Debentures		Bills receivable	
		Stock in trade	
		Prepaid expenses	
Fixed Liabilities		Fixed Assets	
		Machinery	
		Building	
		Furniture & fixtures	
Capital		Fictitious Assets	
		Advertisement	
		Misc. expenses	
		Profit loss a/c	
		Intangible Assets	
		Goodwill	
		Patents	
		Copyright	
Total		Total	

Note. for Contingent liability, if any.



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ii) Permanency basis/order of permanence.(1Mark): When assets and liabilities are reversed from that what is followed in case of liquidity, it is called as order of permanency.

This order of balance sheet is as under:

BALANCE SHEET			
Liabilities	Rs.	Assets	Rs.
1. Fixed Liabilities		1. Intangible Assets	
2. Long Term Liabilities		2. Fictitious Assets	
3. Current Liabilities		3. Fixed Assets	
		4. Floating Assets	
		5. Liquid Assets	
	Total	Total	

d) Enlist various kinds of partners. Explain 'Minor Partner' in detail.

Kinds of Partners: (1.5 marks)

- 1) Active or working partner
- 2) Sleeping and inactive partner
- 3) Nominal partner
- 4) Partner in profit only
- 5) Secret partner
- 6) Minor partner
- 7) Partner by estoppel.

Minor partners(1.5 marks)

- A partner below the age of 18 being minor, does not enjoy the rights of full -fledged partner in partnership firm as per law he is not competent.
- Indian partnership act allows a minor to be admitted as partner provided all other partners agree to it.
- A minor partner entitled to share in the profits and property of the firm.
- His liabilities are limited in proportion to his share.



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- On attaining majority, minor partner has a choice to continue or not.
- If he does not give public notice he will be considered as continue for partnership.
- After becoming a partner his liabilities will be unlimited.

e) What is petty cash book? Explain working of petty cashier.

Petty cash book (1and ½ mark)

Large number of small payments, such as, for conveyance (bus, taxi), stationery, postage, telegrams, cartage and other miscellaneous expenses are made in any business organisation.

If all these payments are handles by the cashier and are recorded in cash book, the procedure is found to be very cumbersome. To avoid this, a petty cashier is appointed, who makes all small payments and records them in his cash book which is called the **petty cash book**.

OR

It is book which is used for the purpose of recording the payment of petty cash expenses

Working of petty cashier is as follows(1and 1/2mark)

- The petty cashier works on the imprest system that is definite sum known as imprest money is given to petty cashier to make small payment out of it.
- All small payments are handles by the petty cashier and are recorded in cash book
- When he has spent a measure portion of his imprest money he gets reimbursement of the amount spent from main cashier.

f) What is pharmaceutical management ? Enlist different levels of management .Give any two functions performed by middle level management

Definition: When the principles and practices of management are applied to pharmaceutical industry and drug store, it is called as **Pharmaceutical management.(1Mark)**

Levels of management: (1Mark)

There are three levels of management

- Top level management
- Middle level management
- Lower level management



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Functions performed by middle level management (1Mark)

- They are responsible to the top level management for the efficient functioning of all departments.
- Act as middleman between top level management and lower level management.
- To implement the policies and programmes formulated by the top level management.
- Planning for the implementation and execution of policies and programmes of top management.
- Supervising , issuing instructions and guiding lower level management.
- Evaluate the result of routine function.

Q.3.a)What is ‘partnership deed’? Give any four features of partnership organization.

(1 mark for definition & 2 marks for any four features)

Ans. Partnership deed: An agreement in writing duly stamped and registered between persons to enter into and form a partnership is called a “Partnership deed”.

Features of the Partnership:

- 1) **Contractual relationship:** the partnership is the outcome of the contract between two or more persons. The persons becoming the partners must be in position to enter into the contract.
- 2) **Association of two or more persons:** There must be at least two persons to enter into the agreement. Section 11 of the Companies act 1956 states that the maximum number of partners can be 10 in case the firm is doing banking business and it is 20 in case the firm is doing the general business.
- 3) **Existence of the business:** A partnership is dissolved automatically when the term for which the partnership was entered into expires or when partner dies or retires.
- 4) **Unlimited liability:** in case of the partnership firm, the liability of the partners is unlimited.
- 5) **Utmost good faith:** In order to run the business of the firm effectively and efficiently, it is must that there must be utmost good faith between the partners.



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- 6) **Common management:** every partner has the right to take part in the management of the business. The business of the partnership firm may be carried on by all or any of them acting for all.
- 7) **Restrictions on the transfer of Share:** It means no partner can transfer his share to the third person without the approval or consent of other partners.
- 8) **Capital contribution:** in case of the partnership firm, the capital is contributed by the partners. It is not necessary that each and every partner should contribute capital .some partners may not contribute capital, but they may be working partners only. it is also not necessary that each partner should contribute capital in proportion to profit sharing ratio.

b) Enlist Various Sites To Open Retail Drug Store. According To You Which Sites Are Good Sites To Open New Retail Drug Store? Give Reason.

(1 mark for enlist any four sites & 2 marks for explanation any two sites with reason)

1. Business locality
2. Thickly populated area
3. Developing areas
4. Hospitals
5. Flow of traffic
6. Parking
7. Drug store
8. Near to hotel, school, cinema hall & play ground

- 1) **Density of the population:** Thickly populated area may be preferred than the area with less population because the demand of medicines in the thickly populated area will be more.
- 2) **Number of drug stores existing in the area:** That area should be selected where no other chemists shop exists. But if the potential is very high and already a number of



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chemists shop are existing then this area may be selected because this area may become a major business centre of drugs as the people generally think that all types of drugs are available from this area because of the existence of the large number of drug stores. With this idea in mind, a large number of people will visit the area and in turn sales will enhance.

- 3) **Business locality:** Since a large number of people visit the shopping centers daily for meeting their daily requirements, so as the drug store can be opened in the shopping centre. When the customers buy the other products, then he may purchase the medicines.
- 4) **Flow of traffic:** A drug store should not be opened near the traffic signals as well as the road circles because of the parking problems and traffic jams. It should be opened on that side of the road which takes the people to their homes because people prefer to buy the goods while returning from their place of work.
- 5) **Hospital:** If a hospital or a nursing home does not have its own drug store and a physician have good practice, then it is ideal location.

c) Explain the Term 'Budgetary Control' Discuss Various Objectives of Budgetary Control.(1 mark for explanation & 2 marks for objectives)

Budgetary control: It involves the constant checking and evaluation of actual results achieved compared with budget goals, which enables the management to take corrective action where indicated.

Objectives of Budgetary control: The main objectives of budgetary control are given below:

- Planning.
- Co-ordination.
- Control.

- 1) **Planning:** A sound planning is necessary for the success of any firm. So it is very essential to prepare the budget and draw the detailed programmes relating to production schedule, raw materials costs, sales targets, research programmes, advertising programmes etc. In fact, budget is a plan of action. The budgetary control will force the



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management at all the levels to plan in time all the activities to be done during the future periods.

- 2) **Co-ordination:** For effective planning and implementation co-ordination between different departments and managements is very necessary. It helps to co-ordinate the various activities of the firm and secure co-operation of all concerned so that the common objectives of the firm may be successfully achieved.
- 3) **Control:** It is necessary to ensure that all the plans and objectives are implemented and achieved successfully. This is only possible through budgetary control which makes the control possible by comparing the actual performance with the pre-determined plans and reporting the shortcomings to the management for the corrective action. No control of performance is possible without pre-determined standards.

d) What Does the term 'Financial Statement' Mean? Write Two Advantages and Two Disadvantages of It.

(1 mark for meaning Financial Statement & 1 mark for advantages & 1 mark for disadvantages)

The term financial statement means the two statements prepared at the end of accounting period of the enterprise namely:

- Profit and loss account(or income statement) and
- Balance sheet .

Advantage of financial statements:

- ❖ **Management:** The management can review the up to-date progress made by an enterprise. From this progress the management can decide the future plan of action for the enterprise.
- ❖ **Creditors:** From the financial statements the creditors can decide whether to expand, maintain or restrict the credit facilities to the enterprise.



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- ❖ **Shareholders:** On the basis of financial statements, the shareholders are in position to judge the future prospects of their investment and the financial position of the company on the basis of which they can decide whether to sell or continue their shares in the firm.
- ❖ **Employees Unions:** the employees union can find out the present financial condition of the firm from the financial statements and are thus able to decide whether the firm is in position to pay higher wages, bonus etc.
- ❖ **Government:** Central and state governments are interested in the financial statements for the purpose of taxation.
- ❖ **Investors:** Prospective investors, who want to invest money in the firm, would like to make an analysis of the financial statements of that firm to know how safe the proposed investment will be.

Disadvantages of financial statements:

- 1) Interim and not final reports.
- 2) Lack of precision and definiteness.
- 3) Lack of objective judgment.
- 4) Records only monetary facts.
- 5) Artificial view
- 6) Scope of manipulations
- 7) Inadequate information.

Q. 3.e) define the term (any three) (1 mark for each)

- i. **bad debts**
- ii. **lead time**
- iii. **buffer stock**
- iv. **capital**

- 1) **Bad Debts:** The debts which are irrecoverable called bad debts.
- 2) **Lead time:** It is the time gap between placing the order for the purchase of certain items to the time of materials are actually received at the stores.



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3) Buffer stock: This is the lower limit below which stock of any items should not normally be allowed to fall.

OR

This is stock, usually of raw materials or essential commodities, kept in reserve against hard times or unexpected hold – ups in normal supplies.

4) Capital: The amount invested by the owner in the business is known as the capital.

f) Enlist various methods used for advertising pharmaceutical products. Explain outdoor advertisement of general and home remedies products.

(1 mark for enlist & 2 marks for explanation)

Ans. Advertisement of pharmaceutical products:

The various methods which are used for advertising of pharmaceutical products:

1. Direct mailing
2. Professional magazines and journals.
3. Personal contact or detailing
4. Miscellaneous methods.
5. Through video cassettes and other audio-visual media.

Outdoor advertisement of general and home remedies product.

- ✓ **Sky-writing:** It is the modern method of advertising. Balloons printed with message and illustrated pictures are flown in the sky.
- ✓ **Posters or hoardings:** Posters are pasted or otherwise exposed to view on walls, road sides, street corners, bus terminus, railway stations etc. The message may be printed on paper or written on metal sheet. The message should be brief so that it can be read within a few minutes.
- ✓ **Sandwich men:** They carry posters containing the message to be advertised and move in the different localities of the city. They are dressed in fancy attires and carry on their bodies the posters. They shout slogans or beat the drums to attract the attention of the public.



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✓ **Transit advertising:**

Travelling displays are those advertisements which are displayed outside the moving vehicles. The message printed on them is read by passengers while boarding the vehicle or while getting down from them.

✓ **Electric signs and neon signs:**

These signs are generally installed at the rooftops or at busy street corners or crossings in order to draw the attention of the public. These are visible only in the night. The lights of various colours and shades are used to attract the attention of the passers-by. This method is very costly.

Q. 4.a) differentiate between current a/c, saving a/c and fixed deposit a/c on the basis of

Following points:

- i) Withdrawals**
- ii) Restriction on operation**
- iii) Interest**

Features	current a/c	saving a/c	fixed deposit a/c
Withdrawals	Customers can withdraw money by cheque.	Withdraw either by cheque or by withdrawal slip/form.	They are not withdrawable during the period.
restriction on operation	No restriction on operation of a account	A customer can withdraw twice a week.	Payment is received only after the expiry of the fixed period.
interest	Not payable	Low interest rate as compared to fixed deposit.	Higher rate of interest compared to Saving account.



b) Explain salient features of sole trading business organization by giving minimum six points.(each point carry 0.5 mark)

Salient features of the Sole proprietorship:

- 1) **Easy to form and Easy to Dissolve:** A sole-trader can very easily start the business and can dissolve the business at any time whenever he likes. There are no legal restrictions.
- 2) **Unlimited liability:** It means in case there are business losses and the asset of the business are not sufficient to pay off the liabilities of the business, the private asset of the businessman can be used to pay off the liabilities of the business.
- 3) **Proprietor and proprietorship are one:** It means the owner and the business are one and the same thing. The losses and the liabilities of the business are the losses and the liabilities of the businessman.
- 4) **Contribution of the capital:** A sole-trader himself contributes the required capital of the business. He may make the necessary arrangements with the financial institutions to borrow the money.
- 5) **Management and the control:** A sole-trader himself manages and controls the business affairs. He himself takes all the decisions of the business.
- 6) **Limited area of the operations:** A sole-trader has the limited resources and the limited managerial ability due to which he has the limited area of operations.
- 7) **Direct motivation:** There is direct relationship between the efforts and reward. A sole-trader knows very well if he works hard he will earn more of the profits and all the profits belong to him. Therefore he works hard to earn the maximum of the profits.
- 8) **Least Government Regulations:** The sole-trader is free to start any legal business with less legal formalities.

c) Define aids to trade list its auxiliaries explain importance of transportation in commerce. (1 mark for definition,1 mark for auxiliaries,1 mark for transportation)

Definition: Aids to trade:

Commercial activities which are revolving around the trade and boost the trade.



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Auxiliaries:The various agencies include

- ✓ Transport,
- ✓ Banking,
- ✓ Insurance,
- ✓ warehousing,
- ✓ Packaging
- ✓ Advertisement and Publicity

The hindrances in the way of smooth flow of goods may be of place, person, finance, time, risk and knowledge.

Importance of transportation in commerce.

Hindrance of 'Place' is removed by 'Transport': Transport plays a very important role in the smooth flow of the goods i.e. the finished goods from the place of production to the place of consumption. As the goods are produced at one place but are to be consumed by the consumers who are widely scattered. So, transport removes the hindrances of place.

d) Define 'tender' explain various kinds of tender.

(1 Mark for definition,2 marks for any four kinds of tender)

Definition: A tender or quotation is the written offer to do some specified work or to provide the required materials.

Types of Tenders:

1)Open tender: It is also known as the public tender or unlimited tender system because in this case tender is not limited to the certain suppliers. In open tender a wide publicity is given by advertising the tender notice in the various newspapers. Open tenders are invited when:

- Large quantities of the materials are required.
- Huge costs are involved.
- Large scale work is to be done.
- Sources of supply are not known.



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2)Single tender: sometimes the materials required is of specific nature and only one supplier is there as in case of patent and proprietary goods. So the tenders are invited from the one supplier is known as the single tender.

3)Limited tender: it is also known as the closed tender system because in this case the tenders are invited from a limited number of suppliers/vendors who are on the approved list of the suppliers. The system is used only in those cases where the value of tender is moderate.

4)Oral tender.. In case the supplies are of minor character and are urgently required, a person or committee is deputed to purchase the specified items from the market. After collecting the information regarding the price charged and quality of the products to be supplied from three to four suppliers, the items are purchased from the supplier which has quoted the minimum price of the specified items.

5)Global tender: The tenders are invited from all parts of the world. These are for large contracts for supplies from foreign countries or when foreign collaboration is required in the proposed project.

e) Define the term ‘trial balance’ explain various errors in account, which are present but not reflected in trial balance.

(1 Mark for definition,2 marks for errors))

1) Trial Balance: It is statement prepared to check the arithmetical accuracy of the book keeping entries upto the date stated at the head of the trial balance.

OR

It is a statement showing all ledger balances prepared as on a particular date. It is prepared to check the arithmetical accuracy of writing the transactions on debit and credit sides of two different accounts. The list of all ledger balances is classified in Debit and Credit groups. If the debit total is equal to the credit total, the trial balance is said to be tallied. Trial Balance is not account but it is a statement showing balances of all ledger accounts.



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Types of Errors:

1) Errors of complete omission: When the transaction is totally omitted or partially omitted to be recorded in the books of accounts, it is an error of omission. Error due to entire omission will not have any effect on the trial balance.

2) Compensating errors: When two or more errors are committed in such a way that they nullify the effect of each other on the debit side and credit side, these are called compensating errors.

f) Define 'market research' explain various methods of market research.

((1 Mark for definition, 2 marks for any two methods))

Ans. Market Research: It is defined as systematic, objective and exhaustive research and study of the facts relevant to any problem in the field of marketing.

OR

It is the systematic gathering, recording and analyzing the data about the problems associated with the sale of goods and services from manufacturer to consumer.”

Methods of conducting market research:

Personal interview method: This is the best method of collecting the data because the researcher can talk face to face with the consumer and note down his answers for the questions put to him or the consumer can be given a questionnaire (a list of questions) which he will answer and return to the researcher. Since this type of survey is conducted from house to house so it is very time consuming and costly but even it is considered the best method.

Postal survey method: Letters are sent to a large number of persons scattered throughout the country along with the questionnaire to be completed and returned. Two or three follow-up letters may be sent after waiting for some time. Often a reply-paid envelope is also sent with the questionnaire to get a quick response.

Telephone interview method: In this method contact is established with the informants on telephone.

The method is useful because:-

- The interviewers give their frank opinions.



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- It saves time and money spent in travelling.
- A large number of persons can be contacted in a day.

Panel method: In this method various panels are constituted comprising of a group of persons, families, retailers, wholesalers, doctors. The panel may be interviewed periodically regarding facts relevant to the survey and necessary conclusions there can be drawn from the observation made by the panel

Q.5 Solve any FOUR of the following.

a) Explain "Departmental store". Write its two advantages and disadvantages.

(Explanation 1 mark, advantages 1 mark, disadvantages 1 mark.)

It is a large scale retail organization comprising the number of departments each dealing in separate line of products and work under one roof and one management. The main object of departmental store is to satisfy consumer needs at one place to save botheration to consumers.

Advantages:

- Wide varieties of products are available
- Convenience in shopping
- Located in central part of city so convenient for all type of consumers.
- It buys its requirements in large quantities which reduces its cost and increases the profit.
- Due to huge sale the selling cost per unit becomes very low
- It provides telephone facility, free home delivery facility, recreation facility to customers
- It can afford to employ competent sales person to attend customers this leads to efficiency and increase in customer satisfaction.

Disadvantages.

- Initial cost is very high
- It is located in central place so people leaving at distant place find it difficult to visit
- No personal contact of the owner with customers
- Overhead expenses are comparatively high due to extra facilities are provided to attract customers
- Lack of personal contact or coordination between the various departments in a departmental store.



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b) Give any six salient features of Retailer.(0.5 X6= 3 marks.)

Features of Retailer

- 1) Wide choice to consumers:** He keeps a stock of various items according to the need of the consumers.
- 2) Ready stock:** He keeps ready stock of all goods so that he is able to meet demand of customers at all times.
- 3) Transportation:** Retailer make their own arrangements for transportation of products of different kind from wholesaler's godown.
- 4) Grading:** Retailer does grading of those goods which have been left ungraded by the manufacturers and wholesalers.
- 5) Risk bearing:** Retailers bears a risk of loss of goods by fire, theft or deterioration as long as they are not sold.
- 6) Financing:** They provide financial help to consumers by selling them the goods on credit.
- 7) Market research:** The retailer passes the knowledge regarding the product (likes, dislikes, tastes)from the Customer to the wholesaler and in return the wholesaler passes this knowledge to the manufacturer.
- 8)Sales promotion :** They display the goods in show windows & the counter for information of customers thus retailer promote the sale of goods.

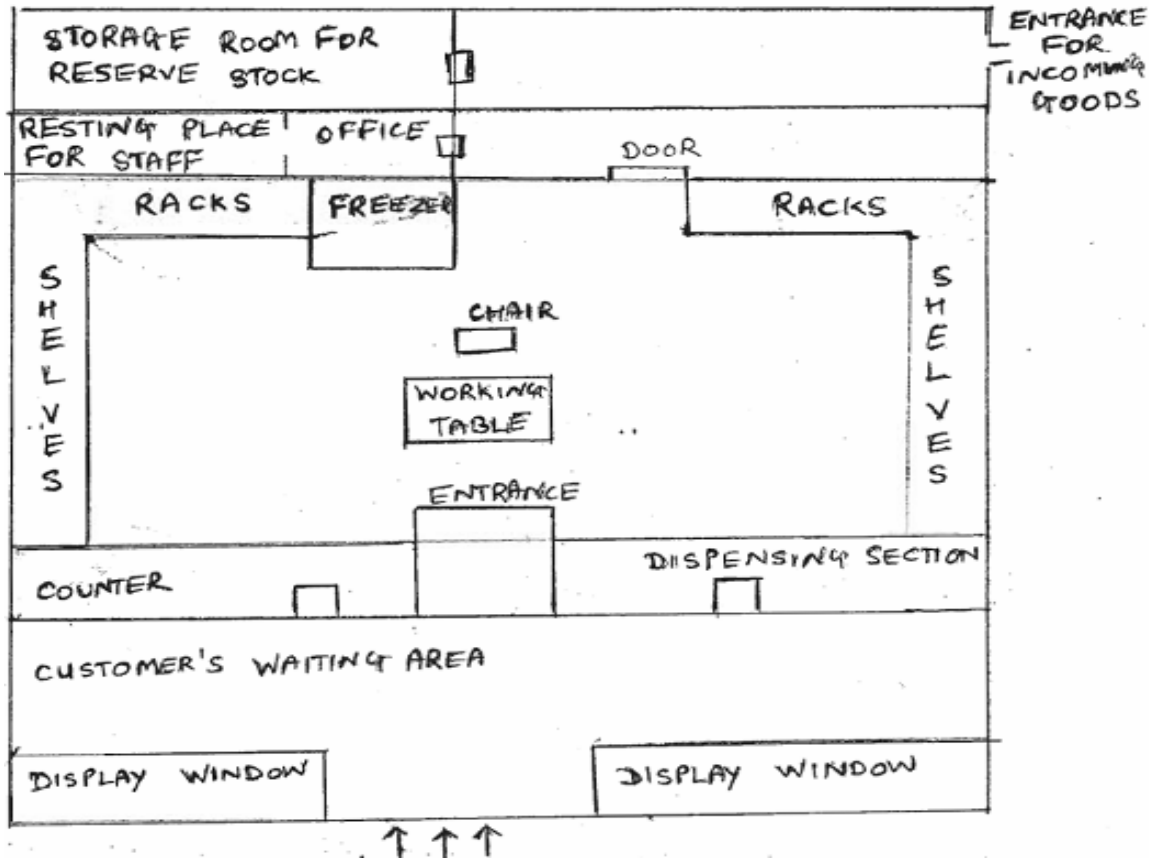
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c) Draw an ideal layout design of retail drug store. Write any four objective of layout design.(layout design of retail drug store-1mark) (2 marks for any four points)



Objectives of the layout design

1. To attract large no. of customers.
2. To increase the sale of the store,
3. To reduce selling expense to minimum,
4. To give professional image to the store,
5. To minimize movement of the customers within the premises.
6. To keep watch on the customers to reduce theft or pilferage
7. To have space for the reserve stock, office and resting space for the employees,
8. To have proper entrance for the incoming goods.
9. To provide customer satisfaction.



(d) Explain Going concern concept and Money measurement concept of accountancy.

(1.5 marks each)

i) Going concern concept: According to this concept a business will have an indefinite life unless it is likely to sold or liquidated in the near future. Most of the enterprises continue to operate profitably for indefinite periods and are regarded as going concerns. On the basis of this concept the outside parties enter into long term contracts with the enterprise by giving loan purchase bonds or invest funds in long term securities. The fixed assets are also recorded at the cost when it was acquired and carried in the balance sheet at the actual cost less depreciation charge.

ii) Money measurement concept- According to this concept all business transactions are required to be recorded in terms of money. Those transactions that are not capable of being recorded in terms of money are not recorded in the accounting books, because the monetary unit is relevant, simple and understandable. By expressing all assets and liabilities in terms of money, it is possible to include them during the preparation of financial statements.

e) Define Industry. Give Classification of industry. Explain Heavy industry and Light industry. (Definition 0.5 mark, classification 1.5 marks, Explanation 1 mark)

Industry It is the part of business activity which relates to production, processing, or fabrication of products.

Classification of Industry

I) Industries based on type of good produced

- 1) Extractive industries
- 2) Genetic Industries
- 3) Construction Industries
- 4) Manufacturing industry: They are sub classified as,
Analytical industry-
Synthetic Industry -
Processing industry -



Assembly line industry -

II) Industries based on Size & amount of investment

i) Light industries:

ii) Heavy industries :

III) Industries based on Capital employed

i) Large Scale Industry

ii) Small scale Industry

IV) Official classification of industries :

For the purpose of licensing, government made standard classification of industries as given under the first Schedule to the Industries Act, 1951.

i) Light industries: These industries involve a small scale capital investment & have short duration production cycle. Ex. Industries involved in the production of collapsible tubes , closures rubber caps etc.

ii) Heavy industries: These industries involve a big capital investment & have longer production cycle. Ex. iron & steel industry, aeronautics, ship building, automobiles, etc.

f) Explain various qualities of a good salesman (3 marks for any three qualities)

Qualities of a good salesman:

Personal qualities

He should have attractive personality,

Good health, good physique, as the job involves lot of physical strain.

He should have clear voice, &the his talk should impress people.

He should be well dressed.

Mental qualities

He should have good memory, imagination, presence of mind, good judgment.



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He should be intelligent to understand the nature & requirement of the buyers.

He should be able to think from the view of the customer.

Social qualities

He should have liking for people & should be able to mix with them.

He should not be shy & reserved.

He should be a patient listener.

He should be polite & courteous.

Vocational skills

He should know selling tech.

He should have knowledge of the product, customers, & competitive products

Q.6 Solve any FOUR of the following.

a) Define Codification of drug. Explain different methods used for codification.

(Definition of Codification of drug 1 mark, any three methods for 3marks)

Codification is a method to assign a code symbol or no. to the item for its easy identification.

methods of codification

1. Alphabetical method

This is also known as letter code system. E.g. T represents tablet. Not suitable if large no. of items are present.

2. Mnemonic method

In this method code is given to items .e.g. AT represents aspirin tablets etc.

The main disadvantage is the materials cannot be recognized without the referring to code index.

3. Numerical method

This method is known as sequence system. Separate no. are given to different classes of items. The new item is given the next higher no. in the sequence. This system involves use of decimal system & block system. This involves use of following system



a)Decimal system

In this system, the no. are assigned in such a manner that each digit represents sub group of previous digit. E. g. 15.1 represents paracetamol tablet where 15 is the analgesic group. The main advantage is this system has capacity to expand & accommodate new items. The main disadvantage .is it is cumbersome to use.

b)Block system

In this method the set of no. are reserved for specified classification.
e.g. 100-300 allotted to the tablets.

4. Combination system

In this the mnemonic & numerical methods are combined together. e.g. MT 100 is given to Meftal 250mg. tablets & MT 101 is given to Meftal 500mg. tablets

b) Define Ledger. Give the format of it. Explain the process of balancing of ledger account.

Definition: (1mark)

Ledger is the book which contain in a summarized and classified form a permanent record of a transaction of a business. **OR**

A ledger is collection of all the accounts debited or credited in the general journal and various special journals.

Format : (1 mark)

Format of Ledger

‘Dr’

‘Cr’

Date.	Particulars	J.F	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)



Balancing of account: (2marks.)

- The account in the ledger is periodically balanced with the object of finding the precise position of the business firm.
- For balancing of account the two sides are total and the difference between them is written on the side which is lesser so that the total on both the sides is the same. The word 'balanced c/d' are written against amount of the difference between two sides.
- The amount of the balance is brought forward to the next accounting period in order to show that the account is continuing till it is closed or settled.
- If the total in the debit exceed the credit side the difference is written on the credit side and if the total on credit side is exceed the debit side the difference between the two appears on debit side are called debit balance and credit balance respectively.

c) Explain in detail different types of accounts in accountancy with their golden rules.

(Explanation 3 marks, rules for 1 mark)

1) Personal accounts: It deals with the individual person, firm company and institution. The person or firm which supplies the goods to the business is a creditor and entries are made on credit side of his account. Similarly a person or firm which receives money or goods from business become a debtor and transaction is made on debit side of his account
e.g. an account of Mr. Ram Gopal, M/S Deep Medical Hall, Glaxo (India) Ltd. ,M.D. University.

2) Real accounts: Transactions related to building, cash, furniture, land, machinery, stock etc. When an item is purchased or received the transaction is recorded on debit side.

3) Nominal accounts: the accounts are maintained to deal with discounts, insurance, rent, wages, salaries, cost of stationery items, commission, etc.



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Rules

Sr.No	Name of the Account	Debit	Credit
1	Personal	The receiver	The giver
2	Real	What comes in	What goes out
3	Nominal	All losses & expenses	All gains and income

d) Define Inventory control. Explain ABC technique of inventory control.

(Definition: 1 mark), (Explanation 3 marks)

Definition: Inventory control Means constant checking and evaluation of stored inventories.

A items	B items	C items
it covers 10% of the total inventories.	it covers 20% of the total inventories	it covers 70% of the total inventories
it consumes about 70% of total budget.	it consumes about 20% of total budget.	it consumes about 10% of total budget.
it requires very strict control.	it requires moderate control.	it requires loose control.
it requires either no safety stocks or low safety stocks.	it requires low safety stocks	it requires high safety stocks
it needs maximum follow up	it needs periodic follow up	it needs close follow up
it must be handled by senior officers	it can be handled by middle management	it can be handled by any official of the management



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e) Define Selection. Write steps involved in selection of employee?

(1 mark definition & 3 marks for steps)

Definition :

Selection is the process of selecting a right candidate for right type of job.

OR

The process of interviewing and evaluating candidates for a specific job and selecting an individual for employment based on certain criteria.

Steps for selection:

1. Scrutiny of application : The application received up to the due date are carefully scrutinized. The incomplete application and application of candidates who did not fulfill the required eligibility conditions are rejected.

2. Preliminary interview: The candidates considered suitable on the basis of the application are called for preliminary interview. This is generally a brief interview and its purpose is to eliminate those candidates who are either unqualified or unsuitable for the job.

3. Selection test: It may be written or an oral test. The technical knowledge and administrative capability can be judged from this test. The following tests are commonly used for the selection process:

- **Intelligence tests:** these test are used to estimate the I.Q. or mental alertness of the candidates
- **Aptitude test-** these test help to measure a candidate's capacity to learn particular skills and his potential abilities.
- **Trade test/ performance/ proficiency test-** is used to measure the applicant's level of knowledge and skill already achieved in a particular trade or occupation.
- **Personality test-** used to find out the emotional balance, maturity, temperament, etc .of the candidate.

4. Selection interview- It's a face-to face dialogue between the employer or his representative and the interested candidate.



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- 5) Physical examination** – is conducted to ensure that he is physically fit for the job. If the physical fitness is not suitable candidate is rejected.
- 6) Reference check:** usually candidate should give minimum two reference name and address of the same who know the candidate very well. These persons are contacted to collect the information about the character, ability and background of the candidate.
- 7) Final selection and placement:** the candidates who have been found suitable in all respects are appointed on probation for one or two years by issuing appointment letters to them .The selected candidates are assigned specific jobs this is known as placement.



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f) Journalize the following transaction of M/S Milind medical hall for the month of Jan 2014. Journal of M/S Million medical hall for the month of Jan 2014

Date		Particulars	LF	Debit	Credit
Jan 2014	1	Cash A/c Dr. To Capital A/c (Being business started)		100,000	100,000
	4	Purchase A/c Dr. To cash A/c (Being goods brought)		40,000	40,000
	7	Cash A/c Dr. To Sales A/c (Being goods sold)		20,000	20,000
	10	Patel A/c Dr. To Sales A/c (Being goods sold to Patel)		15,000	15,000
	19	Goods A/c Dr. (Sales return A/c) To Patel A/c (Being goods return from Patel)		5000	5000
	31	Cash A/c Dr. To Patel A/c (Being received from Patel)		10,000	10,000
		Grand Total		1,90,000	1,90,000