



SHAH'S ADVANTAGE PRELIM SERIES
A DIVISION OF "SHAH EDUCATIONAL ACADEMY"
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CLASS: S.Y.J.C
PRELIM SERIES NO. 1
Date: 20th Jan 2020

ORGANISATION OF COMMERCE
(2019 - 20) (Solution)

Time : 3 Hrs.
Marks: 80
Day :-Monday

Q.1.A. Select the proper option from the options given below and rewrite the completed Statements: (5)

1. The elected representatives of shareholders are called Directors.
2. Principle of Utmost good faith is applicable to all types of Insurance
3. Environmental management system is mandatory in USA.
4. Credit or Debit cards are popularly known as 'Plastic Money'.
5. Directing is a initiated top level.

B. Match the correct pairs:

(5)

GROUP 'A'	GROUP 'B'
1. Private Company	(f) Maximum 50 Members
2. B to B	(a) Business to Business
3. State Commission	(b) Compensation more than ₹20 lac.
4. F.W .Taylor	(g) Father of Scientific Management
5. Staffing	(h) Right people at right jobs.

C. Write a word or phrase or a term which can substitute each one of the following Statements: (5)

The commercial organization which has maximum secrecy.

Ans:- **Sole Trading Concern.**

2. Overdraft facility is given to a certain definite Account holder.

Ans:- **Current Account holder**

3. Rules of standards dealing with morality in business environment.

Ans:- **Business Ethics**

4. Nonprofit and nonpolitical independent groups working for a definite cause.

Ans:- **Non - Government Organisations.**

5. The principle of management explaining the importance of fair payment to workers.

Ans:- **Principle of Remuneration.**

P.T.O.

Q. 2. Distinguish between the following: (Any THREE)

(15)

1. Private limited company and Public limited company.

<i>Private Limited Company</i>	<i>Public Limited Company</i>
1. Definition	
A private company is a company which by its articles of association restricts the right to transfer its shares, if any, limits the number of its member to 50	A public company means a company which is not a private company.
2. No. of Directors	
Minimum two directors are required in a private limited company.	Minimum three directors are required in a public limited company
3. Number of Members	
Minimum – 2 Maximum – 50	Minimum – 7 Maximum – No limit
4. Transfer of Shares	
The shares of a private limited company cannot be transferred freely.	The shares of public limited company can be transferred freely.
5. Name	
The private limited company has to compulsorily add the words “Private Limited” after its name.	The public limited company has to compulsorily add the words “Limited” after its name.
6. Issue of Prospectus	
It is not compulsory to issue prospectus and statement in lieu of prospectus for a private limited company.	It is not compulsory to issue prospectus and in the absence of the same, to send statement in lieu of prospectus to the Registrar.
7. Minimum Capital	
A private limited company should have minimum paid up capital of Rs. 1 lac.	A public limited company should have a minimum paid up capital of Rs. 5 lacs.
8. Publishing financial results	
A private limited company need not publish its financial results.	A public limited company (listed on stock exchange) has to publish its result in a local newspaper.

2. Current account and Savings account.

<i>Current Account</i>	<i>Savings Account</i>
1. Meaning	
It is that account which is maintained by businessman and other who have regular bank transactions.	It is that account which is opened by individuals in order to save a portion of their income

2. Withdrawal	
Customers can withdraw money by cheques.	Customers can withdraw either by cheques or by withdrawals slip.
3. Documents	
The bank gives a passbook cheques book, statement of account and paying-slip book to the customers.	The bank give a pass book, cheque book, statement and account and pay-in-slip book to the customers.
4. Type of Users	
It is suitable for trades, businessmen, firms or institutions.	It is suitable for fixed income group, wage or salary earners.
5. Restrictions	
There are no restrictions on the operation of a current account	The customers have certain restrictions on number of withdrawals.
6. Rate of interest	
Normally, interest is not paid on balance in current account	Interest rate is low.
7. Facilities	
Temporary overdraft facility is given.	No overdraft facility is given. However various other utility and agency services are provided by the bank.

3. Bonded Warehouse and Duty Paid Warehouse.

Bonded Warehouse	Duty Paid Warehouse
1. Meaning	
Bonded warehouse is the warehouse where imported goods on which duty is not paid are stored.	Duty paid warehouse is the warehouse is the warehouse where imported goods on which duty is already paid are stored.
2. Location	
They are located near the port area.	They are located in town outside the port area.
3. End Use	
The imported goods stored here are mostly re-exported.	The import4ed goods stored here are mostly for the domestic markets.
4. Supervision	
They are either operated by the government or work under the control of custom authorities.	These warehouse are not supervised by customs authority. They may require a government license to operate.

5. Delivery	
Delivery of goods is done after payment of import duty. In case of re-export, the import duty need not service charges are to be paid.	Delivery goods can be obtained after payment of the rent charges of the warehouse.
6. Purpose	
Main purpose would be either the importer needs to re-export the goods or the importer may not be in a position to pay the entire import duty. He may pay duty in installments.	Main purpose would be that the importer does not have suitable warehousing facility. Also, he may not required immediate delivery of goods.
7. Ownership	
Such warehouse may be owned and managed by the government or custom authorities.	Such warehouse are owned and managed by an individual or co-operative society.

4. District Forum and National Commission.

District Forum	National Commission
1. Meaning	
It is a consumer dispute redressal forum working at district level.	It is a consumer dispute redressal forum working at national level.
2. Established by Composition	
State Government President + 2 Members (Min)	Central Government President + 4 Member (Min)
3. Qualification of President	
Who is or has been or is qualified to be a District Judge	Who is or has been a judge of the Supreme Courtt.
4. Duration / Tenure	
Term of 5 years or upto age of 65 whichever is earlier	Term of 5 years or upto the age of 70 years whichever is earlier.
5. Monetary Jurisdiction	
Value of goods or service and the compensation claimed is less than Rs. 20 lacs	Value of goods or service and the compensation claimed is more than Rs. 1 crore.
6. Area	
It covers a particular district	It covers the entire county .
7. Nature of Complaints	
Only original complaints can be entertained .	Original Cases + Appeals against orders of state Forum + Supervisory/ Revisional + Improper jurisdiction.

5. Planning and Organizing.

Planning	Organizing
1. Meaning	
Planning is deciding in advance what to do, how to do it, when to do it and who is to do it.	Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them.
2. Purpose	
The main purpose of planning is to set goals and to draw the roadmap to achieve the goals	Organizing is done mainly to bring together all resource of the organization.
3. Components	
Planning includes setting the goals and selecting the best plan among the among the alternatives.	Organizing includes identification of various activities and grouping of related activities.
4. Factors to be considered	
Internal factors (available resources) as well as external factors (business environment in the economy) is considered while planning.	Internal (planned goals) as well as external factors (availability of resources) are considered while organizing.
5. Order of function	
Planning is the primary function of the business. No other function can take place without planning	Organizing is done after planning. Resource is organized as per the plan.
6. Relation with resources	
In planning, the resources required for achieving the targets are identified.	All the resources required for achieving the targets are organized at this stage.
7. Nature	
Planning is a continuous activity and never comes to an end till the organization exists.	Organizing is done till all the required resources are arranged.
8. Levels of Management	
Planning for the entire organization is done by the top management. However, middle level managers and lower level employees also have to plan their work in order to achieve targets.	Organizing is done by top level and middle level managers.
9. Steps	
In planning, targets to be achieved are decided, alternative plans are chalked out and the best course of action is selected.	Organizing includes identification of common objectives, identification of various activities, grouping of similar activities, defining responsibilities, delegating authority, ascertaining requirement of resources, defining relationship, providing resources etc.

Q.4. State with reasons whether the following Statements are True or False:

(Any THREE)

(15)

1. In Partnership agreement may be oral or written.

Ans:- This statement is "True". The following are the reasons for the same:

- a. Indian Partnership Act, 1932 (Sec. 4) - "Partnership is the relation between the person who have agreed to share the profit of a business carried on by all or any one of them acting for all."*
- b. Thus, partnership is formed when two or more persons voluntarily agree to do business. Partnership is a contract.*
- c. As per the provision of the Indian Contract Act, 1872, an agreement can be oral (verbal) or written. Further, there is no specific provision in the Indian Partnership Act, 1932 that requires a written partnership agreement.*
- d. A written partnership agreement is the "partnership deed" which contains the terms of partnership which are agreed by the partners. It is advisable to have a written partnership agreement to avoid disputes in the future.*
- e. Thus, the partnership agreement can be oral or written.*

2. Insured must have insurable interest in the subject matter at the time of taking the policy.

Ans:- This statement is "True." The reasons for the same are as under:

- 1. Insurance in simple words means a contract to secure and protect from future losses by compensating the loss incurred. The insurer undertakes to makes good the "actual" loss incurred by the insured.*
- 2. The policy holder or insured is said to have insurable interest as long he is owner of the property.*
- 3. A person will suffer a loss only if he has insurable interest in the subject matter. If there is no insurable interest, the person will not suffer any loss and in that case, the question of insurance does not arise.*
- 4. If there is no insurable interest the contract of insurance will become invalid.*
- 5. Thus, insured must have insurable interest in the subject matter at the time or taking the policy.*

3. Management should avoid workers participation while making decisions.

Ans:- The above given statement is "False". The correct statement is "Management should encourage worker's participation in decision making process". The reason for the same is as under.

- a. Manpower is primarily responsible for progress of any and very organization.*
- b. An organization progress because of its employees.*
- c. Employees are involved in implementation. The decisions taken by management are implementation by them.*
- d. They are the one who are actually aware of problems faced while implementing any decision.*

- e. *Their participation in decision making will help to avoid the problems related to implementation.*
- f. *Besides, if employees are involved in decision making process, they develop an attachment with organization.*
- g. *They feel more involved and would strive for the benefit of an organization.*
- h. *Hence, management should encourage worker's participation in decision making process.*

4. In India consumer protection act is not required.

Ans:- This statement is "False." The correct statement is "In India, Consumer Protection Act is required". The reason for the same is as under.

1. *It is said that 'consumer is the king' but he gets exploited by manufactures and sellers.*
2. *In India, consumers are ignorant about their rights product detail, price etc.*
3. *The consumers get cheated because they lack complete knowledge.*
4. *The participation of consumers in making decisions affecting them is lacking.*
5. *Besides, consumers do not have any union. They are unorganized and are not united.*
6. *Because of all this, consumers get exploited.*
7. *Besides, they did not have a single common legislation under which they can file complaint.*
8. *Hence, Government came out with the Consumer Protection Act to prescribe the rights of consumers, protect them and provide mechanism to file complaint.*
9. *Thus, Consumer Protection Act is required in India.*

5. According to Taylor there should be Scientific Selection and Training of Employees.

Ans:- This statement is "True." The reason for the same is as under.

1. *The principles of Frederick Taylor were based on scientific approach. These principles are used in the decision making and solving the problem of management.*
2. *These principle also prescribed guidelines for selection and training of employees.*
3. *Selection of employees is an important task for a manager and hence the procedure for section should be systematic.*
4. *According to him procedure for section should be scientific i.e. section should be based on judgment of a panel and not an individual person.*
5. *The qualification, skills and qualities required for the job should be clearly defined to ease the selection process.*
6. *Employee should be selected on basic of tests and interviews.*
7. *Employees should be trained on a regular basis to enhance and upgrade their skills.*
8. *Hence, the above given statement is true.*
