ELEMENTS OF BUSINESS (Subject Code 154)
Sample Question paper
Class X (2025-26)

Time allowed: 3 Hours **Maximum Marks: 70**

General Instructions:

1. **This question paper contains 30 questions. All questions are compulsory.**
2. **Q.1 to 18 carry 1 mark each.**
3. **Q.19 to 22 carry 3 marks each.**
4. **Q.23 to 26 carry 4 marks each.**
5. **Q.27 to 30 carry 6 marks each.**

Q.No.	Question	Marks
1.	Read the following Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion (A): Video conferencing is an effective method of communication for businesses with geographically dispersed teams. Reason (R): It allows participants to interact visually and verbally in real time without the need for physical travel. Alternatives: A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). C) Assertion (A) is true, but Reason (R) is false. D) Assertion (A) is false, but Reason (R) is true.	1
2.	Identify the source of finance where the investor has ownership in the company: A) Equity Shares B) Bank Loan C) Public Deposits D) Debentures	1
3.	An agreement where the customer pays for goods in small amounts over time but gets possession immediately is __________________ A) Cash on Delivery B) Hire Purchase C) Leasing D) Barter System	1
4.	When goods are sold to customers without any intermediary, this is known as ___________ A) Retail Trade B) Direct Selling C) Wholesale Trade D) Mail Order Business	1
5.	Read the following Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion: Departmental stores are highly convenient for customers as they provide a wide range of products under one roof. Reason: Departmental stores are designed to cater to diverse customer needs by offering a variety of products across multiple categories, such as groceries, clothing, electronics, and home essentials, thereby saving time and effort for shoppers.	1

	Alternatives: A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). B)Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). C) Assertion (A) is true, but Reason (R) is false. D) Assertion (A) is false, but Reason (R) is true.	
6.	Read the following statements: Statement I: Goods sold on an approval basis are not immediately recorded as sales in the seller's accounts. Statement II: In goods sold on an approval basis, the ownership of the goods is transferred only when the buyer approves or accepts them, ensuring no premature recognition of revenue. In the light of given statements, choose the correct alternative from the following: A) Both the statements are true. B) Both the statements are false. C) Statement I is true, Statement II is false. D)Statement II is true, Statement I is false.	1
7.	The communication process begins with the ____________ A) Sender B) Receiver C) Feedback D) Message OR Identify, which of the following is an example of non-verbal communication? A) Writing a letter to a friend B) Speaking on the phone C) Using hand gestures to express feelings D) Sending an email	1
8.	Which form of retail trade utilizes automated, self-service systems, often employing coin-operated machines, to facilitate the sale of products to consumers in a highly convenient and contactless manner? A) Multiple Shops B) Automated Vending Machines C) Mail Order Houses D) E-commerce	1
9.	From the following, identify the correct example of a chain store: A) A single local grocery shop B) A McDonald's outlet C) A shopping mall D) A one-stop supermarket	1
10.	Identify, which of the following is a characteristic of a mail order house? A) They sell products directly to customers through physical retail stores. B) They only sell products within a local geographic area. C) They operate by sending catalogs or advertisements to customers, who order goods by mail or online. D) They focus exclusively on wholesale transactions with other businesses.	1
11.	Read the following statements carefully: **Statement I:** Retained earnings are considered a cost-free source of finance for a company. **Statement II:** Retained earnings represent the profits reinvested in the business. It is considered a cost-free method of financing. In the light of given statements, choose the correct alternative from the following: A) Both the statements are true. B) Both the statements are false. C) Statement I is true, Statement II is false. D)Statement II is true, Statement I is false Or ______ is the portion of profit reserved in a business for future. A) Dividend B) Interest C) Retained Earnings D) Share Capital	1 1

12.	________ is a business which ceases to exist at the death of its sole owner dies. A) Partnership B) Company C) Sole Proprietorship D) Cooperative Society	1
13.	Loan taken for a short duration to meet immediate financial needs is called________ A) Term Loan B) Trade Credit C) Equity Loan D) Public Deposit	1
14.	A shop specializing in selling sports equipment is an example of a ____________ A) General Store B) Departmental Store C) Specialty Store D) Convenience Store	1
15.	Select the correct mode of purchase for buying goods without physically inspecting them: A) Purchase by Sample B) Purchase by Inspection C) Online Purchase D) Both A and C	1
16.	Read the following Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion (A): Supermarkets are ideal for self-service. Reason (R): Supermarkets require less customer assistance. Alternatives: A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A). B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). C) Assertion (A) is true, but Reason (R) is false. D) Assertion (A) is false, but Reason (R) is true.	1
17.	Identify, which of the following statements is correct regarding an auction sale? A) The bidder makes an offer, and the auctioneer accepts the offer by hammering the gavel. B) The auction sale is a contract of sale between the auctioneer and the highest bidder. C) The sale is completed only when the auctioneer announces the price. D) The highest bid is not legally binding until the seller accepts the bid.	1
18.	The primary purpose of issuing a debit note is to _________ A) confirm the acceptance of the goods by the buyer B) request a reduction in the amount due to overcharging or returns C) increase the payable amount due to additional charges D) issue a payment receipt to the buyer.	1
19.	ABC Corporation, a leading IT firm, has been relying heavily on email as its primary communication tool for both internal and external correspondence. While email is fast and convenient, some employees have raised concerns about miscommunications. Recently, several emails sent within the team have caused confusion, as the intended message was unclear or poorly structured. In some cases, employees have missed important attachments or misunderstood instructions because the subject line didn't accurately reflect the content of the email. Additionally, some critical discussions were conducted via email instead of face-to-face meetings, leading to delays in decision-making. (a) What are the advantages and disadvantages of using email as a primary mode of communication in an organization like ABC Corporation	3
20.	Anuj and Meera planned to start a business venture. To safeguard their personal assets, Anuj proposed registering it as a private company. Explain the reason for Anuj to propose the registration of business as a private company?	3
21.	Sonia, a team leader at a customer service center, notices that her team frequently makes errors while handling customer inquiries. After reviewing the situation, she realizes that many of the mistakes occur due to unclear verbal instructions during team meetings. Sonia decides to improve communication by giving clearer instructions and asking her team to repeat important	3

	points to ensure understanding. She also encourages her team to ask clarifying questions during verbal interactions to avoid confusion. (A)What type of communication is Sonia focusing on? (B)How can Sonia improve verbal communication in her team meetings?	
22.	LMN Ltd. needs ₹100 crores to fund its new manufacturing plant. The company's management decides to issue debentures instead of seeking equity investment or taking a bank loan. They are considering the financial implications of this decision, including how the interest payments and principal repayment will affect the company's cash flows and financial stability. Identify the main advantage of issuing debentures for LMN Ltd. instead of raising equity capital.	3
23.	XYZ Retail is a chain of clothing stores with locations in multiple cities. Each store operates under a uniform brand, offering similar products at consistent pricing. The management focuses on economies of scale, centralized purchasing, and marketing to ensure cost efficiency across the chain. However, the company faces challenges in maintaining uniform customer service quality and inventory management across all locations. Identify the key features of XYZ Retail that make it a chain store.	4
24.	Raj is a salesman working at a high-end electronics store. He is always punctual, well-dressed, and knowledgeable about the products he sells. He listens carefully to customer needs, provides tailored recommendations, and ensures that each customer has a positive shopping experience. Raj also handles objections professionally and follows up with customers after the sale to ensure satisfaction. His approach has earned him a loyal customer base and consistent sales performance. Identify the key qualities that make Raj an effective salesman.	4
25.	Distinguish between Cash and Credit transaction.	4
26.	Write short note on: (i)Written Communication (ii) Oral Communication	4
27.	Ravi and Priya are roommates in a city, living in a rented apartment. They are planning to purchase a washing machine as they find it inconvenient to visit the Laundromat. Ravi is keen on buying the machine using the hire purchase method, as he likes the idea of spreading payments over time. Priya, on the other hand, prefers the installment system, believing it gives her more flexibility in ownership. However, neither of them fully understands the differences between these two methods. (a) Explain the hire purchase and installment systems of payment to Ravi and Priya. (b) Based on the situation, differentiate between the hire purchase and installment systems with four key points.	6
28.	Discuss the Process of communication. Or Explain the following: (i) External Communication (ii) Vertical Communication	6
29.	Distinguish between Public company and Private company on the any three basis.	6
30.	Differentiate between 'personal selling' and 'advertising' with six points. OR Explain the following: (a) Sales promotion (b) Television advertising	6