



SUMMER– 14 EXAMINATION

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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 Tender.(1 mark) Enlist the types of tender (1 mark)**

Tender or quotation is a written offer to do the work or provide a material at a given price within a prescribed period & under a specified condition. Open tenders, limited tenders, single tender, oral tender, global tender.

b) **State the objectives of layout design of drug store.(2marks for 6 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,
6. to keep watch on the customers to reduce theft.
7. to have space for the reserve stock, office and resting space for the employees,
8. to have proper entrance for the incoming goods.

C) Define trade(1 mark) and list out different aids to trade.(1 mark)

Trade means buying selling and exchange of goods and services. It is nucleus of commerce **Aids to trade are**

- 1)Banking
- 2) Transport
- 3) Insurance
- 4) Warehousing
- 5) Packaging
- 6) Advertising and publicity

d) State any four functions of bank.(2 marks)

- 1) Loans and advances for purchase of machinery raw material
- 2) overdraft facility.



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- 3) Facility of discounting of bills.
- 4) It collects the bills cheques dividends.
- 5) provides foreign exchange.
- 6) buying & selling of shares debentures bonds on behalf of customer.
- 7) Gives locker facility for all valuables.
- 8) Collects interest dividends on security.
- 9) Makes payment of subscriptions, insurance premium taxes.
- 10) Advises in regard to investment & financial matter.
- 11) Accepts & pays bill of exchange.

e) Define cheque (1 mark). State advantage of crossing the cheque. (1 mark)

A cheque may be defined as an instrument in writing containing an unconditional order directing bankers, signed by account holder to pay a sum of money to the bearer of the cheque. Crossing of the cheque ensures that money is transferred in specified a/c.

f) What do you mean by real account?(1 mark)

Explain with suitable example (1mark)

The real a/c is an a/c which represents asset.

e.g. building ,cash, furniture, machinery, stock, land etc.

g) Define business(1 mark). Enlist the type of business organizations(1 mark)

Business includes all economic activities which involve production and distribution of goods and services with the main purpose of earning profit

Type of business organizations are

- 1) Sole proprietorship
- 2) partnership
- 3) The joint stock company
- 4) Co-operative society



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h) Give objectives of inventory control.(2 marks)

(1)maximum customer service

High level of inventory ensures good customer service & production schedule are kept flexible to meet the changing demands.

(2) minimum inventory investment

The inventory blocks the capital ,they generate storage cost, or become obsolete on storage.

(3) low cost plant operation.

The overall plant costs are kept low by stable production which is possible by having sufficient inventories.

i)Define mail order business.(1 mark) State main type of mail order business.(1 mark)

It is a type of retail trade in which all business activities take place thro' mail or post.

Types of mail order business are,

i) **mfg mail order house** : established by mfg. himself.

ii) **Departmental mail order house** : Its only the department of the departmental store which fulfill the orders.

iii) **Middlemen mail order house**: It purchases the goods from wholesaler & dispatches the same by mail to the customer.

j) State different channels of distribution for pharmaceuticals. (2marks)

Direct selling- Mfger sells his goods directly to the customer.

Indirect selling one or two middlemen are involved in bet. mfger &customer.

Mfger →Retailer →customer

Mfger→ wholesaler→ Retailer →customer



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Mfger → distributor → wholesaler → Retailer → customer

In pharma market the wholesaler are classified as,

1 super distributor or super stockiest

2 stockiest

3 wholesaler or substockist

4 C&F agent

in pharma market the chemist or druggist are the retailers .

k) State the importance of window display.(2 marks)

1. Window display acts as a silent salesman for promoting sales.
2. It is a good method of advertisement.
3. It attracts the customers or passersby.
4. It makes a drug store decorative & attractive.
5. It creates good impression on the customer when they enter the store.

l) Define Wholesaler.(1mark) List out the types of Wholesaler(1mark)

They buy goods in large quantity from producer & sell them to retailers.

Types of Wholesaler are,

Mfger wholesaler

Retailer wholesaler

wholesaler Proper



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Q2 Solve any **FOUR of** the following:

(12 marks)

a) **Explain different types locations available for setting a drug store(0.5 for one point marks)**

Different type of locations for the drug store are,

- i)) **business locality** – it is preferable site as many people visit the locality. the main hindrance is it requires huge investment.
- ii)) **thickly populated residential areas-** it is preferred.
- iii) **Developing areas** -it is the ideal location as there is no competition.
- iv) **hospitals/nursing homes** -ideal location.
- v) **Flow of traffic-** Avoid near the signal & near the circles as there is parking problems. One way roads also should be avoided.
- vi) **Parking**-there shd. be enough parking space. the areas where parking is not allowed shd. be avoided.
- vii) **drug store** as far as possible there shd be no competition.
- viii) **Near hotel, school, play ground or theatres** -These are not proffered as the residential areas are far from these places.

b) Define economics (1 mark). Explain different elements of economics. (2 marks)

It is a social science concerned with proper use of allocation of resources for achievement of various human needs.

Different elements of economics are,

- i)Economics is the study of human activities in relation to wealth only.
- ii) Economics studies about how man earns his income & its expenditure.
- iii) It systemically collect ,classify & analyse the economics facts.



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c) Differentiate bet. Wholesaler & retailer with respect to their features.(0.5 for eachpoint)

Wholesaler	retailer
1) middlemen bet. Manufacturer & retailer	Middlemen bet. wholesaler & consumer
2) deals in large scale business	deals in small scale business
3) sells goods for resale	Sells goods for consumption.
4) Location of shop is not imp	Location is very imp
5) Window display of goods not imp	Window display is imp.
6) Deals in specific type of product	Deals in large no of products of diff. mfg.
7) Do not have direct contact with customer	Has direct contact with the customers
8) Do not provide after sale service	provides after sale service
9) Require large amt. of capital	Require small amt. of capital.
10) Sells goods at low margin of profit since the turnover of sale is high.	Sells at higher margin of profit



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d) Explain sales promotion. (1mark)State methods of sales promotion.(2 marks)

It includes the marketing activities **other than** personal selling, advertising & publicity, that stimulates the customer to purchase the products such as window display, shows ,demonstration etc.,.

techniques of sales promotion

1. free samples,
2. trading stamp
3. coupons,
4. premium or bonus offers prize contest
5. fair & exhibitions

Free samples-

The M.R. gives free samples to the doctor.

This method is useful for new products.

It is expensive method.

trading stamps-

The stamps are issued in proportion to the purchase.

The customers collect the stamps & exchange it for free product.

Coupons

coupons entitles the holder to save certain amt on purchase of specific product.

The coupons may be sent via post, magazine, newspaper or retailers.

The retailers give discount to the customers.

The firm reimburses the retailers for the same.



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Premium or bonus offer

In this the firm gives certain quantity of the product free of cost on purchase of a specified quantity of the product.

They may be of three types

1. with pack premium,
2. a reusable containers,
3. free in the mail premium.

prize contest

The contests are held where the best entry gets the first prize.

fairs & exhibitions-

They are organized to popularize the products.

e) State the types of accounts provided by bank. Write their features .(3 marks)

The different types of a/c are,

- i) **saving a/c** The holders are allowed to deposit & withdraw money by cash,cheque or draft.
- ii) **current a/c** A firm or business can open current a/c by making initial deposit. The amt . can be withdrawn by drawing cheques on this a/c There is no restriction on no. of withdrawal. Current a/c does not carry any interest.
- iii) **fixed deposit a/c** The term means deposit payable only after the expiry of a specified period from 15 days to five years. The rate of interest differs on the basis of time period as per directions of the reserve bank of India. Loan can be obtained from the fixed deposit upto 90%
- iv) **recurring a/c** In this, the depositor is required to deposit a fixed amount of money every month for a specified period. After completion of a specified period. The depositor gets back money along with the cumulative interest on the deposit.



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f) Explain VED technique of Inventory control.(3 marks)

VED analysis

This system is based on utility of items. In a drug store VED analysis is useful in controlling & maintaining the stock of various types of formulation of a particular group of drugs.

The brands are classified into following categories-

V=vital., E essential , D-desirable.

There should be maxi. Stock of vital items,

followed by essential items

& then desirable items.

Q.3 Solve any Four of the following

12

a) Define Advertisement. State different Medias used for advertisement of the product.(1 mark for definition & 2 marks for medias of advertisement).

Ans- Advertisement: is an art, used to familiarize public with the product by informing of its description, uses, its superiority over other brands, sources of its availability & price etc.

MEDIA FOR ADVERTISING

Press advertisement: Ex. Newspapers & magazines

Literature advertisement: Letters, circulars, catalogues & leaflets.

External advertisement: Posters on walls & electric display.

Miscellaneous advertisement: T.V., Radio, window display, cinema slides, video-cassettes etc.

b) Explain the process of purchase followed generally in the business organization.(Each two steps carries 1 mark).

Ans-Steps in Process of purchase-



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1. **Purchase requisition:** Whenever the existing stock of an article reaches to a minimum level or reorder level, the person incharge of the store ledger, fills the requisition form and sends it to purchase department, mentioning type, quality and quantity of the item to be purchased.
2. **Selection of the suppliers:** A list of items to be purchased is sent to various suppliers or a tender is invited through leading newspapers. On receiving the quotation from different suppliers, the comparative statement of all the quotations received is prepared. The supplier which has quoted the lowest rate is generally selected.
3. **Placing the order-**The order is placed on the standard purchase order form also known as 'Supply Order', on which a detailed specification of the items like quantity required, the price and other terms and conditions are mentioned.

Supply order (Std. purchase order form) : is a legal document , 5-6 copies are prepared

2 copies are sent to supplier

1 copy goes to Account dept.

1 copy remains with the purchase manager.

4. **Receiving & checking of material:** The material which is supplied by the supplier is received and inspect for its quality & quantity for that it is compared with challan form or invoice or bill sent by the supplier.
5. **Checking of invoice or bill:** If the goods received are of satisfactory conditions, the rate of various items charged in the bill & other terms & conditions are thoroughly checked and compare with the supply order.
6. **Recording of bills in books:** The bills are sent to the account section, where the bills are entered into the account books.
7. **Releasing the payment to the supplier:** According to the terms and conditions of the supply order, the payment is released by the account section of the buyer.

c) What do you understand by departmental store? Write its merits and demerits. (Meaning of dept. store 1 mark & any two merits 1 mark & demerits carries 1 mark).

Ans- Departmental store: It is a large scale retail organisation comprising a number of departments each dealing in a separate line of product and work under one roof and one management. It deals in a wide range of products.

The main object of it is to satisfy consumer needs at one place to save botheration to consumers.



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Merits:

- 1) Convenience: It provide great convenience in shopping because customers can get all their requirements from one place.
- 2) Wide variety of goods: It keeps a large variety of goods, thus offering a good choice to customers, when they buy the required goods.
- 3) Located at central place: Departmental stores are located at central part of the city. So it is convenient for all types of consumers to visit it.
- 4) Economies of large- scale operations: It buys its requirements in large quantities which reduces its cost and increases the profit.
- 5) Cost per unit is low: Due to huge sale in departmental stores the selling cost per unit becomes very low.
- 6) Provide extra service: It provides telephone facilities, recreation facilities and free home delivery facility to its customers.
- 7) Customer satisfaction: It can afford to employ competent sales persons to attend to its customers. This leads to efficiency and increased customer satisfaction.

Demerits:

- 1) Initial cost is high: The initial cost of running a departmental store is relatively very high.
- 2) Located at central place: Departmental stores are located at central part of the city. People living at a distant place find it difficult to visit the departmental store.
- 3) No personal contact with customers: The sales are controlled by employees, so the owner of the departmental store cannot establish personal contact with his customers.
- 4) No coordination between two departments: since each department in a store works independently or there may not be any personal contact or coordination between the various dept. in a departmental store.
- 5) High Overhead expenses : comparatively high overhead expenses because extra facilities are provided to attract customers.



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d) Define recruitment. State various methods employed in recruiting a pharmacist. (1mark for definition & any four methods carries 2 marks).

Ans- Recruitment is a process of exploring the source of supply of the required personnel & stimulating the prospecting employees to apply for jobs in the organisation.

Methods employed in recruiting a pharmacist:

- 1) By State or central Government agencies, such as ' Service selection board'
- 2) For the job of a salesman, recruitment is done either by the owner of the drug store or by the personnel department of the pharmaceutical house or the sales manager of the firm.
- 3) An advertisement is given in leading newspapers, popular magazines and professional journals. The detailed description of the post is given and the interested candidates are required to submit their application along with their bio-data, before the last date.
- 4) Present p'cy employees are requested to recommend suitable registered pharmacy candidates.
- 5) By advertising on notice board of institute.
- 6) Through professional association & clubs.

e) Define Market Research. Write the importance of market research. (definition 1 mark & 2 marks for four importance)

Ans- Market Research: means the careful and objective study of the product, design, markets and such transfer activities as transportation, warehousing, advertising and sales management. **OR**

is defined as systematic, objective & exhaustive research & study of the facts relevant to any problem in the field of marketing.

Importance of Market research

- **It helps in determining the size & characteristic of the market for the product**
- **Aids sales forecasting,**
- **Helps in study business trends**
- **Helps in studying the competitive products**



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- **Helps in short & long range forecasting**
- **Helps in market share analysis**
- **Helps in new product development**
- **Helps in price studies**
- **Helps in measurement of market potentials**

f) Mention salient features of hire purchase trading house. State any two advantages and disadvantages.
(salient features carries 1 mark & each two advantages & disadvantages carries 1 mark).

Ans-Salient features:

- 1) The buyer gets credit from the seller against the security of a lien on the goods purchased by him.
- 2) The buyer acquires the ownership of goods only after he has paid the total price in an agreed equal number of installments.
- 3) Initially, the buyer only pays a part of the purchase price of goods and the rest of the price is paid in equal periodical installments.
- 4) The ownership of the goods continues to be with the seller and transferred to buyer only, when he has paid the final installment of the price of goods.
- 5) In case of default, the seller is free to take back the goods from the buyer.

Advantages:

- 1) The system provides facility to purchase costly goods, such as, houses, refrigerators, T.V. Sets, cars, scooters, etc. to middle-class people on easy installments.
- 2) The small scale and medium scale manufacturers can install the required machinery and tools without paying the total amount for it.
- 3) The system helps to increase the sale of costly and non-essential luxury articles, because it tempts a very large number of people to buy the same.



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4) Even people who have enough money to pay at once as price of the desired article may prefer to purchase their

requirements under hire-purchase system, so as to invest their money elsewhere to earn more profit.

Disadvantages :-

- 1) People may be tempted by installment plants to buy things which they cannot afford.
- 2) The traders dealing in hire-purchase have to arrange a large capital to finance their business.
- 3) The goods purchased on hire-purchase basis are costlier than its actual price because the hire-purchase price includes the interest on the unpaid installments.

Q. 4 Solve any Four of the following

12

a) State salient features of sole proprietorship firm of business. (3 mark for any six features)

Ans- salient features of sole proprietorship firm of business

1. Single Ownership-The ownership lies with one person only.
2. Unification of Ownership and Management- Sole proprietor has full authority over the affair of business.
3. The liability of sole proprietor is Unlimited.
4. Flexibility-sole proprietor is free to change the pattern of management at any time.
5. No Sharing of Profits and losses- The profit earn or losses suffered in business are also born by him.
6. Minimum Govt. Regulations-No legal formalities are required to start a business.
7. Complete Businesses Secrecy-It is not mandatory to published financial accounts of business.
8. No Legal Status- The proprietor and the business is one and the same.
9. Quick Decision Making-He can make his own decision as per the market requirement.
10. Close Contact with customer-sole proprietor is able to established a personal contact with his customers.



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b) Enlist the types of stock levels. Write importance of safety stock.(four levels carries 2 marks & 1 mark for importance)

Ans- Types of stock levels:

- 1) Maximum stock level
- 2) Minimum stock level
- 3) Re-order level/ Safety stock/ Buffer stock
- 4) Danger level

Importance of Safety stock:

The main purpose of determining this limit is to protect against the possibility of a particular item going out of stock and there is further danger of stoppage of its production and supplies.

C) Enlist various inventory control techniques and state objectives of inventory control. (any six techniques carries 11/2 marks & 11/2 marks for objectives)

Ans- Various Inventory Control Techniques:

1. ABC analysis
2. Economic order quantity
3. Perpetual inventory system
4. Review of slow & non-moving items
5. Input-output ratio analysis
6. Setting of various levels
7. Establishing an effective purchase procedure
8. Use of material budgeting
9. Scrap & surplus disposal
10. VED analysis



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Objectives of inventory control

1. **Maximum customer service-** Customer service is improved if inventories are raised to a very high level and production schedules are kept flexible to meet the changing demands.
2. **Minimum inventory investment-**The inventories block the capital of a business enterprise, since they generate storage cost or become obsolete in storage. So minimum investment is required to raise inventory.
3. **Low cost plant operation-**The overall plant costs are kept low by stable production which is possible only by having sufficient inventories.

d) State merits and demerits of partnership firm of business.(11/2 marks for any six merits &11/2 marks for any six demerits)

Ans- Merits of partnership firm of business

1. Easy Formation- Least legal formalities. A written or oral agreement is sufficient to start a business.
2. Large Capital- since number of partners are more compare to sole trader business.
3. Division of Labour and Specializations- The division of responsibility & work among partners leads to specialization among the partners & firm.
4. Sharing of Risks-The losses incurred by the partnership firm are divided among the partners.
5. Direct Efforts-Reward Relationship policy implemented.
6. Flexibility in Operation-The firm can change its line of business with the consent of all the partners if the need arises.
7. Quick Decisions Making- firm can take quick decision due to the firm's size is small & no. of partners are less.
8. Business Secrecy-The P & L account & balance sheet of the firm need not be published.
9. Economies of Scale- due to large finance the firm can enjoy Economies of Scale.

Demerits of partnership firm of business

1. Limited Capital – There is a legal limit on the number of partners, which puts a limit to the amount of finance, required for large scale operation.
2. Mutual Conflicts/Disputes- among partners ,due to a clash of interest & different views of each partner.



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3. Unlimited Liability- According to the Partnership Act, all the partners of the firm are jointly & severally liable upto an unlimited extent.
4. Lack of public Confidence- There is no provision regarding publishing the books of account of the firm.
5. Instability- the continuation of firm is uncertain, which may affect by the death, insolvency or insanity of a partner.
6. Risk of Implied Authority-The act of one partner will bind all the remaining partners in the course of business.
7. Lack of Business Secrecy- there are no. of partners & sometimes knowingly or unknowingly they may leaked some business secrets in front of outsiders.
8. No separate Legal Existence- It indicates that the partners & firm are not separable from one another.
9. Limited Number of Partners- The minimum number of members required is two. The maximum in case of banking is ten & maximum 20 in case of general business.
10. Expansion Beyond a Certain Limit Is Not Possible, due to Limited Capital, Unlimited Liability, Risk of Implied Authority,etc.
11. No Economies of Large Scale due to limited financial resources.

e) State essential request (requirement) of budgetary control. (3 marks for any six requirements)

Ans- Requirements of Effective Budgeting

1. Cooperation of top management is required.
2. Clearly defined organization –good organization within the business has to be developed.
3. Accurate accounting system-helps in holding each part of the organization responsible.
4. Unambiguous policy- Clearly defined business policy has to be adopted.
5. Preparation by responsible executive- implementation of budget program can be achieved by appointing responsible executive.
6. Constant vigilance- It helps to compare the actual result achieved & therefore immediate remedial action can be taken.
7. Budget committee-should be established for successful implementation of budget.



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8. Cost of operation-should not be more to operate its worth.
9. Reasonably attainable goals-The budget figure should be realistic.
10. Continuous budget education-It provides information about the objectives , potentials & techniques of budgeting to their employees.

f) Explain methods of evaluation of work of pharmacist.(any six parameters for 3 marks)

Ans- work of pharmacist is evaluated by following parameters:

- 1) Appearance
- 2) Personality
- 3) Alertness and promptness in dealing with customers
- 4) Courtesy and attitude toward customers
- 5) Personal acquaintance with customers
- 6) Cooperation with colleagues
- 7) Product knowledge
- 8) Selling ability
- 9) Suggestive selling
- 10) Self improvement, etc.

The grades good, average & poor may be given on each count mention in the check list & consolidated report is prepared



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Q.5 Solve any four of the following.

12

a) State various errors which are not disclosed by trial balance.(marks to be distributed as per the pts.)

Following types of errors are not disclosed by trial balance

1)Errors of commission

2) Errors of omission

3)Errors of principle

4)Errors of posting

5) Compensating errors

1) Errors of commission: These errors occur due to wrong posting, wrong totaling, wrong balancing or wrong recording of an amount in the books of original entry etc.

2) Errors of omission: such errors occur if a transaction is omitted to be recorded either entirely or partly in the books of original entry or has not been posted in the ledger through an oversight.

3) Errors of principle : This type of error occurs when there is a mistake in allocating a particular receipt or Expense to capital or revenue account. However the trial balance remains unaffected by such errors.

4) Errors of posting : These errors occur if posting is done to a wrong account through with correct amount & on correct side

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

b) State primary functions of medical representative.(marks to be distributed as per the points.)

- M.R. provides an opportunity to inform the physicians & retailers about new products of the firm.
- He refreshes the memory of physician regarding the old products of the firm.
- He helps to clear the doubts of physician regarding the particular products.
- He helps in getting the feedback regarding the products of the firm.
- He demonstrates the firm's products.



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c) Enlist the minimum legal requirements for starting retail drug store.(1 mark for each)

- **Minimum qualifications** : He has to be a registered pharmacist with state pharmacy council, if he is not a registered pharmacist he can employ a registered pharmacist on full time basis.
- **Minimum space** : minimum area required is 10 sq. meter for a retail drug store.
- **Store arrangements**: There should be sufficient racks to store drugs & pharmaceuticals.

Refrigerator is mandatory to store antibiotics vitamins , vaccines sera etc.

d) Define finance .Write its sources.(definition 0.5 mark)

Finance is the provision of money at any time when business require it.

Sources of finance (carries 2.5 marks.)

1. Owned capital It is contributed by the owner i.e. proprietor, share holder or partner. It remains in the business till its existence.

2. Loan capital can be raised from individual banks or financial institutions. It involves periodic payments of interest & repayment of loan capital after the expiry of the stipulated period.

The sources are classified into three parts on the basis of duration for which it is required by the business.

i) Long term finance:- It remain invested in the business for the long period i.e. ten years or more. It is raised by ,

- (a) Shares
- (b) Debentures
- (c) Ploughing back of profit
- (d) Financial institution

ii) Medium term finance :- It remain invested in the business for the period between 3 to 10 years. It is raised by ,

- (a) Shares
- (b) Debentures
- (c) Bank loans
- (d) Financial institution
- (e) public deposit
- (f) Mortgages



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iii) Short term finance:- It is raised for the period of less than two years. It is raised by ,

- (a) Trade credit
- (b) Bank credit.
- (c) Installment credit
- (d) customers advances

e) Explain in brief different aids to trade.(0.5 mark for each point)

- **Banking** It removes the hindrance of finance & credit. Exchange of goods with money is solved by services of banks and financial institutions.
- **Transport** Transportation overcomes Hindrance of Place
- **Insurance** It removes the hindrance of risk/loss. Despite efficient transportation and packaging there may be loss of goods. This may be overcome by providing insurance cover of the goods during transportation and storage. Various types of insurances are fire, marine and general.
- **Warehousing** It removes the hindrance of time. Goods are prepared before demand, so proper storage is required. Warehousing facilities solve this problem
- **Packaging** It removes the hindrance of risk of spoilage. The goods get spoiled or damaged during transportation. This hindrance is overcome by proper and safe packaging of goods.
- **Advertising and publicity** Advertising and publicity agencies overcome Hindrance of knowledge

f) State the salient features of Joint Hindu Family Business. (0.5 mark for each point)

Salient features of Joint Hindu Family business:-

1. Membership arises from birth in the family. There is no discrimination among any members in the family business.
2. Only the male members can claim the right to be the member.
3. Only Karta has the right of management of the business.
4. Karta has unlimited liability, but all other members have limited liability.
5. The business is not affected by death or insolvency of Karta or a member.
6. The share of each member keeps changing.
7. The members can ask for partition of business if he is not satisfied with the functioning..



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Q.6 Solve any four of the following.

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a) Define the following (1 mark for each)

i) **Turnover** : The total sales of business during a given period either on cash or on credit.

ii) **Proprietor**: One person is solely responsible for providing capital for bearing the risk of the enterprise & also for day to day management..

iii) **Transaction**: A dealing between businessman involving money or goods or services is known as transaction

iv) **Commission**: The remuneration for services rendered by person to another person. It is given in percentage basis.

b) Explain the term General Ledger (2 Marks) Distinguish between Journal & ledger (2 Marks)

It is the principle or chief book which contains in a summarized and classified form, a permanent record of all transactions of a business. A ledger is a collection of all the accounts debited or credited in journal.

Importance of ledger:-

1) The management can know on a particular date amount to be received or paid by going through ledger.

2) Various transaction may be spread over in journal in various pages, but all transactions are recorded on one page in ledger.

3) It is easy to prepare profit and loss account and balance sheet by using ledger.

4) Accounts can be easily located by going through Index, which is provided at the beginning of the ledger.



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Distinguish between Journal & ledger (Carries 2 marks.)

Journal	Ledger
1) It is the book of original entry.	1) It is the book of secondary entry.
2) It is the book of chronological record.	2) It is the book of analytical record.
3) Balancing is not done.	3) All the accounts are balanced.
4) From the books of original entry, entries are transferred to the ledger.	4) From the ledger, the trial balance is drawn and then financial statements are prepared from it
5) The process of recording entries in the journal is called 'Journalising'.	5) 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



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c) What is mean by double entry system of book keeping? State the objective & principle of double entry system of book keeping.(Meaning 1 mark, objective 2 marks, principle 1 mark)

The double entry book keeping system is based on principle that every transactions has two fold aspect, A giving aspect & receiving aspect.

1. Left hand side is known as ‘debit side’ & is denoted by ‘Dr’

2. Right hand side is known as ‘credit side’ & is denoted by ‘Cr’.

Objective:

- It helps in recording both the aspects of every transactions.
- It is easy to find out the net profit or loss earned by an enterprise.
- It is easy to make comparison between the previous & current year’s business.
- The exact state of affair of business can be easily verified by preparing balance sheet.
- It helps in locating the errors in ledger.
- It is a scientific method to find out the assets & liabilities, income & expenditure

Purchase & sale etc. for a particular period.

Principle : In double entry book keeping the basic principles are

1. The receiver is debited with the monetary value of whatever he receives.
2. The giver is credited with the monetary value of whatever he gives.
3. Every debit requires a credit & vice versa.



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d) Prepare a simple cash book from following transactions.(**0.5 mark for each transaction**)

‘Dr’

‘Cr’

Date 2012	Particulars	L.F.	Amount	Date 2012	Particulars	L.F.	Amount
June	1	To balance b/d	20,000	June	3	By purchase machinery	3500
	10	To sale a/c	2100		7	By purchase goods	2700
	16	To Akash	500		21	By bank a/c	5000
					25	By rent a/c	700
					30	By salaries a/c	3700
					30	By balance c/d	7000
			22,600				22,600
July	1	To balance b/d	7,000				



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e) Draw a format of profit & loss account & Balance sheet. State its importance.(each format 1 mark, each importance 1 mark.)

Format of profit & loss account

‘Dr’

Cr’

Particulars	Amount	Particulars	Amount

Importance of profit & loss account

- To ascertain net profit & net loss from business operations.
- The net income of the current year can be compared with the previous years & deviations in income of different periods may be analysed to ascertain the factors responsible for such deviations.
- Such an analysis is helpful in controlling expenses incurred in running the business enterprise & in sale of goods thus eliminating wastage

Format of Balance sheet:

‘Dr’

‘Cr’

Liabilities	Amount	Assets	Amount
	Rs.		Rs.



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Importance of Balance sheet:

1. It provides information as total amount of money involved in running the business enterprise.
2. It shows financial state of the business firm as on a particular date.
3. It gives information regarding the nature & cost of the assets of the firm.
4. The information regarding nature & cost of firm liabilities is available from balance sheet.

f) State the methods of analysis the financial statements.(each method carry 1 mark)

Various methods of analysis the financial statements:

- 1) comparative financial statements
- 2) Common size financial statements
- 3) Fund flow analysis
- 4) Ratio analysis
 - a) Liquidity ratios
 - b) solvency ratios
 - c) Activity ratios:
 - d) Profitability ratios
 - e) Miscellaneous ratios.



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