

CLASS XI BUSINESS STUDIES
DECEMBER 2023 MONTH CBT ANSWER KEY

1	<p>Debentures represents</p> <p>A) Fixed Capital of the company B) Fluctuating Capital of the company C) Permanent Capital of the company D) Loan Capital of the company</p> <p>ANSWER: (D) Loan Capital of the company</p> <p>Feedback for correct answer: Debentures are debt of a company so it is treated as loan capital the business</p>
2	<p>At the time of winding up, refund ofis made after the refund of</p> <p>A) Preference share capital, Equity share capital B) Retained Earning , Equity share Capital C) Equity share capital, Preference share capital D) None of these</p> <p>ANSWER: C) Equity share capital, Preference share capital</p> <p>Feedback for correct answer: : Equity share capital is repaid after the all payment made to outsiders & Preference share capital & Preferential share capital has a preferential right over Equity Shares.</p>
3	<p>Assertion; The importance of business finance has increased tremendously these days.</p> <p>Reason: Goods are produced on large scale and capital intensive techniques are used.</p> <p>A) Both Assertion (A) and Reason (R) are true and Reason is the correct explanation of Assertion (A) B) Both Assertion (A) and Reason (R) are true and Reason 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.</p> <p>ANSWER: (A) Both Asssertion (A) and Reason (R) are true and Reason is the correct explanation of Assertion (A)</p> <p>Feedback for correct answer: because finance is required for working capital and fixed capital requirement</p>
4	<p>Micro enterprises are those whose investment in plant and machinery does not exceed rupees ____.</p> <p>(A) Rs.5 Lakhs (B) Rs.3 Lakhs (C) Rs.1 Lakhs (D) Rs.2 Lakhs (E) ANSWER: (C)Rs.1 Lakhs</p> <p>Feedback for correct answer: Micro enterprises are those whose investment in plant and machinery does not exceed Rs. 1 Lakh rupees</p>
5	<p>Funds required for purchasing current assets is an example of</p> <p>A) Fixed Capital requirement B) Ploughing back of profits</p>

CLASS XI BUSINESS STUDIES
DECEMBER 2023 MONTH CBT ANSWER KEY

	<p>C) Working Capital Requirement D) Lease financing ANSWER: (C) Working Capital Requirement Feedback for correct answer: Working capital requirement is requirement for purchasing current assets and day to day activity of the business</p>
6	<p>Retained earning does not involve any cost in the form of A) Dividend B) Interest C) Floatation Cost D) All of the above ANSWER: (D) All of the above Feedback for correct answer: Retained earning is owner's capital which is created out of undistributed profit. So it doesn't involve any cost like Dividend , Interest and Floatation cost.</p>
7	<p>It is a short term finance is the credit extended by one trader to another for purchase of goods and services. A) Trade Credit B) Public deposit C) Inter Corporate Deposit D) Retained Earning ANSWER: (A) Trade Credit Feedback for correct answer: Trade Credit is a short term finance is the credit extended by one trader to another for purchase of goods and services. It is for 3 to 6 months.</p>
8	<p>Investment limit in equipments for micro service enterprises is A) ₹ 10 crore B) ₹ 5 crore C) ₹ 50 crore D) ₹ 1 crore ANSWER: (D) ₹ 1 crore Feedback for correct answer: Investment limit in equipments for micro service enterprises is 1 Crore</p>
9	<p>A business can generate funds internally by A) Accelerating collection of receivables B) Ploughing back its profits C) Disposing of surplus inventories D) All of the above ANSWER (D) All of the above Feedback for correct answer: A business can generate funds internally by collection from trade receivable, retained earning and selling of inventories and convert into cash easily.</p>
10	<p>What are the important sources from where the owner's funds can be obtained A) Debentures B) Retained Earnings</p>

CLASS XI BUSINESS STUDIES
DECEMBER 2023 MONTH CBT ANSWER KEY

C) Equity Shares

D) Both b and c

ANSWER: (D) Both b and c

Feedback for correct answer:

Equity share and Retained earning are the important sources from where the owner's funds can be obtained . It doesn't involve any cost and no need to repay