

ICSE BOARD EXAMINATION
COMMERCIAL APPLICATIONS
Solved Paper - 2023
Class-10th

Maximum Marks: 100

Time allowed: Two hours

Answer to this Paper must be written on the paper provided separately.

*You will **not** be allowed to write during the first 15 minutes.*

This time is to be spent in reading the question paper.

The time given at the head of this Paper is the time allowed for writing the answers.

Attempt all questions from Section A and any four questions from Section B.

The intended marks for questions or parts of questions are given in brackets [].

Section-A

(40 Marks)

(Attempt all questions from this Section)

Question 1

Choose the correct answers to the questions from the given options.

[20]

(Do not copy the questions, write the correct answers only.)

- (i) Mixing of jaggery (gur) in honey is an example of
(a) Pollution (b) Food Adulteration
(c) Degeneration (d) Decomposition
- (ii) Which market provides long term finance to business enterprises?
(a) Capital market (b) Commodity market
(c) Primary market (d) Money market
- (iii) training is also called as 'process of socializing'.
(a) Induction (b) Refresher
(c) Safety (d) Job
- (iv) One of the methods of direct selling is
(a) Catalogue Selling (b) Parity Selling
(c) Penetrating Selling (d) Cost plus Selling
- (v) is defined as 'science of morality'.
(a) Sympathy (b) Ethics
(c) Empathy (d) Dialogue
- (vi) Off-the-job training method is
(a) Role play (b) Job rotation
(c) Mentoring (d) Under study
- (vii) Which advertisement is designed to build a favourable image of the organisation rather than to promote product or service?
(a) Concept advertisement (b) Institutional advertisement
(c) Product advertisement (d) Reminder advertisement
- (viii) According to the Principle of accounting, transactions are recorded on the assumption that the business will exist for an indefinite period of time.
(a) Business Entity Concept (b) Dual Aspect
(c) Going Concern Concept (d) Money Measurement Concept
- (ix) refers to locating identified buyers to sell the product.
(a) Presentation (b) Preparation
(c) Prospecting (d) Persuading

- (x) depicts the Capital fund of the organization.
 (a) Profit and Loss Account (b) Trading Account
 (c) Balance Sheet (d) Nominal Account
- (xi) Rent of an office premises is an example of
 (a) Semi-variable Cost (b) Semi-fixed Cost
 (c) Fixed Cost (d) Variable Cost
- (xii) fosters greater understanding and improves relationship with the client.
 (a) Dialogue (b) Persuasion
 (c) Human Relations (d) Empathy
- (xiii) are also known as 'casual callers'.
 (a) Gate Hiring (b) Advertisement
 (c) Placement Agencies (d) Unsolicited Applicants
- (xiv) Central bank is the sole of the country's foreign currency reserve.
 (a) Dealer (b) Consumer
 (c) Custodian (d) User
- (xv) Standardised products are in nature.
 (a) Heterogeneous (b) Spontaneous
 (c) Homogeneous (d) Extraneous
- (xvi) Which of the following is set up by the Government to recruit semi-skilled and unskilled personnel?
 (a) Placement agencies (b) Educational institutions
 (c) Employment exchanges (d) Advertising agencies
- (xvii) It begins after the goods are produced:
 (a) Marketing (b) Research and Development
 (c) Selling (d) Procurement of Raw Material
- (xviii) is not a legal tender and the creditor may refuse to accept it.
 (a) Bank Draft (b) Cheque
 (c) Overdraft (d) Cash
- (xix) In the introduction stage of a product life cycle is absent.
 (a) Production (b) Competition
 (c) Sales (d) Distribution
- (xx) Which of the following is not a method of Brand Promotion?
 (a) Publicity (b) Advertisements
 (c) Public Relations (d) Quality control

Question 2

[10]

Answer the following questions:

- (i) Distinguish between (any one point):
 (a) Advertising and Publicity
 (b) Cheque book and Passbook
- (ii) Justify the following sentences for or against and give a reason:
 (a) Training reduces employee turnover.
 (b) Good public relations do not help in building goodwill and positive image.
 (c) A bank cannot refuse payment of a cheque.

Question 3

[10]

Answer the following questions:

- (i) State any two threats of global warming.
 (ii) Give any two users of Income and Expenditure Account.
 (iii) Mention the elements of the Marketing mix.
 (iv) Define the term Recruitment.
 (v) List any two features of a Service.

Section-B

(60 Marks)

*(Attempt any four questions from this Section)***Question 4**

- (i) Write any five advantages of Advertising to Consumers. [5]
- (ii) Write short notes on: [5]
 (a) Direct labour cost
 (b) Indirect labour cost

(iii) Discuss the merits of Internal Source of recruitment. [5]

Question 5

(i) Explain any two stages of marketing. [5]

(ii) What are the features of a Balance Sheet? (Five points) [5]

(ii) Explain the Compensation Function of Human Resources Department. [5]

Question 6

(i) What are the four elements of Public Relations? Briefly explain any two of them. [5]

(ii) What are the effects of pollution on environment? [5]

(iii) With reference to the secondary functions of a Commercial Bank, explain general utility function? [5]

Question 7

(i) Write a short note on 'Position of buyers and sellers market'. [5]

(ii) What qualities are required to be a good salesman? (Explain any five) [5]

(iii) What does GAAP stand for in Accounting? [5]

Explain:

(a) Business Entity Concept

(b) Money Measurement Concept

Question 8

(i) Distinguish between Central Bank and Commercial Bank. (Any five) [5]

(ii) With reference to role of Human Resource Management, discuss the significance for an enterprise. [5]

(iii) Write a short note on Chipko Andolan. [5]

Question 9

CASE STUDY

The Central Consumer Protection Authority (CCPA) under the Department of Consumer Affairs has notified 'Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022' with an objective to curb misleading advertisements and protect consumers. Who may be exploited or affected by such advertisements.

Keeping in view the sensitiveness and vulnerability of children and severe impact advertisements make on the younger minds, several preemptive provisions have been laid down on advertisements targeting children. Guidelines say that advertisement targeting children shall not feature any personalities from the field of sports, music or cinema and products which under any law require a health warning for such advertisement or cannot be purchased by children. (Courtesy : PIB, Delhi)

With reference to the case study answer the following questions:

(i) Discuss the advantages of the following media: [5]

(a) Television (Any two)

(b) Newspaper (Any three)

(ii) Explain the various Consumer Rights as mentioned in the Consumer Protection Act. [5]

(iii) What are the advantages of branding? (Any five) [5]



ANSWERS

Answer 1

- (i) **Option (B) is correct.**
Explanation: Food adulteration means deliberate mixing of low quality, undesirable, inedible and even toxic materials in food items.
- (ii) **Option (A) is correct.**
Explanation: Capital market comprises of special financial institutions, stock exchanges, investment trusts, insurance companies, etc. It provides loan for long-term basis.
- (iii) **Option (A) is correct.**
Explanation: Induction involves familiarizing the new employees with the organization, the work environment and existing employees so that they feel at home.
- (iv) **Option (A) is correct.**
Explanation: In catalogue selling method, the seller mails one or more product catalogues to the selected persons who are likely to place an order. The producer delivers the product through V.P.P. or courier.
- (v) **Option (B) is correct.**
Explanation: Ethics is the science of morality, right conduct and behaviour in society.
- (vi) **Option (A) is correct.**
Explanation: Role play is an off-the-job training method. Interactions and complexities involved in various roles. The trainee is assigned a role. Example, an employee may play the role of a labour officer and negotiate with another trainee who plays the role of union leader.
- (vii) **Option (B) is correct.**
Explanation: Institutional advertising is done to promote an organization and all its offerings.
- (viii) **Option (C) is correct.**
Explanation: According to the Going Concern Concept, it is assumed that the business will continue to exist for a long time in the future.
- (ix) **Option (C) is correct.**
Explanation: Prospecting means locating and identifying the potential buyers. A list of prospective customers can be prepared with the help of dealers, salespersons, telephone and trade directories, etc.
- (x) **Option (C) is correct.**
Explanation: Balance sheet is a statement which shows the assets and liabilities of an organization and its capital at the end of the accounting year.
- (xi) **Option (C) is correct.**
Explanation: Rent is a fixed cost as it remains fixed in amount irrespective of changes in the volume of output during a given time.
- (xii) **Option (A) is correct.**
Explanation: Dialogue can be defined as a conversation between two persons with a purpose. Dialogue is the only weapon of reasoning and understanding. In dialogue, each person presents facts and views and considers the facts and views presented by others which fosters greater understanding and improves relationship with client.
- (xiii) **Option (D) is correct.**
Explanation: Person in search of employment visit offices of companies. They carry their resume and certificates. These persons may be considered if there is a vacancy. When jobs suitable for them are available, they may be contacted and considered for employment. Such applicants are known as casual callers.
- (xiv) **Option (C) is correct.**
Explanation: Central bank is the custodian of foreign exchange reserves and nation's gold. It keeps a close watch on external value of its currency and undertakes exchange management control.
- (xv) **Option (C) is correct.**
Explanation: Standardised products are same everywhere. They are uniform and consistent.
- (xvi) **Option (C) is correct.**
Explanation: Employment exchanges are run by government. Anyone seeking employment can get himself registered with the employment exchange.

(xvii) **Option (C) is correct.**

Explanation: Selling starts after the production of goods and ends as soon as the exchange of goods take place.

(xviii) **Option (B) is correct.**

Explanation: Legal tender is the legal status given to an instrument for its use as medium of payment. A cheque cannot be used as a legal tender.

(xix) **Option (B) is correct.**

Explanation: At the introduction stage, the competitors are just getting a view of the new product because of which the competition at this level is missing.

(xx) **Option (D) is correct.**

Explanation: Quality control is not a method of brand promotion because it involves checking the goods during and after the production process to make sure that they are of expected standard.

Answer 2

(i) (a) **Difference between Advertising and Publicity:**

Advertising	Publicity
In advertising, the message originates from advertiser.	In publicity, the message originates from media.

(b) **Difference between Cheque book and Passbook:**

Cheque book	Passbook
A cheque book is a book containing preprinted cheques provided by the bank to their customers to pay for any purchases through these cheques.	A pass book or a bank statement is a copy of the account of the customer issued by a bank containing all the information regarding the withdrawal and deposits made by the account holder on the particular dates.

(ii) (a) **For**

Training helps to reduce the labour turnover as it enhances the productivity of the employees. Training improves the motivation and morale of the employees and also increases their chances of promotion.

(b) **Against**

Public relations help to build and maintain harmonious relations between the organisation and public. It ensures that the policies, procedures and actions of the organization are in the public interest and socially responsible. This helps to build goodwill and positive image.

(c) **Against**

The bank can refuse the payment of a cheque under the following circumstances:

- On receiving prohibiting orders from a court of law.
- If a customer issues instruction to his banker not to pay or honour or stop the payment of cheque.
- When the banker comes across any defect in the title of the person presenting the cheque.
- Whenever the sufficient amount is not available in the account of the customer.
- When the banker finds that the signature of the drawer does not match with the specimen signature kept by the banker.

Answer 3

(i) **Threats from global warming are:**

- It has led to the extinctions of many animals and migratory birds.
- It has led to an increase in storms across the world.
- It has increased the sea-level.
- There has been an increase in water scarcity around the globe.

[Any two]

(ii) **Uses of Income and Expenditure Account:**

- It shows the surplus or deficit of the non-commercial organizations during the accounting year.
- It serves as the basis for preparing the balance sheet at the end of the accounting year.

(iii) **The four elements of Marketing mix are:**

- Product Mix
- Price Mix

- Physical Distribution Mix
 - Promotion Mix
- (iv) Recruitment is the process of searching for required personnel and stimulating them to apply for the job through internal and external sources.
- (v) **Features of Services:**
- **Intangibility:** Services can't be touched or seen.
 - **Inseparability:** Services cannot be separated from the supplier.
 - **Perishability:** Services get perished while given by service provider to consumer.
 - **Pricing of services:** It is difficult to measure it and also its quality and standardization is unpredictable.

[Any two]

Section-B

Answer 4

(i) **Benefits of advertising to consumers are:**

- **Facilitates consumer choice:** Advertising facilitates consumer choice. It helps the consumers to purchase goods as per their budget, choice and requirements. Consumers can know about the variety of products available in the market through advertising and make an informed decision.
- **Educate the consumers:** Advertising educates the consumers about new products in the market. It tells the people about the utility of the product and enhances their knowledge. It also informs the consumers about the discount deals and promotions available.
- **Promotes the use of product:** Advertising promotes the sale of products by promoting and highlighting the different uses of the product.
- **Introduction of new products:** Advertising introduces new products in the market. Advertising of the product introduces the consumers with the details of the features that it has and how it is better than other products or the previous products.
- **Builds confidence:** Advertising enables the consumers to trust the products. Testimonials from satisfied customers and the achievements of others helps the consumers to become confident about their purchase.

- (ii) **Direct labour cost:** Direct labour cost means the wages given to the workers who are directly involved in manufacturing of the products. This cost can directly be traced to the production of the product. Example: Employee wages, Payroll taxes, etc.

Indirect labour cost: It is the cost of labour that is not directly related to the production of goods or performance of services. It is the cost which cannot be identified partly or fully in a product. Example, wages paid to a watchman.

(iii) **Merits of Internal sources of recruitment:**

- (a) **Employee morale:** Employees of the organisation are motivated to improve their performance. A promotion at higher level leads to chain of promotions at the lower level which motivates the employee to improve their performance.
- (b) **Economical:** Internal source of recruitment is cheaper as compared to external sources of recruitment as the organisation and the employees are already known to each other.
- (c) **Familiarity:** The employees are already familiar with the work culture which makes it easy for them to adapt to the working conditions.
- (d) **Experienced staff:** The staff is experienced in the type of work that is done in the organisation. Less time and money have to be spent on their training.
- (e) **Easy evaluation:** Internal recruitment simplifies the process of selection and training. The candidates who are already working in the organisation can be easily evaluated. It is a reliable source of recruitment.

Answer 5

(i) **The stages of Marketing are:**

(a) **Production Oriented Stage**

This concept emphasizes on quantity of the product. Availability and affordability of the product is considered as the means to success under the production concept. The belief is to maximize the profits by reducing the production cost through the mass production.

(b) Sales Oriented Stage

It uses aggressive selling and promotional techniques like advertising, personal selling and sales promotion to achieve the objective. It involves pushing the sale of existing products. Its objective is to earn profits through increased volume of sales. The marketing efforts start after the product is produced in the factory.

(c) Product Oriented Stage

This concept emphasizes on quality of the product. Continuous product improvement is considered as the means to success under the product concept. The belief is to maximize the profits by producing good quality products and incorporating new features.

(d) Marketing Oriented Stage

It involves development of products for satisfying needs of the target market better than the competitors. Its focus is on satisfaction of customers' needs. It uses integrated marketing as a means to achieve the objective. The marketing efforts start from the identification of needs of the target market.

(e) Societal Marketing Stage

It takes care of long-term well-being of the consumers as well as the society. It uses integrated marketing as a means to achieve the objective. Its objective is to earn profits through customer satisfaction and social welfare. The marketing efforts start from the identification of needs of the target market and the society.

[Any two]

(ii) Balance sheet is a statement which shows the assets and liabilities of an organization and its capital at the end of the accounting year. The features of Balance Sheet are:

- It is always prepared on a particular date.
- It is prepared after preparing Income and Expenditure Account.
- It is not an account, but a statement.
- It depicts the capital fund of the organisation.
- It shows the assets and liabilities of the company.

(iii) Compensation function: It includes providing equitable and fair remuneration to employees. It includes:

- (a) Job evaluation:** It is the process of determining the relative worth of a job.
- (b) Wages and salary administration:** It implies developing a suitable salary program through survey method.
- (c) Bonus:** It involves payment of bonus under Bonus Act, 1965.

Answer 6

(i) The elements of Public Relations are:

(a) Human Relations

Explanation: Human Relations means relations between human beings on the basis of human dignity and respect for each other. It requires people getting together with the internal public as well as external public.

(b) Empathy

Explanation: Empathy means looking at things and events from the other's point of view. It requires that communication should understand the attitude of the communicatee.

(c) Persuasion

Explanation: Persuasion can be defined as the process of generating interest of an individual towards an event, idea, and object or towards another person, by using written or spoken words or audio – visual aids like videos or films.

(d) Dialogue

Explanation: Dialogue means a conversation between two persons with a purpose. If a person goes on talking without allowing others to participate in the discussion or talk, then it becomes a monologue. Dialogue can be defined as a conversation between two persons with a purpose. In a civilized society, dialogue is the only weapon of reasoning and understanding. In dialogue, each person presents facts and views and considers the facts and views presented by others.

[Any two]

(ii) The effects of pollution on environment are:

- Pollution leads to an increase in acid rain. Acid rain means rainfall with a pH of less than 5.6. There are three main compounds that lead to the formation of acid rain: Oxides and other sulphur compounds, Chlorine and hydrochloric acid and Nitrogen compounds.
- Dumping of toxic wastes in the water bodies contaminate them and create significant danger for the marine life. This can hamper the food chain. The high levels of fertilizers and chemicals drained in the water bodies lead to the death of marine animals and hampers the growth of marine flora.

- (iii) **General Utility Functions:** Commercial banks render some general utility services like:
- **Locker Facility:** Commercial banks provide facility of safety vaults or lockers to keep valuable articles of customers in safe custody.
 - **Traveller's Cheques:** Commercial banks issue traveller's cheques to their customers to avoid risk of taking cash during their journey.
 - **Letter of Credit:** They also issue letters of credit to their customers to certify their creditworthiness.
 - **Underwriting Securities:** Commercial banks also undertake the task of underwriting securities. As public has full faith in the creditworthiness of banks, public do not hesitate in buying the securities underwritten by banks.
 - **Collection of Statistics:** Banks collect and publish statistics relating to trade, commerce and industry. Hence, they advise customers on financial matters. Commercial banks receive deposits from the public and use these deposits to give loans.

Answer 7

- (i) On the basis of position of buyer and sellers, there can be three types of market- primary, secondary, and terminal market.

Primary Market: In this, primary producers sell their products. Example: Agricultural products, mined goods

Secondary market: In this, wholesalers sell their products to retailers. Example: Wheat is sold in small packs to retailers.

Terminal Market: This is the market where retailers sell their goods to consumers. Example: They keep goods in their shops and consumer buy from there.

- (ii) **Following are the qualities which a person should have to be appointed as a sales person:**

- (1) **Good Physique:** A good salesman must have sound health, good appearance and an impressive voice. He should be physically and mentally fit.
- (2) **Cheerful:** He should be sociable, friendly and cooperative. He should be polite and courteous.
- (3) **Sincere:** A good salesman should always be loyal and committed to his work.
- (4) **Sensitive:** A good salesman should be sensitive to the needs and expectations of customers. He should be a good listener.
- (5) **Knowledgeable:** A good salesman should have up-to-date knowledge about his firm, products, competitors and customers.

- (iii) **Meaning of GAAP:** Generally Accepted Accounting Principles are concepts, conventions and standards which are widely accepted and adopted by accountants while recording and reporting the financial information.

Business Entity Concept: This concept considers a business unit as a separate entity. Business and businessman are two separate entities and all the business transactions are recorded in the books of accounts from business point of view.

Money Measurement Principle: According to this principle, only those transactions are recorded in the books of accounts which can be expressed in monetary terms. The non-financial or non-monetary transactions do not find any place in the accounting records. Money is the common denominator to denote the value of the various assets of diverse nature to give a meaningful total of these assets.

Answer 8

- (i) **Difference between Central Bank and Commercial Bank:**

Central Bank	Commercial Bank
Controls and regulates the entire banking system of a country.	Operates under the direct control and supervision of the central bank. In India, all the commercial banks work under the guidelines issued by RBI.
Does not deal directly with the public. It issues guidelines to commercial banks for the economic development of a country.	Deals directly with the public. It serves the financial requirement of the general public by providing short and medium-term loans and depositing and securing money that can be drawn on demand.
Issues currency and controls the supply of money in the market.	Does not issue currency, but only adds to the money supply by creating demand deposits.
Acts as a state-owned institution.	Acts as a state or private owned institution.
Acts as a custodian of foreign exchange of the country.	Performs foreign exchange business only on the approval of the central bank.
Acts as a banker to the government.	Acts as an agent of the central bank.

Controls credit creation in economy, thus, acts as a clearing house of other banks.	Acts as a clearing house only as an agent of the central bank.
There is only one central bank in a country.	There are several commercial banks in a country.
Its chief executive is called "Governor."	Its chief executive is called "Chairman."

- (ii) **Human Resource Management** can help an enterprise in achieving its goals more efficiently and effectively in the following ways:
- Attracting and retaining the required talent through effective human resource planning, recruitment, selection, placement, orientation, compensation and promotional policies.
 - Developing the necessary skills and right attitude among the employees through training, development, performance appraisal, etc.
 - Securing willing cooperation of employees through motivation, participation, grievance handling, etc.
 - Utilising effectively the available human resources
 - Ensuring that the enterprise will have in future a team of competent and dedicated employees.
- (ii) **Chipko movement:** The Chipko Movement was started in the northern Himalayan segment of Uttar Pradesh, the area that is well known as Uttarakhand. The word "chipko" refers "to stick" or "to hug". The name of the movement comes from a word-meaning "embrace", where the villagers hugged the trees, saving them by interposing their bodies between them and the contractors' axes.

Answer 9

(i) (a) **Advantages of Television:**

- (1) **Large Reach:** TV advertising are that you are able to reach a large amount of potential customers in one commercial.
- (2) **Lasting Impact:** It is most effective as it has an audio-visual impact. With catchy slogans, song and dance sequences, famous personalities exhibiting products, TV advertising has a lasting impact. For example, who can forget Aamir Khan saying "Thanda Matlab Cocacola" or Sachin Tendulkar in Pepsi advertisement?

(b) **Advantages of Newspaper:**

- (1) **Broad Reach:** Newspapers normally have wide circulation and a single advertisement in the newspaper can quickly reach to a large number of people.
- (2) **Greater Choice:** Newspapers are published from different regions and in different languages. Hence, they provide greater choice to advertisers to approach the desired market, region and readers through local or regional language.

(ii) **Consumer Rights:**

1. **Right to Safety:** According to this right, the Consumers have the right to be protected against the marketing of goods and services which are hazardous to life and property. This right includes concern for consumer's long-term interest as well as for their present requirement. Sometimes the manufacturing defects in pressure cookers, gas cylinders and other electrical appliances may cause loss to life, health and property of customers. This right to safety protects the consumer from sale of such hazardous goods or services. They have to buy products carrying certification marks such as ISI, AGMARK, etc.
2. **Right to be Informed:** The right to be informed is an important component of consumer protection. The consumer must be provided with adequate and accurate information about quality, quantity, purity, standard and the price date of manufacturing and date of expiry of the goods and services. Such information helps the consumers in their buying decision and use of the product.
3. **Right to Choose:** The right to choose provides that the consumer must be assured, whenever possible, access to a variety of goods and services at competitive prices. If the market has enough varieties of products at highly competitive prices, the buyers have an opportunity of wide selection. However, in case of monopolies like railways, postal service and electricity supply, etc., it implies a right to be assured of satisfactory quality of service at a fair price.
4. **Right to be heard:** According to this right, the consumer has the right to represent himself or to be heard or right to advocate his interest. If a consumer has been exploited or has any complaint against the product or service then he/she has the right to be heard and be assured that his/her interest would receive due consideration.
5. **Right to Seek Redressal:** According to this right, the consumer has the right to get compensation or seek redressal against unfair trade practices or any other exploitation. This right assures justice to consumer against exploitation. The right to redressal includes compensation in the form of money or replacement of goods or repair of defect in the goods as per the satisfaction of consumer. Various redressal forums are set up by the government at national level and state level.

(iii) Advantages of branding:

- (1) Branding helps consumers to identify and recognize the product. It reduces the time and effort involved in sale and purchase.
- (2) It differentiates the product from the competitor's products.
Economical: Newspaper is a economical source of media as it reach the public at cost than ny other medium. Taking the coverage and audience in the account it has lowest cost per Cost per Order.
- (3) It is the basis of advertising and other techniques of mass selling. Gradually, brand itself becomes its own advertisement.
- (4) Branding helps to minimize selling costs by reducing dependence on middlemen
- (5) Branding ensures uniform standards of quality and design to consumers.
- (6) Prices of branded and standardized products are fixed by the manufacturer. They are printed on the product and well-known to consumers. As a result, unscrupulous retailers cannot exploit consumers by overcharging.
- (7) Branding tends to widen market as need for inspection and sample is eliminated. [Any five]

