

ICSE Board EXAMINATION - 2023
COMMERCIAL STUDIES
Solved Paper
Class-10th

Maximum Marks: 80

Time allowed: Three hours

Answers 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 answer to the questions from the given options.

[16]

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

- (i) Heavy expenditure on advertisement is classified as:
- (a) Revenue Expenditure (b) Capital Expenditure
(c) Deferred Revenue Expenditure (d) Miscellaneous Expenditure
- (ii) _____ expect the business organization to follow the laws and regulations of the country.
- (a) Suppliers (b) Government
(c) Associates (d) Owners
- (iii) Adulteration means cheating a consumer by:
- (a) Giving less quantity of a product
(b) Charging unreasonably high prices
(c) Mixing of harmful substances in the product
(d) Keeping away information from the consumers
- (iv) _____ is an example of Capital Expenditure.
- (a) Land and building (b) Rent
(c) Repairs and maintenance (d) Interest on loan
- (v) The budget that forms the fundamental basis of all budgets and lays down the _____ revenue goals of an enterprise is the:
- (a) Purchase Budget (b) Sales Budget
(c) Cash Budget (d) Production Budget
- (vi) _____ is the process of carefully screening the candidates to choose the most suitable persons for the job.
- (a) Recruitment (b) Selection
(c) Training (d) Development
- (vii) The *fastest* mode of transport for light weight goods of *high* value is:
- (a) Airways (b) Waterways
(c) Railways (d) Roadways
- (viii) Commercial transactions in which an order is placed electronically is:
- (a) NEFT (b) E-Commerce
(c) RTGS (d) Retailing
- (ix) Internal stakeholders do NOT consist of:
- (a) Suppliers (b) Employers
(c) Employees (d) Shareholders

- (x) The consumer's right to be protected against the marketing of goods which are hazardous to life and property is _____ .
 (a) Right to safety (b) Right to seek redressal
 (c) Right to be heard (d) Right to be informed
- (xi) Rent received by a business firm is an example of:
 (a) Revenue receipt (b) Capital receipt
 (c) Capital expenditure (d) Deferred revenue expenditure
- (xii) Any tangible material offered for sale and which can be replaced is a _____ .
 (a) Price wars (b) Service
 (c) Product (d) Sales
- (xiii) Two popular *mobile wallets* are:
 (a) Swiggy and Zomato (b) Instagram and Snapchat
 (c) Google Pay and Paytm (d) RTGS and NEFT
- (xiv) The insurer is liable for insured perils only and not for unexpected uninsured ones. This is the principle of:
 (a) Indemnity (b) Utmost good faith
 (c) Subrogation (d) Causa Proxima
- (xv) The Chief of the Reserve Bank of India is called:
 (a) The Governor (b) The Chairman
 (c) The Finance Secretary (d) The President
- (xvi) Warehouses licensed by the government and established specifically for storage of dutiable goods are called:
 (a) Private warehouses (b) Bonded warehouses
 (c) Public warehouses (d) Cold storages

Question 2

Write any two differences between:

- (i) Central Bank and Commercial Bank [2]
 (ii) Advertising and Sales promotion [2]
 (iii) Capital and Revenue Receipts [2]
 (iv) Debit card and Credit card [2]

Question 3

- (i) What is Social Advertising Media? [2]
 (ii) What is Recruitment? [2]
 (iii) What is a Budget? [2]
 (iv) Mention any two expectations of Employees. [2]

Question 4

- (i) What is an Overdraft? [2]
 (ii) What is Pricing? [2]
 (iii) Define Fixed Costs with an example. [2]
 (iv) Briefly explain Health Insurance. [2]

SECTION B — 40 MARKS

(Attempt any four questions from this Section.)

Question 5

- (i) Mention *two* merits and *three* demerits of Road Transport. [5]
 (ii) Write short notes on: [5]
 (a) Debentures
 (b) False Accounting Fraud

Question 6

- (i) Describe *any two* functions of the Central Bank. [5]
 (ii) Explain the following Consumer Rights: [5]
 (a) Right to be Informed
 (b) Right to Seek Redressal

Question 7

- (i) Explain *any two* modules of Enterprise Resource Planning. [5]
 (ii) Explain the importance of Warehousing. (*Any five points*) [5]

Question 8

- (i) Explain the *two* methods of Training. Give an example for each. [5]
- (ii) Mention *five* points of distinction between a Product and a Service. [5]

Question 9

- (i) Describe the *two* sources of Internal Recruitment. [5]
- (ii) Write short notes on: [5]
- (a) IMPS (b) Direct Costs

Question 10

Prepare a Trading, Profit and Loss Account of XYZ, for the year ending on 31st March, 2022 and a Balance Sheet as on 31st March, 2022. [10]

Particulars	Amount (Dr.) ₹	Amount (Cr.) ₹
Capital		1,00,000
Furniture	20,000	
Purchases	1,50,000	
Debtors	2,00,000	
Interest Received		4,000
Salaries	30,000	
Sales		3,21,000
Purchase Returns		5,000
Wages	20,000	
Rent	15,000	
Sales Return	10,000	
Carriage outwards	7,000	
Creditors		1,26,000
Printing and Stationery	8,000	
Insurance	12,000	
Opening Stock	50,000	
Office Expenses	12,000	
Bank Overdraft		2,000
Drawing	24,000	
Total	5,58,000	5,58,000

Closing Stock was valued at ₹.60,000 on 31st March, 2022.



ANSWERS

SECTION A

Ans. 1. (i) Option (c) is correct.

(ii) Option (b) is correct.

(iii) Option (c) is correct.

(iv) Option (a) is correct.

(v) Option (b) is correct.

(vi) Option (b) is correct.

(vii) Option (a) is correct.

(viii) Option (b) is correct.

(ix) Option (a) is correct.

(x) Option (a) is correct.

(xi) Option (a) is correct.

(xii) Option (c) is correct.

(xiii) Option (c) is correct.

(xiv) Option (a) is correct.

(xv) Option (a) is correct.

(xvi) Option (b) is correct.

Ans. 2.

(i) 1. Central bank is a banker to the government and acts as a lender of last resort, while commercial bank primarily deals with individuals and businesses.

2. Central bank formulates and implements monetary policy to control the supply of money and credit in the economy, while commercial bank provides banking and financial services to the public.

(ii) 1. Advertising is a form of paid communication aimed at promoting a product or service to a large audience, while sales promotion is a short-term marketing strategy aimed at increasing sales by offering incentives to customers or retailers.

2. Advertising is a non-personal form of promotion that uses various media channels to reach a large audience, while sales promotion is a direct form of promotion that is targeted to specific customers or retailers.

(iii) 1. Capital receipts are those receipts that result in an increase in the capital or net worth of a business, while revenue receipts are those receipts that result from the normal operations of a business.

2. Capital receipts include proceeds from the sale of fixed assets, share capital, and long-term loans, while revenue receipts include sales revenue, service revenue, and interest received.

(iv) 1. Debit card allows the cardholder to spend only the available balance in the linked bank account, while credit card allows the cardholder to borrow money from the card issuer up to a certain limit.

2. Debit card transactions involve immediate deduction of funds from the linked bank account,

while credit card transactions involve repayment of the borrowed amount in future along with interest.

Ans. 3.

(i) Social Advertising Media refers to the use of social media platforms such as Facebook, Twitter, Instagram, LinkedIn, etc., for advertising and promoting products or services. It allows businesses to target specific audiences, engage with customers, and build brand awareness.

(ii) Recruitment is the process of identifying and attracting potential candidates for a job vacancy in an organization. It involves sourcing, screening, interviewing, and selecting the most suitable candidate for the job.

(iii) A budget is a financial plan that outlines the expected income and expenses of an individual or organization for a specific period. It is a tool that helps to allocate resources, prioritize spending, and monitor financial performance.

(iv) **Two expectations of employees are:**

Fair compensation: Employees expect to be fairly compensated for their work, skills, and experience. This includes competitive wages, benefits, and opportunities for advancement.

Safe and respectful work environment: Employees expect to work in a safe and respectful environment free from harassment, discrimination, and other forms of inappropriate behaviour. They also expect clear communication, feedback, and support from their supervisors and colleagues.

Ans. 4.

(i) An overdraft in a Current Account is a type of loan facility provided by a bank to its customers, allowing them to withdraw more money from their accounts than they currently have. It is a short-term borrowing option that can help customers cover their temporary cash flow needs.

(ii) Pricing refers to the process of determining the value of a product or service and setting a price that will attract customers and generate revenue for the business. It involves analyzing market trends, competition, production costs, and consumer demand to determine an optimal pricing strategy.

(iii) Fixed costs are expenses that do not vary with the level of production or sales volume. They are incurred regardless of the level of output or sales, and remain constant over a specific period. Examples of fixed costs include rent, salaries of permanent staff, property taxes, insurance premiums, etc.

For example, let's consider a manufacturing company that produces widgets. The rent for the company's factory is \$5,000 per month, regardless of how many widgets they produce. This is a fixed cost.

- (iv) Health insurance is a type of insurance that covers the cost of medical and surgical expenses incurred by the insured individual or their family members. It is designed to provide financial protection against unexpected healthcare expenses, such as hospitalization, surgeries, diagnostic tests, and medications.

Health insurance policies can be purchased by individuals or provided by employers as part of their employee benefits package. The policyholder pays a monthly premium to the insurance company, and in return, the insurer agrees to cover the cost of medical expenses up to a certain limit, as outlined in the policy terms and conditions. Some policies may also include coverage for preventive care services, such as annual check-ups, vaccinations, and screenings.

Ans. 5.

(i) Merits of Road Transport:

Accessibility: Road transport is easily accessible in almost all parts of the world. It provides connectivity to even the remotest areas, where other modes of transport are not feasible.

Flexibility: Road transport is highly flexible as it can easily adapt to the specific needs of the customers. It is also possible to change the route, destination or the mode of transport mid-way, which is not possible with other modes of transport.

Demerits of Road Transport:

Congestion: Roads are often congested with heavy traffic, especially during peak hours, which results in delays and longer travel time.

Accidents: Road transport is more susceptible to accidents as compared to other modes of transport. It is estimated that a majority of road accidents occur due to human error.

Weather conditions: Adverse weather conditions such as heavy rain, snow, or fog can make road transport difficult and dangerous.

- (ii) (a) **Debentures:** Debentures are a type of long-term debt instrument issued by companies to raise funds. They are like bonds and are backed by the creditworthiness of the issuing company. Debenture holders are considered as creditors of the company and receive a fixed rate of interest on their investment. Debentures are usually issued for a period of 5 to 20 years and can be secured or unsecured.

- (b) **False Accounting Fraud:** False accounting fraud refers to the practice of deliberately manipulating financial statements to mislead investors and other stakeholders. This is usually done to create a false impression of the company's financial health and profitability. Some common examples of false accounting fraud include overstating revenues, understating expenses, or manipulating inventory levels to show a higher profit margin. False accounting fraud is considered a serious crime and can result in heavy penalties and imprisonment.

Ans. 6.

- (i) The central bank is responsible for performing various functions that are critical for maintaining the stability of the economy. Two such functions are:

(a) **Monetary Policy:** The central bank is responsible for formulating and implementing monetary policies that regulate the supply of money in the economy. It controls the money supply by setting interest rates, reserve requirements, and open market operations. These policies are aimed at achieving price stability, promoting economic growth, and ensuring financial stability.

(b) **Supervision and Regulation:** The central bank plays a vital role in supervising and regulating banks and financial institutions. It issues licenses to banks and financial institutions, monitors their activities, and ensures that they comply with the regulations and guidelines. It also sets the capital requirements and conducts regular audits to ensure the financial soundness of these institutions.

(ii) (a) **Right to be Informed:** The right to be informed is a consumer right that ensures that consumers have access to complete and accurate information about the products and services they purchase. It enables consumers to make informed decisions based on the information available. This right includes the right to know about the quality, quantity, price, ingredients, and other relevant details of the product or service. The suppliers are obligated to provide this information in a clear and concise manner so that consumers can understand it.

(b) **Right to Seek Redressal:** The right to seek redressal is a consumer right that provides consumers with a mechanism to seek compensation or remedy for any unfair trade practices, defective products or services, or any other grievances. This right enables consumers to approach consumer forums, ombudsman, or other regulatory bodies to seek redressal. It also includes the right to be heard, the right to be represented, and the right to a fair and speedy resolution of the grievance. The suppliers

are obligated to provide a timely and effective remedy for the consumer's grievances.

Ans. 7.

- (i) Enterprise Resource Planning (ERP) is a software system that integrates and manages all the core business processes of an organization. Two modules of ERP are:
- (a) **Finance Module:** The finance module of ERP is responsible for managing the financial operations of an organization. It includes features such as general ledger, accounts payable, accounts receivable, asset management, and cash management. This module helps in maintaining accurate financial records, generating financial reports, and ensuring compliance with financial regulations.
- (b) **Human Resource Module:** The human resource module of ERP is responsible for managing the human resource functions of an organization. It includes features such as employee management, payroll, benefits administration, performance management, and recruitment. This module helps in streamlining the HR processes, maintaining accurate employee records, and ensuring compliance with HR regulations.
- (ii) Warehousing refers to the process of storing and managing inventory in a dedicated facility. The importance of warehousing can be explained as follows:
- (a) **Inventory Management:** Warehousing allows organizations to store inventory in a centralized location, which makes it easier to manage and control. It enables organizations to keep track of inventory levels, monitor stock movement, and optimize inventory replenishment.
- (b) **Customer Service:** Warehousing helps organizations to provide better customer service by ensuring that the products are readily available for delivery. It also enables organizations to fulfill customer orders quickly and efficiently.
- (c) **Cost Savings:** Warehousing can help organizations to reduce costs by enabling them to purchase inventory in bulk and store it in a cost-effective manner. It also helps in reducing transportation costs by consolidating shipments and optimizing delivery routes.
- (d) **Risk Management:** Warehousing helps organizations to manage inventory risks such as theft, damage, or obsolescence. It enables organizations to implement security measures, quality control processes, and proper storage procedures to minimize the risk of inventory loss or damage.

(e) **Production Support:** Warehousing can support production processes by providing raw materials and finished goods storage. It enables organizations to optimize production schedules and improve supply chain efficiency.

In summary, warehousing plays a crucial role in inventory management, customer service, cost savings, risk management, and production support.

Ans. 8.

- (i) **There are two methods of training:**
- (a) **On-the-job Training:** This method involves training employees while they perform their regular job duties. It is a practical and hands-on approach to learning. For example, a new employee at a restaurant may be trained on-the-job by shadowing an experienced employee and learning how to take orders, prepare food, and interact with customers.
- (b) **Off-the-job Training:** This method involves training employees in a separate setting away from their job duties. It may involve classroom instruction, workshops, seminars, or online training. For example, an employee at a software company may receive off-the-job training on a new programming language through an online course or attend a workshop on the latest software development techniques.
- (ii) **The five points of distinction between a product and a service are:**
- (a) **Tangibility:** A product is a physical item that can be touched and felt, whereas a service is intangible and cannot be touched or felt.
- (b) **Production and Consumption:** A product is produced first and then sold, while a service is produced and consumed simultaneously.
- (c) **Standardization:** A product can be standardized, which means that each item is identical, while a service is customized to meet the needs of each customer.
- (d) **Ownership:** A product is owned by the customer once it is purchased, while a service cannot be owned as it is consumed at the time of delivery.
- (e) **Quality Control:** Quality control is relatively easier for a product, as it can be inspected and tested before it is sold. On the other hand, quality control for a service is more challenging, as it depends on the delivery process and the satisfaction of the customer.

Ans. 9.

- (i) **The two sources of internal recruitment are:**
- (a) **Job Posting:** In this method, the organization posts the job opening on its internal job board or intranet, allowing current employees to apply for the position. This method provides equal opportunity

to all eligible employees, and it also helps in promoting a culture of internal career growth and development.

(b) **Employee Referral:** In this method, current employees refer potential candidates for the open position. The organization may provide incentives to employees for successful referrals. This method can help in identifying qualified candidates who may not be actively looking for a job, and it can also help in reducing recruitment costs.

(ii) (a) **IMPS:** IMPS stands for Immediate Payment Service. It is a real-time interbank electronic fund transfer service in India. It enables customers to transfer funds instantly to any bank account using

a mobile number and an MMID (Mobile Money Identifier) or an IFSC (Indian Financial System Code). IMPS operates 24/7, and it is available on both mobile and internet banking platforms.

(b) **Direct Costs:** Direct costs are the expenses that are directly associated with producing or delivering a product or service. These costs can be easily traced to a specific product or service. Examples of direct costs include raw materials, labor, and direct overheads such as electricity and rent for the production facility. Direct costs are an important factor in determining the profitability of a product or service, as they directly impact the cost of production.

Ans. 10.

To prepare the Trading, Profit, and Loss Account and Balance Sheet, we first need to calculate the gross profit, net profit, and closing capital of X Y Z for the year ending on 31st March 2022.

Trading, Profit and Loss Account for the year ending on 31st March 2022

Ans.

Trading A/c

Dr. **of XYZ for the year ending 31st march,2022** Cr.

Particulars	Amount (Dr.) (₹)	Particulars	Amount (Cr.) (₹)
To Opening Stock A/c	5,00,000	Sales A/c	3,21,000
Purchases A/c	15,00,000	(-) Sales Return	<u>1,00,000</u>
Debtors A/c	<u>5,000</u>	By Closing stock	60,000
To Gross Profit	1,76,000		
	3,71,000		3,71,000

Profit And Loss A/c

of XYZ

Dr. **for the year ending, 31st March 2022** Cr.

Particulars	Amount (Dr.) (₹)	Particulars	Amount (Cr.) (₹)
Salaries	30,000	Gross Profit b/d	1,76,000
Wages	20,000	Interest Recd.	4,000
Rent	15,000		
Carriage Outward	7,000		
Printing & Stationary	8,000		
Insurance	12,000		
Office Expenses	12,000		
Net Profit transferred to capital A/c	76,000		
	1,80,000		1,80,000

Balance Sheet
as on 31st March, 2022

Liabilities	Amount (Dr.) (₹)	Particulars	Amount (Cr.) (₹)
Capital	1,00,000	Furniture	20,000
(+) Net profit	<u>76,000</u>	Debtors	20,000
	1,76,000	Stock	60,000
(-) Drawings	<u>24,000</u>		
Creditors	1,26,000		
Bank Overdraft	2,000		
	2,80,000		1,80,000

Therefore, the gross profit of XYZ for the year ending on 31st March, 2022 was ₹ 1,76,000.

The closing capital of XYZ as on 31st March, 2022 was ₹ 1,52,000.

