

ICSE Paper 2010 Commercial Studies

(Two 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:

Distinguish between:

(a) A Shareholder and a Creditor. [2]

(b) Book Keeping and Accounting. ** [2]

(c) Receipts and Payments Account and Cash Book. [2]

(d) A Cheque and a Demand draft. [2]

(e) Shut down cost and sunk cost. [2]

** Answer has not given due to out of the present syllabus.

Answer:

(a) Refer **Ans. 5. (a), 2013**.

(c)

Receipts and Payment A/c	Cash Book
1. It is prepared by non-trading organisations only.	1. It is prepared by both trading and non-trading organisation.
2. It is a part of final accounts.	2. It is not a part of final accounts.

(d) Refer **Ans. 5. (a), 2012**.

(c)

Shut down cost	Sunk cost
1. During this period though no work is done yet certain fixed costs such as rent, insurance of a plant may have to be incurred. Such cost of the idle plant are known as shut down costs.	1. Sunk cost are historical or past costs which cannot be changed by any future decisions. Investment in plant and machinery, buildings are examples of sunk costs.
2. A business firm may have to suspend its operations for a period due to some temporary problems.	2. These costs are irrelevant for decision making because they cannot be altered by later decision.

Question 2:

(a) What do you understand by Turnover? ** [2]

(b) Mention any two ratios on the basis of profitability. ** [2]

(c) State any two expectations of the Government from a business concern. [2]

(d) State any two uses of group discussions in selecting employees for a concern. [2]

(e) Name two business organizations to which 'The Indian Companies Act, 1956', does not apply. ** [2]

** Answer has not given due to out of the present syllabus.

Answer:

(c)

1. Regular payment of taxes and duties.
2. To avoid monopoly and concentration of economic power.

(d) The two uses of group discussions in selecting employees for a concern are as follows:

1. In an interview, the candidate gets no opportunity to participate and show his leadership ability.
2. Group discussion is widely used to screen candidates for admission into management schools.

Question 3:

(a) Mention any two remedies which are available to an affected consumer, under the Consumer Protection Act. [2]

(b) Name any four occupations in which Child Labour is prohibited. ** [2]

(c) Explain any two benefits of Accounting Standards. ** [2]

(d) State any two disadvantages of Indirect Taxes. ** [2]

(e) What is meant by Copyright? ** [2]

Answer:

(a)

1. Right to replacement of the product.
2. Right to rectification of the product.

Question 4:

- (a)** State any two objectives of marketing. **[2]**
- (b)** Name any four accounting principle.** **[2]**
- (c)** What is meant by Tally? ** **[2]**
- (d)** What is a Patent? ** **[2]**
- (e)** Explain the effect of crossing a cheque. **[2]**

Answer:

(a) The two objectives of marketing are as follows:

1. **Creation of demand:** A business firm can sell goods and services only when there are customers willing to buy them. The first purpose of marketing is to create demand for goods and services.
2. **Market Share:** Every business firm seeks to have a reasonable share of the total demand, a competitive market, aggressive selling efforts are necessary to make products and services popular.

(e) The effect of crossing a cheque are as follows:

1. Crossed cheques are considered a safer mode of payment because such cheques cannot be encashed at the bank counter.
2. It is necessary to open an account in the bank to get its payment.

Section – B (40 Marks)

(Answer **any four** questions from this section)

Question 5:

- (a)** What is meant by Unfair Trade Practice? Explain any four Rights of Consumers. **[5]**
- (b)** What is Marketing Demand? Explain any two methods of Marketing Research. **[5]**

** Answer has not given due to out of the present syllabus.

Answer:

(a) Unfair Trade Practice means a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provisions of any services (adopts any

unfair method or unfair or deceptive practice including any of the following practices).
The four rights of consumers are as follows:

1. **Right to safety:** This is the right to be protected against the marketing of goods which are hazardous to life and property. These are various risks involved in the consumption and use of products, such as food, drugs, etc.
2. **Right to be informed:** The consumer has the right to be informed about the quality, quantity, potency, purity, standard he intends to purchase.
3. **Right to choose:** The consumer should be assured access to a variety of goods at competitive prices. There should be freedom to choose from alternative products. This requires free competition in the market.
4. **Right to be heard:** The consumer has a right to register his dissatisfaction and get his complaint heard at appropriate forums. This right includes the right to make protest.

(b) Marketing demand means the aggregative demand of all the consumers in the market for a commodity or service at a particular price. Market demand is always defined with reference to a price and a time period, the two methods of marketing research are as follows:

1. **Observation Method:** Observation refers to the process of recognising and noting facts or events. Under this method, the behaviour of consumers is watched through personal observation or mechanical devices. It avoids the pitfalls of questioning such as interference in the consumer's activity, bias of the interviewer and distortion due to the consciousness of being questioned.
2. **Experimentation method:** Under this method, a control market is established in which all forces except those being tested are kept under check. It seeks to test a theory or to find consumer's reactions. The method involves a large expenditure of time and money. It requires skilled investigators. Moreover, it is difficult to select test markets and to control the variables.

Question 6: **

Explain in brief any three quantitative and any two qualitative methods adopted by the central bank to control credit. **[10]**

Question 7:

- (a)** Give five differences between Training and Education. **[5]**
(b) Explain any five uses of Performance Appraisal. **** [5]**

Answer:

- (a)** The difference between training and education are as follows:

1. The purpose of education is general whereas training has a specific and immediate purpose of making a person proficient in a particular job.
2. Education involves formal instruction in school or college whereas training can be given on the job itself.
3. Education is generally theoretical whereas training is practical in nature.
4. The cost of education is generally paid by the government and the student whereas the cost of training is generally borne by the employer.
5. Training is any process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased. Whereas education is the process of increasing the general knowledge and understanding of employees.

Question 8:

(a) Explain five methods to improve industrial relations. **[5]**

(b) State any five features of Income and Expenditure Account. **[5]**

Answer:

(a) The five methods to improve industrial relations are as follows:

1. **Sound personnel policies:** Policies and procedures concerning the compensation, transfer, promotion, etc. of employees should be fair and transparent. All policies and rules relating to industrial relations should be clear to everybody in the enterprise and to the union leaders.
2. **Constructive attitudes:** Both management and trade unions should adopt positive attitudes towards each other. Management must recognise union as the spokesman of worker's grievances. The employer should accept workers as equal partners in a joint endeavour.
3. **Participative management:** Employers should associate workers and unions in the formulation and implementation of personnel policies and practices. Management should convince workers of the integrity and sincerity of the company.
4. **Employees welfare:** Employers should recognise the need for the welfare of workers. They should ensure reasonable wages, satisfactory working conditions and development and other necessary facilities for labour.
5. **Grievance procedure:** It provides an outlet for tensions and frustrations of workers, similarly, a suggestion scheme will help to satisfy the creative urge of workers.

(b) The five features of income and expenditure account are as follows:

1. It is prepared at the end of an accounting period.
2. It contains revenue items only.
3. It is prepared on an accrual basis.
4. Income and Expenditure A/c is prepared in the same manner in which Profit and Loss A/c is prepared.

5. It is a nominal A/c. The rule of nominal A/c (debit all expenses and losses and credit all income and gains).

Question 9: **

Explain any five Canons of Taxation. [5]

Question 10:

Mr. Robert Shaw is the Marketing Manager of a Company which is introducing a machine which can change the wheels of bikes, cars and heavy vehicles without any help from people. The Directors have asked Mr. Shaw to give a brand name and the most suitable media to advertise the brand.

(a) Explain any four factors that Mr. Shaw should consider in selecting a suitable media to advertise. [6]

(b) What is a Brand? [2]

(c) Give two factors to be kept in mind while selecting a good 'Brand' name. [2]

Answer:

(a) The four factors that Mr. Shaw should consider in selecting a suitable media to advertise are as follows:

1. **Nature of the product:** Consumer products of daily uses are generally advertised in newspapers, magazines, radio.
2. **Nature of the market:** Fairs and exhibitions, outdoor displays are more useful for advertising in local markets.
3. **Type of consumers:** Radio, Television and Cinema are more suitable for advertising to illiterate people. Newspapers, magazines are useful for advertising to literate people.
4. **Life of advertisement:** Long life advertisements can better be conveyed through magazines, outdoor displays. Short advertisements should be transmitted through newspapers, radio and television.

(b) **Brand** means any identification work used to identify the product of a seller and to differentiate it from the products of competitors. A registered brand is known as a trademark. Dalda ghee, Lux soap are examples of brands.

(c) The two factors to be kept in mind while selecting a good 'Brand name' are:

1. The brand name must be simple; easy to pronounce and spell and remember. e.g., Lux, VTP, Rin etc.
2. Type of the product: It should suggest the use of the product and should be unique.