ICSE Class 10 Commercial Studies Specimen Paper 2

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Maximum Marks: 80 | Time Allowed: Two hours | Reading Time: 15 minutes

Section A is compulsory. Attempt any four questions from Section B.

General Instructions

Write your answers on the separate answer paper provided. The first 15 minutes are for reading the paper, and you may not write during that time. Marks for each question, or part of a question, are shown in brackets. Answer in your own words and keep to the point. Where a question asks you to distinguish between two things, set the points of difference against each other rather than describing each separately.

SECTION A (40 Marks)

Attempt all questions from this Section.

Question 1 [15]

Choose the correct answer for each part. Write only the option you choose.

(i) The stakeholder group that provides a business with its raw material is the:

(a) shareholders (b) employees (c) suppliers (d) customers

(ii) Corporate social responsibility means that a business should:

(a) weigh the interests of society and the environment alongside its profit

(b) aim only at the highest possible profit (c) leave all social work to the government (d) avoid paying tax

(iii) Dividing a market into smaller groups of buyers with similar needs is called:

(a) branding (b) advertising (c) packaging (d) market segmentation

(iv) Offering a free article along with the purchase of another is a method of:

(a) advertising (b) sales promotion (c) personal selling (d) publicity

(v) Money raised by a company through the issue of shares to the public forms part of its:

(a) owned capital (b) borrowed capital (c) trade credit (d) bank overdraft

(vi) Net profit is arrived at by taking the gross profit, adding other income and deducting the:

(a) cost of goods sold (b) opening stock (c) carriage inwards (d) indirect expenses

(vii) Of the following, the item that appears on the liabilities side of a balance sheet is:

(a) machinery (b) capital (c) closing stock (d) debtors

(viii) Introducing a newly appointed employee to the organisation and to the job is called:

(a) recruitment (b) selection (c) induction (d) promotion

(ix) An advertisement in a newspaper inviting applications for a post is an example of:

(a) an external source of recruitment (b) an internal source of recruitment

(c) a method of selection (d) a method of training

(x) Goods are protected, identified and made easier to handle by:

(a) warehousing (b) insurance (c) packaging (d) grading

(xi) The cheapest mode of moving crude oil overland is by:

(a) road (b) rail (c) air (d) pipeline

(xii) An account in which a fixed sum is deposited every month for a fixed period is a:

(a) current account (b) recurring deposit account (c) savings account (d) fixed deposit account

(xiii) The facility by which a current account holder may draw more than the balance standing in the account is called:

(a) an overdraft (b) a demand draft (c) a locker facility (d) a standing instruction

(xiv) The scheme of the Government of India that supplies clean cooking gas to poor rural households is:

(a) Swachh Bharat Abhiyan (b) Digital India

(c) Make in India (d) the Pradhan Mantri Ujjwala Yojana

(xv) Waste that cannot be broken down by natural processes is described as:

(a) biodegradable (b) non-biodegradable (c) organic (d) compostable

Question 2 [10]

(i) State any two duties of a consumer. [2]

(ii) Name two media of advertising and state one advantage of either one of them. [2]

(iii) State two functions of the Reserve Bank of India. [2]

(iv) State two reasons why a trader insures goods that are in transit. [2]

(v) Explain the term e-waste and give one example of it. [2]

Question 3 [15]

(i) Explain any three qualities of a good brand name. [3]

(ii) State three differences between owned capital and borrowed capital. [3]

(iii) Explain three benefits a business gains by training its employees. [3]

(iv) Explain the term containerisation and state two of its advantages. [3]

(v) Explain the term sustainable development and state two ways in which a business can practise it. [3]

SECTION B (40 Marks)

Attempt any four questions from this Section.

Question 4 [10]

(a) Name any three external stakeholders of a company and state the interest each of them has in it. [3]

(b) Explain, giving three reasons, why a business must consider the interests of its employees. [3]

(c) Explain the term business ethics. State three unethical practices a business ought to avoid and the harm each does to the consumer. [4]

Question 5 [10]

(a) Explain the term product life cycle and name its stages in order. [3]

(b) Explain three functions performed by the packaging of a product. [3]

(c) Distinguish between advertising, personal selling and publicity, giving one example of each. [4]

Question 6 [10]

(a) Explain the term capital and distinguish between owned capital and borrowed capital. [3]

(b) Explain three sources of short term finance available to a business. [3]

(c) Explain the terms gross profit and net profit, state how each is arrived at, and state what a balance sheet is meant to show. [4]

Question 7 [10]

(a) Explain three functions performed by the human resource department of a company. [3]

(b) Explain the term induction and state two benefits a business gains from it. [3]

(c) Explain three external sources of recruitment, and state one advantage and one disadvantage of recruiting from outside the organisation. [4]

Question 8 [10]

(a) Explain three functions performed by transport in trade. [3]

(b) Explain the term warehousing and name two kinds of warehouse. [3]

(c) State four factors a business would take into account in choosing a mode of transport for its goods, giving a reason in each case. [4]

Question 9 [10]

(a) Distinguish between a bearer cheque, an order cheque and a crossed cheque. [3]

(b) Explain three services a commercial bank provides other than accepting deposits and lending money. [3]

(c) Describe any two initiatives taken by the Government of India for the protection of the environment, and state two steps a factory can take to control the pollution of water. [4]

ANSWER KEY AND MARKING SCHEME

Marks shown in italics are the step marks an examiner would award. Accept any correct alternative wording, and accept a relevant example drawn from the candidate's own experience where the question asks for one.

Question 1 [15]

(i) (c) suppliers.

(ii) (a) weigh the interests of society and the environment alongside its profit.

(iii) (d) market segmentation.

(iv) (b) sales promotion. It is a short term inducement offered to push up sales, not a continuing message about the product.

(v) (a) owned capital. Shareholders are owners, not lenders, so the money belongs to the company and need not be repaid.

(vi) (d) indirect expenses. The cost of goods sold has already been taken off in arriving at gross profit.

(vii) (b) capital. Capital is what the business owes to its owner, so it is shown among the liabilities.

(viii) (c) induction.

(ix) (a) an external source of recruitment, since the advertisement reaches candidates outside the organisation.

(x) (c) packaging.

(xi) (d) pipeline.

(xii) (b) recurring deposit account.

(xiii) (a) an overdraft.

(xiv) (d) the Pradhan Mantri Ujjwala Yojana.

(xv) (b) non-biodegradable.

1 mark for each correct option. No marks are deducted for a wrong option.

Question 2 [10]

(i) Any two of: to ask for a cash memo or bill for every purchase, to look at the quality mark such as ISI or Agmark before buying, to read the label for the price, weight, date of manufacture and date of expiry, to buy only from a reliable seller, not to be taken in by misleading advertising, and to complain promptly about a genuine grievance.

1 mark for each duty, maximum 2.

(ii) Any two media from television, radio, newspapers, magazines, hoardings, the internet and social media. Television reaches a very large audience and shows the product in use with sound and movement, which makes the message easy to grasp. A newspaper reaches a particular region cheaply and the reader can keep the advertisement and read it again. The internet allows the message to be aimed at a chosen group and its effect to be measured.

Two media 1. One advantage 1.

(iii) Any two of: it issues currency notes; it acts as banker to the government; it acts as banker to the other banks and as lender of the last resort; it controls credit in the economy; it keeps the country's foreign exchange reserves; and it supervises and regulates the commercial banks.

1 mark for each function, maximum 2.

(iv) Goods in transit are exposed to fire, theft, accident, rough handling and, at sea, to storm and shipwreck, and insurance makes good the loss if any of these happens. The trader is therefore spared a loss that could cripple the business, and can trade with confidence over long distances. A carrier or a bank will often insist on insurance before accepting or financing the consignment.

1 mark for each reason, maximum 2.

(v) E-waste is the waste made up of electrical and electronic goods that have been discarded because they are broken or out of date, and which contain metals such as lead, mercury and cadmium that poison the soil and water if they are simply thrown away. Examples are old mobile phones, computers and their monitors, television sets, printers and used batteries.

Explanation 1. Example 1.

Question 3 [15]

(i) A good brand name is short and easy to say, so the buyer remembers it and can ask for it by name. It suggests something of the quality or the use of the product, or at least carries no unpleasant meaning in the languages of the market. It is distinctive, so it is not confused with a rival, and it can be registered as a trademark and so protected in law. It should also wear well, staying suitable if the firm later widens its range.

1 mark for each quality, maximum 3.

(ii) Owned capital is contributed by the owners or shareholders and belongs to the business, while borrowed capital is raised from outsiders such as debenture holders and banks and must be returned. Owned capital carries no fixed charge, since dividend is paid only out of profit, while borrowed capital carries interest that must be paid whether the business earns a profit or not. Owned capital need not be repaid during the life of the company, while borrowed capital is repayable on a fixed date, and the lender, unlike the shareholder, has no vote in the management.

1 mark for each difference.

(iii) Trained workers do the job better and faster, so output rises and the waste of material and the number of rejects falls. Accidents become fewer, because the worker knows the safe way to handle the machine, which saves the firm both suffering and compensation. Less supervision is needed, since a trained worker can be trusted to work on his own, and the firm can fill senior posts from within because its own staff are ready for promotion. Training also raises morale, so fewer workers leave.

1 mark for each benefit, maximum 3.

(iv) Containerisation is the practice of packing goods into large standard sealed metal boxes of fixed size at the point of dispatch, and carrying them in those boxes by ship, rail and road all the way to the destination, without unpacking them on the journey. It saves a great deal of handling, so goods are loaded and unloaded faster and ships spend less time in port. It cuts damage and pilferage, because the container is sealed at the start and opened only at the end, and it allows one consignment to pass from one mode of transport to another without being repacked.

Explanation 1. Two advantages 2.

(v) Sustainable development is development that meets the needs of the present generation without spoiling the ability of future generations to meet their own needs, by using natural resources no faster than they can be replaced. A business can practise it by switching to solar or wind power and cutting its use of fossil fuel, by recycling its water and waste and designing products that can themselves be recycled, by sourcing raw material from renewable supplies, and by treating its effluent and emissions rather than letting them out.

Explanation 1. 1 mark for each way, maximum 2.

Question 4 [10]

(a) Customers buy the goods and look for quality, a fair price, honest information and proper after sales service. Suppliers provide raw material and look for a steady stream of orders and prompt payment of their bills. The government looks for tax revenue, for employment and for obedience to the law. Creditors and banks who have lent money look for interest and for repayment on the due date, and the local community looks for employment and for a business that does not foul its air and water.

1 mark for each external stakeholder with its interest, maximum 3.

(b) The employees do the actual work of the business, so the quality of the product and the service given to the customer depend directly on how willing and able they are. A workforce that is fairly paid, kept safe and treated with respect stays with the firm, which saves the heavy cost of hiring and training replacements again and again. Discontent among employees leads to absence, careless work, strikes and a bad name that makes good people unwilling to join, and the law in any case lays down duties on wages, safety and working hours that the firm must meet.

1 mark for each reason, maximum 3.

(c) Business ethics is the set of moral principles and standards of conduct that tell a business what is right and what is wrong in its dealings, and that guide it to act fairly towards its customers, workers, suppliers and the

society around it, even where the law does not compel it. Unethical practices to be avoided include adulteration and the sale of substandard goods, which endangers the health and safety of the buyer; false or misleading advertising and incorrect labelling, which makes the buyer part with money for something the product cannot do; the use of faulty weights and measures or the charging of more than the printed price, which cheats the buyer of value; and hoarding and black marketing, which creates an artificial shortage and forces the buyer to pay an inflated price.

Explanation 1. 1 mark for each unethical practice with the harm it does, maximum 3.

Question 5 [10]

(a) The product life cycle is the course a product runs from the time it is first put on the market to the time it is finally withdrawn, during which its sales and its profit rise and then fall in a fairly regular pattern, so that the firm must change its marketing at each stage. The stages in order are introduction, growth, maturity and decline, and many writers mark off a stage of saturation between maturity and decline, when sales stop growing and stand still.

Explanation 1.5. Stages in the correct order 1.5.

(b) Packaging protects the goods from damage, moisture, dust, leakage and pilferage during storage and transport, and keeps food fit for use. It identifies the product, carrying the brand name, the maker's name, the price, the weight and the directions for use, so the buyer knows at once what is being bought. It makes the goods convenient to handle, since it divides them into the sizes a household wants and lets them be stacked, carried and displayed easily, and an attractive pack also acts as a silent salesman on the shelf.

1 mark for each function.

(c) Advertising is a paid, non-personal message about a product put out by an identified sponsor through a medium such as television, a newspaper or a hoarding; a television commercial for a soap is an example. Personal selling is a face to face spoken presentation to one buyer or a small group, in which the salesman can answer questions and adapt the pitch to the person in front of him; a sales representative calling on a retailer is an example. Publicity is a mention of the firm or its product that the firm does not pay for and does not control, such as a newspaper report that a company has launched a scholarship scheme.

Advertising with an example 1.5. Personal selling with an example 1.5. Publicity with an example 1.

Question 6 [10]

(a) Capital is the money and the money's worth that the owners and others put into a business so that it may be started and carried on, and it is represented by the assets the business holds. Owned capital comes from the owners or shareholders, belongs to the business, carries no fixed charge and need not be repaid during the life of the company, and those who provide it have a say in the management. Borrowed capital comes from outsiders such as debenture holders and banks, carries interest that must be paid whether there is a profit or not, must be repaid on a fixed date, and gives the lender no vote in management.

Capital explained 1. Owned capital 1. Borrowed capital 1.

(b) Trade credit, under which the supplier lets the buyer take the goods now and pay after an agreed period, so the business trades on stock it has not yet paid for. Bank overdraft, under which a current account holder is allowed to draw beyond the balance in the account up to a fixed limit, interest being charged only on the amount actually overdrawn. Discounting of bills of exchange, under which a bill accepted by a customer is handed to the bank, which pays the trader at once after deducting a charge and itself collects from the customer on the due date. Cash credit against the security of stock, and short term public deposits, are also accepted.

1 mark for each source correctly explained, maximum 3.

(c) Gross profit is the profit earned on buying and selling alone, before the running expenses of the business are taken into account, and it is found in the trading account by deducting the cost of goods sold from the net sales. Net profit is what is finally left for the owner, and it is found in the profit and loss account by taking the gross profit, adding any other income such as rent or commission received, and deducting all the indirect expenses such as salaries, rent, advertising and depreciation. A balance sheet is a statement drawn up on a given date to show the financial position of the business, setting out on one side what it owns and on the other

what it owes, so that the owner may see the strength of the concern at that moment.

Gross profit with how it is found 1.5. Net profit with how it is found 1.5. Balance sheet 1.

Question 7 [10]

(a) It plans the manpower the firm will need and recruits and selects people to fill the posts. It arranges the training and development of the staff, so that they can do their present work well and be ready for higher work later. It fixes wages, salaries and other rewards and keeps the records of attendance, leave and performance. It also looks after welfare, safety and the settlement of disputes between the management and the workers.

1 mark for each function, maximum 3.

(b) Induction is the process by which a newly appointed employee is formally received into the organisation, shown round the premises, introduced to colleagues and superiors, and told about the history, the rules, the policies and the duties of the post, so that he may settle in quickly. It shortens the time the new worker takes to become useful, since he is not left to find things out for himself. It reduces anxiety and the risk that a new recruit will leave within the first few weeks, and it makes him feel welcomed and part of the organisation from the start.

Explanation 1. Two benefits 2.

(c) Advertisement in newspapers and on job portals, which reaches a very wide field of candidates. Employment exchanges and placement agencies, which keep registers of candidates and send up those who fit the specification. Campus recruitment, where the firm visits colleges and institutes and picks candidates before they leave. Unsolicited applications and recommendations by existing employees are also accepted. The advantage of recruiting from outside is that it brings in fresh talent, new ideas and a wider choice of qualified people than the firm has within. The disadvantage is that it costs more and takes longer, the newcomer needs time and training to settle in, and the existing staff may be discouraged if they see posts above them filled from outside.

1 mark for each external source, maximum 3. Advantage and disadvantage together 1.

Question 8 [10]

(a) Transport carries goods from the place where they are produced to the places where they are wanted, and so creates place utility and widens the market far beyond the neighbourhood of the factory. It makes large scale production possible, because a firm can produce far more than its own district can absorb and still sell the whole output. It evens out prices between regions, since goods can be moved from a place of plenty to a place of scarcity, and it brings raw materials to the factory and helps the country in times of famine or disaster.

1 mark for each function, maximum 3.

(b) Warehousing is the holding and storing of goods in a suitable place from the time they are produced or bought until the time they are wanted for sale or use, under conditions that keep them safe and in good order. Kinds of warehouse include the private warehouse owned by a large manufacturer or trader for his own goods; the public warehouse that stores goods for any trader for a charge; the bonded warehouse under customs supervision, in which imported goods are held until duty is paid; and the cold storage warehouse for perishables.

Explanation 1.5. Two kinds 1.5.

(c) The nature of the goods, since perishable, fragile or dangerous goods need a mode that is quick or specially fitted. The cost of carriage measured against the value of the consignment, since a bulky low value cargo cannot bear a heavy freight while a costly one can. The speed required and the urgency of the delivery, since an order wanted at once may justify air freight. The distance and the route, since rail suits a long inland haul and road the short distance and the final delivery to the door. The quantity to be moved and the safety and reliability of the mode are also accepted.

1 mark for each factor with its reason, maximum 4.

Question 9 [10]

(a) A bearer cheque is payable to whoever presents it at the counter, so the bank pays without troubling to establish who he is, which makes it convenient but risky if it is lost. An order cheque is payable to the named

payee or to the person to whom he endorses it, so the bank satisfies itself about the identity of the person paid. A crossed cheque carries two parallel transverse lines across its face and cannot be paid over the counter at all; its amount must be collected through a bank account, which leaves a record of who received the money and makes it the safest of the three.

1 mark for each kind of cheque correctly distinguished.

(b) A bank transfers money for its customers by demand draft and by electronic transfer, so money can be sent safely from one place to another. It collects cheques, bills and dividends on behalf of the customer and credits the proceeds to the account, and it makes regular payments such as insurance premiums and electricity bills on a standing instruction. It provides safe deposit lockers for valuables and documents, deals in foreign exchange and issues travellers' cheques, and acts as a referee as to the financial standing of its customer.

1 mark for each service, maximum 3.

(c) The Namami Gange programme works to clean and conserve the river Ganga by building sewage treatment plants in the towns along its banks, stopping untreated industrial effluent from entering the river and restoring its catchment. The National Clean Air Programme sets out to cut the level of fine particulate matter in the worst affected cities by monitoring air quality and acting on industry, vehicles, construction dust and the burning of waste. Swachh Bharat Abhiyan, the Ujjwala scheme for clean cooking gas, and the work of the National Green Tribunal are equally acceptable. A factory can control water pollution by setting up an effluent treatment plant and treating its waste water before letting it out, and by recycling the treated water back into the process so that less is discharged and less fresh water drawn.

1 mark for each government initiative, maximum 2. 1 mark for each step by the factory, maximum 2.