

ICSE 2023 EXAMINATION
Specimen Question Paper-1
Commercial Applications
Class-10

SOLVED

Time Allowed : 2 hours

Maximum Marks : 100

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

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

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

(Attempt all questions from this Section.)

Q. 1. Choose one correct answer to the questions from the given options

[20]

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

- (i) Which pricing strategy will be used to launch a high end auto motors?
(a) Parity Pricing (b) Skimming Pricing
(c) Cost Plus Pricing (d) Penetrating Pricing
- (ii) A _____ collects money from the public in the form of deposits and lends the same to the borrowers.
(a) banking company (b) reserve bank
(c) government organisation (d) lender of the last resort
- (iii) Which feature is pertaining to the Introduction stage of PLC?
(a) Competition is very severe.
(b) Product is known all over the market.
(c) It is a risky stage.
(d) New versions of the product must be made available.
- (iv) ATM means:
(a) Any Time Money (b) Amount Transaction Message
(c) Auto Transfer Money (d) Automated Teller Machine
- (v) Which of the following is not a feature of Balance Sheet?
(a) It is statement. (b) Reflects profit and loss of an organization.
(c) It shows Capital Fund of the organization. (d) It shows financial position of the organization.
- (vi) The _____ is an extract or copy of the customer's account in the bank's ledger as on a particular date.
(a) Passbook (b) Pay-in-slip book
(c) Cheque book (d) Withdrawal form
- (vii) Which of the following is not an element of Marketing Mix?
NOTE: process is a part of 7Ps of marketing, which is the advanced version of 4Ps. Hence, keeping process as an option would be incorrect.
(a) Price Mix (b) Place Mix
(c) Promotion Mix (d) Purpose Mix

- (viii) **Cost means:**
- (a) Revenue paid for something. (b) Price paid for something.
(c) To generate expenses. (d) Depreciation earned.
- (ix) **According to Business Entity Concept:**
- (a) Distinction should be made between fixed assets and current assets.
(b) Distinction should be made between business transactions and personal transactions.
(c) Distinction should be made between capital expenditure and revenue expenditure.
(d) Accounting equation is always true.
- (x) _____ **is concerned with managing people at work.**
- (a) Human resource management (b) Marketing Management
(c) Operations Management (d) Financial Management
- (xi) **Caveat Vendor is a principle of:**
- (a) Marketing (b) Selling
(c) Personal Selling (d) Advertising
- (xii) **One of the Maintenance functions of Human Resource Management is _____.**
- (a) Training (b) Selection
(c) Bonus (d) Social measure
- (xiii) **What is the advantage of advertising to the manufacturers?**
- (a) Helps in raising the living standard of people.
(b) Helps to maintain steady demand by smoothing out seasonal fluctuations in demand.
(c) They are the main sources of income for newspapers and magazines.
(d) Reduces possibility of cheating of consumers.
- (xiv) **An example of Direct method of recruitment is:**
- (a) Advertisements (b) Tele Recruitment
(c) Placement agencies (d) Jobbers and contractors
- (xv) **The advertisement designed to change the lifestyle of people is:**
- (a) Persuasive (b) Informative
(c) Pioneering advertising (d) Reminder
- (xvi) **A planned and sustained effort and management function is:**
- (a) Public relations (b) Public applications
(c) Promotion (d) Propaganda
- (xvii) **Which of the following is not a feature of Service?**
- (a) Life Cycle (b) Perishability
(c) Inseparability of buyers and sellers (d) Variability
- (xviii) **Quality which implies looking at things and events from the other's point of view.**
- (a) Human relations (b) Persuasion
(c) Empathy (d) Dialogue
- (xix) **Which should not be a desirable quality of a good salesman?**
- (a) Cheerful (b) Impatient
(c) Sensitive (d) Sincere
- (xx) **Narmada Bachao Andolan was started by _____.**
- (a) Sundar Lal Bahuguna (b) Medha Patkar
(c) Ghanshyam Raturi (d) Chandi Prasad

Q. 2. (i) **Distinguish between:**

- (a) **Direct cost and Indirect cost**
(b) **Marketing and selling.**

(ii) **Justify the following statements:**

- (a) **Receipts and payments account serves as the basis for preparing the balance sheet of a non-trading Organization.**

[10]

- (b) Central Banks are the lenders of the last resort.
- (c) Marketing is a wider term and includes selling.

Q. 3. Answer the following questions:

[10]

- (i) Write *any two* rights of a consumer.
- (ii) Write short note on Social Marketing Stage.
- (iii) What is acid rain?
- (iv) Mention the elements of the Promotion Mix.
- (v) What is Variable cost?

Section-B

(Attempt *any four* questions from this Section.)

- Q. 4. (i) What are the characteristics of public relation? [5]
 (ii) Explain the factors responsible for the destruction of Ecosystem. [5]
 (iii) Write *any five* advantages of bank account. [5]
- Q. 5. (i) Discuss Catalogue Marketing and Telemarketing as important methods of non-conventional markets. [5]
 (ii) Explain the second and third stage of product life cycle. [5]
 (iii) Discuss the advantages of Sales Promotion. [5]
- Q. 6. (i) Explain procurement function of Human Resource Management. [5]
 (ii) Describe *any five* duties of a consumer. [5]
 (iii) Distinguish between savings deposit account and current account. (*Any five points*) [5]
- Q. 7. (i) Explain the following: [5]
 (a) The Business Entity Concept
 (b) The Dual Aspect Concept [5]
 (ii) Distinguish between Income and expenditure account with Receipts and payments account. [5]
 (iii) Explain the elements of total cost. [5]
- Q. 8. (i) What are the uses of balance sheet? [5]
 (ii) Distinguish between advertising and publicity. [5]
 (iii) Explain any two methods of selling. [5]
- Q. 9. Schools are typically led by a Principal (the Head Teacher) and a senior leadership team. Middle managers are recruited to fill job roles such as heads of Departments and Coordinators. There might also be a Human Resource Manager who is in charge of administering the non-teaching aspects of a school, such as building maintenance and the management of non-teaching staff.
- With reference to above case study answer the following questions:
- (i) Explain any two external sources of recruitment which can be adopted to appoint above mentioned recruits. [5]
 - (ii) Outline the procedure to be followed for the selection of employees in an organisation. [5]
 - (iii) Describe the features of Human Resource Management. [5]

□□□

SOLUTIONS

Sample Question Paper-1

Commercial Applications

Section-A

1. (i) Option (d) is correct.

Explanation: In penetration pricing strategy, the new product is introduced at a low price in the market so that it penetrates the market as quickly as possible. The company adds a nominal markup to its cost of production while setting the price of the product. The low price of the product compels a large number of customers to buy the product, thus generating high sales for the company. Hence, though the profit margin for the company is low, it can generate profits through greater number of sales. Because of greater sales, the company is able to make more profits which allows companies to further decrease their price.

- (ii) Option (a) is correct.

Explanation: According to Sec. 5 of the Banking Regulation Act, 1949, a banking company is the one who is accepting the deposits for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdrawn by Cheque, Draft, Order, or otherwise. In short, a banking company means and includes any company which carries on the business or which transacts the business of banking in India.

- (iii) Option (c) is correct.

Explanation: Introduction stage of a product life cycle is very risky because a high percentage of new product fails during this period. Reasons for product failure are high cost, low sales volume, limited distribution and high prices.

- (iv) Option (d) is correct.

Explanation: An ATM, which stands for automated teller machine, is a specialized computer that makes it convenient to manage a bank account holder's funds. It allows a person to check account balances, withdraw or deposit money, print a statement of account activities or transactions, and even purchase stamps.

- (v) Option (b) 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. It is always prepared on a particular date. It is prepared after the preparation of Income and Expenditure Account. It is not an account but a statement. It shows the financial position on a specified date. It shows the assets owned by the organization. It reveals the liability of an organization. It depicts the capital fund of the organization. Profit and loss is shown in the income statement and not in the balance sheet.

- (vi) Option (a) is correct.

Explanation: Bank pass book is the copy of the customer's account with the bank in the books of bank. It shows all the transactions of a customer like deposits, withdrawals, interest payment/receipt etc.

- (vii) Option (d) is correct.

Explanation: Marketing Mix is a set of marketing tool or tactics, used to promote a product or services in the market and sell it. It is about positioning a product and deciding it to sell in the right place, at the right price and right time. The product will then be sold, according to marketing and promotional strategy. The components of the marketing mix consist of 4Ps Product, Price, Place, and Promotion. In the business sector, the marketing managers plan a marketing strategy taking into consideration all the 4Ps.

- (viii) Option (b) is correct.

Explanation: Cost means the 'price paid for something' or the 'sacrifice made to acquire something' or 'expenditure incurred to generate revenue'.

(ix) **Option (b) is correct.**

Explanation: In accounting, the business entity concept states that business owners should ensure that business and personal transactions are recorded separately. The business entity concept states that the transactions associated with a business must be separately recorded from those of its owners or other businesses. Doing so requires the use of separate accounting records for the organization that completely exclude the assets and liabilities of any other entity or that of the owner.

(x) **Option (a) is correct.**

Explanation: Human resource management is that it is a process that will manage people in a company in a defined and structured way human resource management is really employee management with an emphasis on those employees as assets of the business. In this context, employees are sometimes referred to as human capital.

(xi) **Option (a) is correct.**

Explanation: Marketing concept is based on the principle of caveat vendor, i.e., let the seller beware. Marketing orientation implies that focus on satisfaction of customer's needs is the key to the success of any organisation in the market. It assumes that in the long run an organisation can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way.

(xii) **Option (d) is correct.**

Explanation: Maintenance Function is mainly concerned with protecting and promoting the physical and mental well-being of employees. In other words, the physical and mental health of employees are cared for in the following ways:

- (a) Implementing welfare measures like subsidized canteen facilities, subsidized housing, periodical health check-ups, providing hospitalization benefits, loan facilities, conveyance facilities, fitness studios, educational facilities, arranging tours and parties, celebrating events and anniversaries.
- (b) Implementing social security schemes like provident fund, pension scheme, gratuity, maternity benefit, health, safety, group insurance, disablement benefit, etc.

(xiii) **Option (b) is correct.**

Explanation: Advertising creates regular demand by smoothening out seasonal and other fluctuations. It helps in increasing and maintaining steady demand for a particular article and ensures continuity of production on a large scale. Through advertising the manufacturer can create a demand for his product and maintain it throughout the year and thereby reduce the seasonal slumps in his business.

(xiv) **Option (b) is correct.**

Explanation: Tele-recruitment is an effective medium of recruiting and more importantly retaining donors via means of telephone/Short Message Service.

(xv) **Option (a) is correct.**

Explanation: Persuasive advertising is a type of advertising that appeals to customers' needs and wants and aims at selling a product or service. It implies using different methods to communicate the benefits of a product and convince people to buy it.

(xvi) **Option (a) is correct.**

Explanation: Public relation is the art and science of managing communication between an organization and its key constituents to build, manage, and sustain its positive image. It is a planned and sustained effort. It creates and maintains harmonious relations between an organization and the public. It requires both action and communication programmes.

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

Explanation: The intangible products or activities that provide benefits, utilities and satisfaction for removal of wants of individual in societies are called services. Services can't be touched or seen. Services cannot be separated from the supplier. Services get perished while given by service provider to consumer. It is difficult to measure it and also its quality and standardization is unpredictable.

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

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 communicator.

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

Explanation: Salesman should have very good personal communication and skill of persuading people to buy a product or service. He should have good personality. He should be cheerful towards his work. He should have sound memory, keen observation power and ability to judge. He should be sincere towards his work.

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

Explanation: Narmada Bachao Andolan: It is the most powerful mass movement, started in 1986 under the leadership of Medha Patkar. The Narmada Bachao Andolan (NBA) is the people's movement that mobilized itself against this development in the mid- and late-1980s. The movement first started as a protest for not providing proper rehabilitation and resettlement for the people who have been displaced by the construction of Sardar Sarovar Dam.

2. (i) (a)

S. No.	Direct Cost	Indirect Cost
(i)	Directly and wholly related to a particular unit or centre of cost.	Not directly and wholly related to a particular unit or centre of cost.
(ii)	Direct material direct labour and direct expenses.	Indirect material indirect labour and indirect expenses.
(iii)	Sugarcane used in a sugar mill wages of sugar workers.	Wages of store-keeper Office rent, insurance etc.

(ii)

Basis	Marketing	Selling
Meaning	It is a wider term. It includes not only selling but also other activities such as advertising, research, etc.	It refers to an exchange of goods for money between the sellers and buyers. It involves the distribution of goods already produced.
Objective	Aims at maximization of customer satisfaction.	Aims at maximization of profit.
Beginning & End	It begins before production and continues even after the sales have been affected.	Selling begins after the goods are produced and ends with the delivery of goods to customers.
Focus	It emphasizes on long term goals such as growth and stability.	Selling puts emphasis on short term goals such as profit maximization.
Need/Orientation	Need of the buyer is taken care of.	Need of the seller is taken care of.
Means used	Integrated approach	Persuasion and promotion

(ii) (a) Receipts and Payments Account is a summary of cash transactions over a specified time period, usually one year. It is prepared by non-profit organization such as clubs, societies schools, etc. It is a summary of all cash receipts and cash payments during an accounting year, irrespective of the fact whether they relate to current year or not. It is prepared by non-profit organizations. It is real account in nature. All transactions whether of revenue or capital nature are recorded in this account. It serves as the basis for preparing the income and expenditure account and the balance sheet.

(b) Central bank is lender of last resort. Whenever banks are short of funds, they can take loans from the central bank and get their trade bills discounted. The central bank is a source of great strength to the banking system.

(c) Marketing is a wider term. It includes not only selling but also other activities such as advertising, research, etc. Marketing is wider in scope than selling. Selling is a part of marketing. Marketing includes not only selling but also other activities such as Market research, product planning and development etc. Marketing starts before the product is produced while selling starts after the product has been produced. Selling ends with the sale of goods. Marketing continues even after sales, e.g., after sale services, study of future demand etc. Marketing focuses attention on product, promotion, pricing and physical distribution whereas selling just pays attention to the promotion. Selling aims at transfer of

ownership of the product from the seller to the buyer whereas marketing aims at achieving customer satisfaction after the products has been transfer to customer. Therefore, marketing is a wider term because it starts before selling and continues after the selling has been done.

3. (i) **Following are the rights of consumers:**

- (a) Right to be informed
- (b) Right to Seek Redressal
- (ii) 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.
- (iii) Acid rain means rainfall with a pH of less than 5.6. It is essentially an outcome of aggressive industrialisation. In other words, the acidic content in water is relatively high which is not good for the environment.
- (iv) The elements of Promotion mix are Advertising, Personal selling, Sales promotion, Publicity and Public relations.
- (v) Variable costs are those which vary in amount with the change in the level of output. Such costs increase and decrease in the same proportion in which the level of output increases or decreases. Variable costs vary in total amount but remain constant per unit of production. For example, direct material cost, direct variable cost and direct expenses.

Section-B

4. (i) **Characteristics of Public Relations are:**

- (a) It is a planned and sustained effort.
- (b) It creates and maintains harmonious relations between an organization and the public.
- (c) Public relation is an effort to satisfy different groups (like-consumers, employees, shareholders and society). For example, with the help of Public relation, the expectation of any particular group is acknowledged.
- (d) Public relations is a continuous process. It starts with inception of business unit and lasts as long as it exists. The firm has to perform public relations activities on a continuous basis.
- (e) It is an integral part of managerial functions. Many companies operate a special department for the purpose known as public relations department to create and maintain constructive relations with different interested publics.
- (ii) **Factors responsible for the destruction of ecosystem are:**
 - (a) **Population Growth:** Rapid growth of human population is a major cause of environmental problems. It has caused destruction of natural resources, increasing extinction of species, soil erosion, falling water table, pollution of rivers and increase of harmful emissions in atmosphere.
 - (b) **Industrialisation:** Setting up of more and more industries and expansion of existing industrial units is leading to clearing of forest land and fertile agricultural land. Biological diversity is being lost forever. Industries produce chemicals, fertilisers, dyes, paints. Industrialization is an important cause of air pollution and water pollution.
 - (c) **Dwelling of Business Units:** In order to accommodate the migrating population to industries and commercial cities, more dwelling units are being developed.
 - (d) **Transport:** For transport facilities new roads and railway lines are being constructed. Therefore, roads that were once croplands, forests and even wetlands are being occupied. The traditional ecosystems are being altered to build schools, hospitals, community centres, sports complexes and government offices. Shallow lakes, ponds and other wetland area are ecosystem but also affect the migratory birds living in the ecosystem.
 - (e) **Tourism:** The development of facilities for tourism, pilgrimage, recreation and adventure are also the major factors responsible for destruction of ecosystem. These facilities are developed in those areas which have rich natural resources. The eco-tourism not being promoted in India also involve opening up national parks and wildlife sanctuaries to tourists.

(iii) **The advantages of a bank account are:**

- (a) **Safety of money:** The savings deposited in bank account remain safe and free from risk.

- (b) **Payment facility:** Payments can be made easily and safely by means of cheques.
 - (c) **Collection facility:** Bank collects cheques, drafts, bills of exchange, etc. deposited by the account holder.
 - (d) **Habit of savings:** People are prompted to save and deposit money in bank accounts due to benefits of safety and earning interest.
 - (e) **Loans and Advances:** Account holders can obtain loans, overdrafts and cash credits from banks.
 - (f) **Safe custody of valuables:** Customers can deposit their jewellery and valuables in lockers for safe custody.
 - (g) **Credit information:** Banks provide information relating to creditworthiness of their customers and also issue letters of credit on behalf of their customers.
5. (i) Catalog marketing is a sales technique used by businesses to group many items together in a printed piece or an online store, hoping to sell at least one item to the recipient. Consumers buy directly from the catalog sender by phone, return envelope or online using information in the catalog.
- Telemarketing is the act of selling, soliciting, or promoting a product or service over the telephone; the telephone is the most cost-efficient, flexible, and statistically accountable medium available. Telemarketing is the process of using the telephone to generate leads, make sales, or gather marketing information. Telemarketing can be a particularly valuable tool for small businesses, in that it saves time and money as compared with personal selling, but offers many of the same benefits in terms of direct contact with the customers.
- (ii) **Second Stage (Growth Stage):** In this stage, company's sales and profits start increasing and competition also begins to increase. The product becomes well recognized at this stage and some of the buyers repeat the purchase patterns. Firms focus on brand preference and gaining market share. It is market acceptance stage. But due to competition, company invests more in advertisement to convince customers so profits may decline near the end of growth stage. Along with maintaining the existing quality, new features and improvement in product quality may be done. Promotion is increased and more efforts are made for brand preference and loyalty.
- Third Stage (Maturity Stage): At maturity stage, brand awareness is strong. So, sale continues to grow but at a declining rate as compared to past. At this stage, there are more competitors with the same products. So, companies defend the market share and extending product life cycle, rather than making the profits, by offering sales promotions to encourage retailer to give more shelf space to the product than that of competitors. At this stage usually loyal customers make purchases.
- (iii) **Advantages of Sales Promotion are:**
- (a) The cost of sales promotion per unit is quite low.
 - (b) It provides support to personal selling and advertising.
 - (c) It makes a product acceptable to consumers faster.
 - (d) Management can have an effective check on the result achieved through this.
 - (e) It is the best suited method for new products.
6. (i) Procurement function is related with securing and employing right kind of people according to the goals of the organization.
- (a) **Job analysis:** It is the process of studying in detail, the operations and responsibilities involved in the job so as to identify nature and level of human resources required to perform the job effectively. Job description and job specification are prepared with the help of information provided by job analysis.
 - (b) **Human Resource planning:** It is the process of estimating the present and future man power requirements of the organization.
 - (c) **Recruitment:** It is the process of searching the required personnel and stimulating them to apply for the job through internal and external sources.
 - (d) **Selection:** It implies judging the suitability of different candidates for jobs in the organization and choosing the most appropriate among them.
 - (e) **Placement:** It assigns suitable jobs to the selected candidate so as to match employee qualification with job requirements.
 - (f) **Induction:** It involves familiarizing the new employees with the organization, the work environment and existing employees so that they feel at home.

(ii) Duties of Consumers:

- (a) Check quality of goods
- (b) Insists on warranty cards
- (c) Buy standard goods with ISI, AGMARK and other quality certifications
- (d) Buy reliable brands from standard companies
- (e) Before buying, note manufacturing date, expiry date and price
- (f) Study label carefully to get complete details of product
- (g) Ask for cash memo/bill for goods purchased
- (h) Form consumer associations to create awareness
- (i) Make complaints for genuine grievances
- (j) Take help of consumer forums to seek redressal of grievances (Any five)

(iii) Differences between savings deposit account and current account are as follows:

Basis of differences	Current Account	Savings Account
Purpose	To carry out frequent business and trade transactions.	To save and accumulate wealth for future goals.
Suitability	It is suitable for traders, business owners, companies, firms, etc.	It is appropriate for salaried people with regular income.
Interest Rate	Mostly doesn't provide any interest earning.	Offers interest-earning.
Transaction Limit	There are no restrictions on the number of transactions	Limited number of transactions are offered.
Borrowing Ability	The account holders are allowed to overdraw for the short-term.	There is no overdraft facility available for the account holders.

7. (i) (a) **Business Entity Concept:** Business firm is treated as a separate and distinct from its owners. A complete separate set of books is kept for the firm and business transactions are recorded from the firm's point of view. Capital provided by the owner is treated as a liability of the firm. Interest on capital is treated as an expense of business.
- (b) **Dual Aspect Concept:** This Concept also known as equivalence concept, signifies that every business transaction has two-fold effects or every transaction affects at least two accounts. This concept is, in fact, the base on which Double Entry System of Book-Keeping is based. According to this principle, every debit has a corresponding credit.

(ii) Differences between Receipts and Payments Accounts and Income and Expenditure Account are as follows:

Basis	Receipts and Payments Accounts	Income and Expenditure Accounts
Nature	It is a summary of cash receipts and cash payments.	It is like profit and loss account of a trading concern.
Nature	It is real account in nature.	It is nominal account in nature.
Objective	It is prepared to ascertain cash balance at the end of the year.	It is prepared to ascertain surplus or deficit at the end of the year.
Nature of items	It contains both capital and revenue items.	It contains only revenue items.
Opening balance	It starts with the opening balance of cash in hand and at bank.	It has no opening balance.
Closing balance	Its balance at the end shows the cash in hand and at bank at the end of year.	Its balance at the end shows the surplus or deficit at the end of year.
Adjusting Entries	It contains only cash items and does not include accrued income, income received in advance, outstanding or prepaid expenses.	It is prepared on the accrual basis and therefore includes all accrued and outstanding items.

Sides	Receipts are shown on debit side and payments on credit side.	Expenditure is shown on debit side and income on credit side.
Non cash items	It contains only cash items.	It contains cash plus non-cash items.

(iii) Elements of total cost are discussed below:

- (i) **Material Cost:** Material cost refers to the cost of substances from which the product is made. For example, paper used in a book, plastic used in a ball pen and timber used in a furniture and materials. Materials can be divided into two categories as follows:
 - (a) **Direct Material:** All materials which become an integral part of the finished product and which can be easily measured and directly charged to the product are called direct material.
 - (b) **Indirect Material:** Indirect materials are those materials which cannot be directly put to the specific product but which can be apportioned.
- (ii) **Labour Cost:** The cost of human effort required for converting the materials into the finished product is called labour cost. Labour can be direct or indirect.
 - (a) **Direct Labour:** The labour which can be wholly and directly identified with a particular product is called direct labour.
 - (b) **Indirect Labour:** Indirect labour means the labour which cannot be wholly and directly identified with a particular product.
- (iii) **Expenses:** Costs incurred other than on material and labour for production and distribution and for management of the organisation are called expenses. Expenses may be direct or indirect as follows:
 - (a) **Direct Expenses:** The expenses which can be wholly and directly identified with a particular product are called direct expenses.
 - (b) **Indirect Expenses:** Indirect expenses are those expenses which cannot be wholly and directly identified with a specific product identified with a specific product or job.

8. (i) **Uses of Balance Sheet:**

- (a) It shows the assets owned by the organization.
- (b) It reveals the liability of an organization.
- (c) It depicts the capital fund of the organization.
- (d) It shows the financial position of the organization.
- (e) The balance sheet is used to determine if the business has enough working capital to sustain its operation.

(ii) Differences between advertising and publicity are as follows:

Basis of distinction	Advertising	Publicity
Sponsor	Identify of sponsor is clearly known.	Identify of sponsor is not known.
Source	Message originates from advertiser.	Message originates from media.
Payment	Advertiser has to pay to media owners	Firm involved does not have to pay.
Control	Sponsor has control over the contents and timings of the message.	Media has control over the contents and timings of the message.
Nature of Message	Persuasive message designed to persuade customers to favour a product, service, idea or organisation.	Informative message designed to inform public.

(iii) **Methods of selling are:**

- (a) **Sales by inspection:** This is the most common method of buying known as purchasing by inspection where the buyer goes to the seller and inspects the goods or a whole lot of goods planned to be purchased. It is mostly used in case of retail buying.
- (b) **Sale by description:** In certain cases, it is not possible for a seller to even show a sample to the prospective buyer. For example, a manufacturer of furniture cannot move around showing samples to

the intending buyers. So, what he does instead, he carries a catalogue and price list that contains the description of goods offered for sale. Sometimes goods are standard products having specific quality and price etc. They are often given a number or a name. Sometimes the names become quite popular as brands, like Godrej Storewell, Surf, Dhara, Lifebouy, Fevicol, Pepsodent, etc. Here, the buyer just needs to mention the brand name or the product described while giving the order.

9. (i) **External sources of recruitment are:**

- (a) **Advertisements:** Advertisements in newspapers and journals are the most widely used method of attracting candidates for all types of jobs. Advertisements bring in a large number of applications due to wide circulation of a national newspaper. This method is convenient and economical.
- (b) **Employment Exchanges:** These are run by government. Anyone seeking employment can get himself registered with the employment exchange. Employers notify job vacancies to employment exchanges. The exchange supplies a list of candidates to fulfil required qualifications. In this way, job-seekers and job-givers are brought into contact.
- (c) **Placement Agencies:** Private employment agencies can be engaged for recruiting staff. These agencies advertise the vacancies, receive applications, conduct interviews and short-list candidates on behalf of employers. They charge a fee for their services.
- (d) **Educational Institutions:** Representatives of companies hold interviews in educational institutions and select the qualified students. This source is known as campus recruitment. It is suitable for recruiting engineers, computer experts and managers.
- (e) **Gate Hiring:** Small firms make recruitment at the factory gate. Workers gather at the factory gate after reading the notice of vacancies. The suitable candidates are selected. This method is used to fill temporary and casual vacancies.
- (f) **Recommendations:** Applicants introduced by friends and relatives can be a source of recruitment. In some firms, candidates recommended by trade unions are given preference.
- (g) **Unsolicited Applicants:** 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. A record of such persons may be maintained. When jobs suitable for them are available, they may be contacted and considered for employment. Such applicants are known as casual callers. (Any two)

(ii) **Procedure for selection (steps):**

- (a) **Preliminary interview:** The job seekers are received by the secretary who carries out a preliminary interview to determine whether the candidates are qualified to apply for the job.
- (b) **Application form:** Candidates are asked to fill the prescribed application form, with information like name, age, etc.
- (c) **Employment tests:** These tests are based on the assumption that the work behaviour of a person can be predicted by sampling it.
- (d) **Selection interview:** In this information given is checked through tests. Personality and knowledge are checked through face to face contact.
- (e) **Checking references:** Candidates are asked to give names of 2- 3 people from whom information about the candidate can be obtained.
- (f) **Medical examination:** It checks the physical fitness of the candidates.
- (g) **Final approval:** Appointment letter is issued.

(iii) **Features of Human Resource Management:**

- (a) **Comprehensive functions:** They are products of biological inheritance and interaction with the environment. They manage people at work.
- (b) **People oriented:** They are the heterogeneous as they have different personality, needs, attitudes and values.
- (c) **Individual oriented:** They are dynamic as they react to same situations differently.
- (d) **Action oriented:** They are the most important element of an organization as utilization of other factors is done by them.

- (e) **Development oriented:** They have potential to grow and develop. They ultimately help the organization to survive.
- (f) **Pervasive function:** They smoothen the functioning of all areas like production, marketing, finance and research. They are required everywhere.
- (g) **Continuous function:** They are constantly required as continuous alertness and awareness of human relation is important in day to day operation.
- (h) **Future oriented:** They help organization to achieve its objective.
- (i) **Challenging function:** Due to dynamic nature of people, managing people is challenging. They have emotions, so they can't be treated like machines.

□□

