

ICSE 2023 Examination

Sample Question Paper-1

(Specimen Paper issued by CISCE dated on 12th July 2022)

COMMERCIAL STUDIES

Class-X

SOLVED

Time Allowed : 2 hours

Maximum Marks : 80

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

(Attempt all questions from this Section)

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

[16]

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

- (i) **Uberimmae fidae, the principle of insurance means:**
- | | |
|-----------------------|------------------------|
| (a) Utmost good faith | (b) Contribution |
| (c) Subrogation | (d) Mitigation of loss |
- (ii) **Safety of capital of contributed is an expectation of:**
- | | |
|---------------|---------------|
| (a) Employees | (b) Creditors |
| (c) Society | (d) Employers |
- (iii) **Marketing is:**
- | | |
|-------------------------|---------------------------|
| (a) Production oriented | (b) Distribution oriented |
| (c) Customer oriented | (d) Demand oriented |
- (iv) **Who among the following is not an internal stakeholder?**
- | | |
|---------------|------------------|
| (a) Employers | (b) Shareholders |
| (c) Employees | (d) Creditors |
- (v) **Which of the following is NOT considered as a Consumer Right?**
- | | |
|--------------------------------|---------------------------------|
| (a) Right to freedom of speech | (b) Right to consumer education |
| (c) Right to be informed | (d) Right to safety |
- (vi) **_____ are intangible benefits, utilities and satisfactions which are offered for sale.**
- | | |
|-------------|--------------|
| (a) Product | (b) Market |
| (c) Price | (d) Services |
- (vii) **Distribution of free samples, prize contests, clearance sales, etc. are examples of:**
- | | |
|--------------------------------|---------------------------|
| (a) Consumer exploitation | (b) Capital receipts |
| (c) Sales promotion techniques | (d) Objectives of pricing |
- (viii) **Non-recurring receipts like additional capital, loan, etc. are:**
- | | |
|-------------------------|-------------------------|
| (a) Capital receipts | (b) Revenue receipts |
| (c) Capital expenditure | (d) Revenue expenditure |
- (ix) **Individuals who are hired to do a specific job are known as:**
- | | |
|-------------------|---------------|
| (a) Entrepreneurs | (b) Retailers |
| (c) Employers | (d) Employees |

- (x) Which consumer right allows the consumer to register his/her dissatisfaction at appropriate forums?
 (a) Right to safety (b) Right to consumer education
 (c) Right to be heard (d) Right to choose
- (xi) The value of the product or service expressed in terms of money is _____.
 (a) Tax (b) Rent
 (c) Income (d) Price
- (xii) A _____ is an establishment for storage or accumulation of goods.
 (a) Bank (b) Warehouse
 (c) Capital Market (d) E-Commerce platform
- (xiii) The _____ budget contains an estimate of the total volume of production week wise, month wise and product wise.
 (a) Production (b) Purchase
 (c) Cash (d) Sales
- (xiv) The capital of the company is divided into equal parts called _____.
 (a) Debentures (b) Shares
 (c) Deposits (d) Funds
- (xv) The _____ function of the Central bank involves settling of claims of Commercial banks through a process of book entries.
 (a) Monopoly of note issue (b) Government's bank
 (c) Clearing house (d) Developmental
- (xvi) Insurance and banking are examples of _____.
 (a) Services (b) Products
 (c) Warehouses (d) Distribution channels

Q. 2. Distinguish between:

- (i) Internal Stakeholders and External Stakeholders [2]
 (ii) Marketing and Sales [2]
 (iii) Recruitment and Selection [2]
 (iv) Equity and preference shares [2]
- Q. 3.** (i) What is marketing? [2]
 (ii) What is E-advertising? [2]
 (iii) Why is a master budget called a summary budget? [2]
 (iv) Explain in brief the Principle of Subrogation. [2]
- Q. 4.** (i) Who are stakeholders? [2]
 (ii) What is discounting of a Bill of Exchange? [2]
 (iii) State *any two* features of the Consumer Protection Act. [2]
 (iv) Define semi-variable cost and give an example. [2]

Section-B

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

- Q. 5.** (i) Discuss *five* objectives of pricing in detail. [5]
 (ii) Explain *any five* functions of Central Bank. [5]
- Q. 6.** (i) Briefly discuss *five* characteristics of a capital market. [5]
 (ii) Write short notes on: [5]
 (a) Intellectual Property fraud
 (b) Private warehouse
- Q. 7.** (i) Explain the Utility of Budgets. [5]
 (ii) Discuss *five* functions of an advertising agency. [5]
- Q. 8.** (i) Explain *any five* modules of ERP. [5]
 (ii) Describe *any five* techniques of sales promotion. [5]
- Q. 9.** (i) State two advantages and three disadvantages of internal recruitment. [5]
 (ii) Write short notes on: [5]

- (a) RTGS
(b) Principle of Contribution (in insurance)

Q. 10. Prepare a Trading, Profit and Loss account of Mr. A. Awasthi for the year ending on 31st March, 2022 and a Balance Sheet as on 31st March, 2022. [10]

31st March, 2022

Particulars	Amount (Dr) Rs.	Amount (Cr) Rs.
Capital		60,000
Drawings	4,500	
Cash at Bank	4,200	
Purchase	66,000	
Sales		1,35,000
Purchase Returns		3,000
Sales Returns	6,000	
Discount	1,200	
Carriage Outwards	1,800	
Salaries	18,000	
Trade expenses	3,600	
Opening stock	15,000	
Bad debts	1,800	
Rent	4,500	
Machinery	1,08,000	
Furniture	15,000	
Debtors	15,000	
Creditors		30,000
Stationery	7,500	
Commission received		900
Loan		43,200
	2,72,100	2,72,100

Closing stock on 31st March, 2022 was valued at ₹ 78,000.

□□□

SOLUTIONS

Sample Question Paper-1

COMMERCIAL STUDIES

SECTION : A

1. (i) **Option (a) is correct.**

Explanation: Uberimmae Fidae of Utmost good faith states that both the parties entering into the contract must disclose all material facts and avoid hiding any of them.

- (ii) **Option (d) is correct.**

Explanation: The employers or shareholders need security for the capital contributed by them as they expect some return from the organisation.

- (iii) **Option (c) is correct.**

Explanation: Marketing is the process of identifying and satisfying wants of the consumers. It is more consumer-oriented rather than production-oriented. It has long-term goals. Rest of the options are related with sales.

- (iv) **Option (d) is correct.**

Explanation: Creditors are external stake holders as they are not involved in the organisation.

- (v) **Option (a) is correct.**

Explanation: Right to freedom of speech is a fundamental right as guaranteed by the constitution of India to every citizen.

- (vi) **Option (d) is correct.**

Explanation: A Service is a product that consists of various activities, benefits, or satisfactions offered for sale that are necessarily intangible and does not result in the ownership of anything.

- (vii) **Option (c) is correct.**

Explanation: Sales promotion is a process of assisting and/or persuading a prospective customer to buy a commodity or service.

- (viii) **Option (a) is correct.**

Explanation: Capital receipts are the income received by the company which is non-recurring in nature. They are generally part of financing and investing activities rather than operating activities. The capital receipt either reduces an asset or increases a liability. For example, debentures or bonds, loans,

insurance claims, cash from sale of fixed assets, amount obtained from issuance of shares, additional capital introduced by the proprietor etc.

- (ix) **Option (d) is correct.**

Explanation: An employee is a worker hired by an employer to do a specific job.

- (x) **Option (c) is correct.**

Explanation: The grievances and claims of a consumer must be heard and considered. He has the right to register his dissatisfaction and be heard at appropriate forums.

- (xi) **Option (d) is correct.**

Explanation: Tax is the charge taken by the government on the income or sales or services provide or any economic activity. Rent is the amount paid for hiring of a land, equipment etc. Income is the amount earned by an individual. Price is the value of a good or service.

- (xii) **Option (b) is correct.**

Explanation: Bank is the institute that accepts deposits and gives loans. Warehouse is an establishment for storage or accumulation of goods. Capital Market is the market where shares and stocks are sold and bought. E-Commerce platform is the virtual market where goods are sold and purchased.

- (xiii) **Option (a) is correct.**

Explanation: The production budget, also called the manufacturing budget, is a budget that determines the quantity of the firm's product that needs to be produced during a budgetary time period.

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

Explanation: The capital of the company is divided into shares which can be purchased to have the ownership of the company with voting rights and the right to earn dividend at the end of the financial year when the company earns profits.

- (xv) **Option (c) is correct.**

Explanation: The Central Bank provides clearing house facility to the commercial banks. It settles the claims of commercial

banks through a process of book entries. The daily balances between the commercial banks can easily be adjusted by means of debit and credit entries in their respective accounts with the Central Bank.

(xvi) Option (a) is correct.

Explanation: As in the case of both Insurance and Banking, no tangible product is sold, they are an example of services.

2. (i) The difference between Internal Stakeholders and External Stakeholders are:

Point of Distinction	Internal Stakeholders	External Stakeholders
Position	They operate from inside the organisation.	They operate from outside the organisation.
Role	They actively participate in the management and working of the organisation.	They do not actively participate in the management and working of the organisation.
Constituents	They consist of employers (owners and managers) and employees.	They consist of suppliers, customers, competitors, government and general public.
Risk	High risk.	Low risk.

(ii) The difference between Marketing and Sales are:

S. No.	Marketing	Sales
(i)	It is the process of identifying and satisfying wants	It is the process of exchanging goods for money.
(ii)	Long-term goals	Short-term goals
(iii)	Consumer-oriented activities	Production-oriented activities
(iv)	Wider scope	Narrower scope
(v)	Begins before production and continues after sales	Begins after production and ends with sales
(vi)	Focuses on customers' needs	Focuses on sellers' needs
(vii)	Involves creation and maintenance of customers	Presupposes existence of demand
(viii)	New and modern concept	Old and traditional concept

(iii) The difference between recruitment and selection are:

Positive process	Negative process
To create a large pool of candidates.	To eliminate all unsuitable candidates.

(iv) The difference between Equity and preference shares are:

Sr. No.	Point of Distinction	Equity Shares	Preference Shares
(i)	Nominal Value	The nominal value of equity shares is low.	The nominal value of preference shares is generally high.
(ii)	Payment of Dividend	Equity shares receive dividend after the preference shares are paid.	Preference shares get priority over equity shares in case of payment of dividend.
(iii)	Rate of Dividend	The rate of dividend fluctuates with profits.	The rate of dividend is generally regular and fixed.
(iv)	Voting Rights	The equity shareholders have full voting rights.	There are no voting rights except when dividend remains unpaid for 2 to 3 years.
(v)	Redemption	Equity shares are not repayable during the lifetime of the company.	Preference shares may be redeemed after a fixed period or at the discretion of the company.
(vi)	Refund of Capital	After preference shares are paid	Priority over equity shares
(vii)	Degree of Risk	Sink or swim with the company	Relatively less risk
(viii)	Appeal	To bold investors	To conservative / safe investors
(ix)	Form	Not hybrid form of investment	Hybrid form of investment
(x)	Value	Units of equal value	May or may not be of equal value

3. (i) Marketing is the process of identifying a group of potential customers and finding out ways to convince them to buy the company's product. It refers to the activities of a company associated with buying and selling a product or service. It includes advertising, selling and delivering products to people.
- (ii) Electronic advertising is advertising that uses the internet and other forms of digital media to help a business promote and sell goods and services.
- (iii) The master budget is a summary of all budgets. The budget requires the approval of the Budget committee before it is put into operation.
- (iv) **Subrogation:** It states that the insurer becomes entitled to all the rights and remedies relating to the property insured after indemnifying the insured for his loss. His rights, however, is only to the extent of the sum insured or loss/expense incurred, whichever is lower. This principle is applicable to all contracts of insurance except life insurance.
4. (i) Stakeholders are the individuals or groups that are directly or indirectly affected by an organisation pursuit of its goals. They include owners or shareholders, employees, suppliers, distributors, general public, labour union, creditors, financial institutions, and government.
- (ii) Banks purchase the bills of exchange from the owner at the value less than face value. This is known as Discounting of bills of exchange.
- (iii) Salient features of the Consumer Protection Act:
- Social Welfare Law
 - Comprehensive Provision and Effective Safeguards
 - Special Consumer Courts
 - Three-tier Grievance Redressal Machinery
 - Simple and Inexpensive
 - Covers Goods and Services
 - Time Frame
 - Class Action
 - Check on Unfair Trade Practices
 - Check on Overcharging
 - Consumer Protection Councils
 - It protects consumers from exploitation and provides the consumers with special consumer rights. **(Any two)**
- (iv) There are certain costs which do not vary proportionately but do not remain constant with changes in the volume of output either; e.g. telephone costs: basic rental is fixed but call charges are variable.

SECTION : B

5. (i) The main objectives of pricing followed by all the firms are as follows:
- Price Stability:** In this objective, a firm seeks to cut or eliminate cyclical price fluctuations and avoid price wars. Price stability helps in planned and regular production in the long run. However, it may create rigidity in pricing.
 - Capture Market Share:** Market share refers to sales of firm in relation to those of competitors. It is a meaningful mark for measuring market position of a firm. Pricing objective of capturing more market share is followed in an expanding market where the market has a potential for growth.
 - Meet or Prevent Competition:** In a market characterised by cut-throat competition, firms often take pricing decision to meet or prevent competition. This objective is adopted by firms while introducing a new product. Also, for established product, firms adopt this objective to prevent competitors from entering a market. Some firms focus on matching competitors' prices to maintain the status within an industry.
 - Profit maximization:** Firms pursuing this objective try to earn as much money as possible. Small and lesser known firms may try to charge as much price as the customer can bear. Due to high profits, new entrepreneurs will be attracted to enter the industry and prices will come down in the long run.
 - Desired Rate of Return:** The pricing policy of the business organisation should be such that it enables to have a desired rate of return. It will enable them to have the best return as it includes all the cost that the firm has incurred along with the profit margin and the competitors cost.
- (ii) The functions of the Central Bank are:
- Issue of Currency:** The Central Bank is given the sole monopoly of issuing currency in order to secure control over volume of currency and credit. These notes circulate throughout the country as legal tender money. It has to keep a reserve in the form of gold and foreign securities as per statutory rules against the notes issued by it. It may be noted that RBI issues all currency notes in India except one rupee note. Again, it is under the directions of RBI that one rupee notes and small coins are issued by government mints.
 - Banker to Government:** It implies that the Central Bank performs different

functions for the government. As a banker, the Central Bank performs banking functions for the government as commercial banks perform for the public by accepting the government deposits and granting loans to the government. As an agent, the Central Bank manages the public debt, undertakes the payment of interest on this debt, and provides all other services related to the debt. As an advisor, the Central Bank gives advice to the government regarding economic policy matters, money market, capital market, and government loans. Apart from this, the Central Bank formulates and implements fiscal and monetary policies to regulate the supply of money in the market and control inflation.

- (iii) **Custodian of Cash Reserves of Commercial Banks:** Implies that the Central Bank takes care of the cash reserves of commercial banks. Commercial banks are required to keep certain amount of public deposits as cash reserve, with the Central Bank, and other part is kept with commercial banks themselves. The percentage of cash reserves is decided by the Central Bank. A certain part of these reserves is kept with the Central Bank for the purpose of granting loans to commercial banks. Therefore, the Central Bank is also called banker's bank.
- (iv) **Lender of the Last Resort:** When commercial banks fail to meet their financial requirements from other sources, they approach the Central Bank to give loans and advances, such as lender of the last resort. Central Bank assists these banks through discounting of approved securities and bills of exchange.
- (v) **Clearing House Function:** Banks receive cheques drawn on the other banks from their customers which they have to realise from drawee banks. Similarly, cheques on a particular bank are drawn and passed into the hands of other banks which they have to realise from the drawee banks. Independent and separate realisation of each cheque would take a lot of time and, therefore, Central Bank provides clearing facilities, i.e., facilities for banks to come together every day and set off their chequing claims.
- (vi) **Controller of Credit:** It implies that the Central Bank has power to regulate the credit creation by commercial banks. The credit creation depends upon the amount of deposits, cash reserves, and rate of interest given by commercial banks. All these are directly or indirectly controlled by the Central Bank. For instance, the

Central Bank can influence the deposits of commercial banks by performing open market operations and making changes in CRR to control various economic conditions.

- (vii) **Custodian of Foreign Exchange or Balances:** Central Bank is the custodian of foreign exchange reserves and nation's gold. It keeps a close watch on external value of its currency and undertakes exchange management control. All the foreign currency received by the citizens has to be deposited with the Central Bank; and if citizens want to make payment in foreign currency, they have to apply to the Central Bank. Central Bank also keeps gold and bullion reserves.

[Any 5]

6. (i) The important characteristics of the capital market are:
- (i) **Mobilization of Savings:** Capital market is an important source for mobilizing idle savings from the economy. It mobilizes funds from people for further investment in the productive channels of an economy. In that sense, it activates the ideal monetary resources and puts them in proper investments.
- (ii) **Capital Formation:** Capital market helps in capital formation. Capital formation is net addition to the existing stock of capital in the economy. Through mobilization of ideal resources, it generates savings; the mobilized savings are made available to various segments such as agriculture, industry, etc. This helps in increasing capital formation.
- (iii) **Proper Regulation of Funds:** Capital markets not only helps in fund mobilization, but they also help in proper allocation of these resources. It can help with regulation of resources so that it can direct funds in a qualitative manner.
- (iv) **Service Provision:** As an important financial set-up, capital market provides various types of services. It includes long-term and medium-term loans to industry, underwriting services, consultancy services, export finance, etc. These services help the manufacturing sector in a large spectrum.
- (v) **Link between Savers and Investors:** The capital market functions as a link between savers and investors. It plays an important role in mobilizing the savings and diverting them towards productive investment. In this way, capital market plays a vital role in transferring the financial resources from surplus and

wasteful areas to deficit and productive areas, thus increasing the productivity and prosperity of the country.

- (vi) **Promotes Economic Growth:** The capital market not only reflects the general condition of the economy, but also smooth and accelerates the process of economic growth. Various institutions of the capital market, like non-bank financial intermediaries, allocate the resources rationally in accordance with the development needs of the country. The proper allocation of resources results in the expansion of trade and industry in both public and private sectors, thus promoting balanced economic growth in the country.
- (vii) **Encourages Saving:** With the development of capital market, the banking and non-banking institutions provide facilities which encourage people to save more. In the less-developed countries, in the absence of a capital market, there are very little savings and those who save often invest their savings in unproductive and wasteful directions, i.e. in real estate and conspicuous consumption.
- (viii) **Encouragement to Invest:** The capital market facilitates lending to the businessmen and the government and thus encourages investment. It provides facilities through banks and non-bank financial institutions. Various financial assets— like shares, securities, bonds, etc.—induce savers to lend to the government or invest in industry. With the development of financial institutions, capital becomes more mobile, interest rate falls and investment increases.
- (ix) **Provision of Investment Opportunity:** Capital market raises resources for longer periods of time. Thus, it provides an investment opportunity for people who wish to invest resources for a long period of time. It also provides suitable interest rate returns to investors. Instruments such as bonds, equities, units of mutual funds, insurance policies, etc. definitely provide diverse investment avenues for the public. **[Any five]**
- (ii) (a) **Intellectual Property Fraud:** Intellectual property fraud is when fake goods are passed off as originals. It can include counterfeit products or piracy on products from many industries, including health, music, film and fashion. The following actions can be taken against intellectual property frauds:
- (i) Report the fraud immediately to the appropriate authority.

(ii) File a claim for monetary loss or damage caused by the fraud.

(iii) Register a criminal case against the person/ party involved in the fraud.

(iv) Return the misappropriated intellectual property material.

(v) Be aware of signs of fraud.

(b) **Private Warehouse:** The warehouses which are owned and managed by the manufacturers or traders to store, exclusively, their own stock of goods are known as private warehouses. Generally, these warehouses are constructed by the farmers near their fields, by wholesalers and retailers near their business centres and by manufacturers near their factories. The design and the facilities provided therein are according to the nature of products to be stored.

7. (i) **Utilities of budget to the management:**

(i) **Higher efficiency:** Budget brings efficiency and economy to the working of a business firm.

(ii) **Sound planning:** Budgets make planning purposeful and precise. They help managers to think about the future. They act as a safeguard by providing an automatic check on the judgement of executives.

(iii) **Sense of responsibility/Provides targets:** Budget helps to establish divisional and departmental responsibility. They prevent buck passing.

(iv) **Source of motivation:** Budgets become the goals or targets to be attained and milestones to be reached.

(v) **Coordination:** Budgets are prepared in consultation with each other. Therefore, they help in achieving coordination between different departments of the enterprise.

(vi) **Delegation of authority:** Budget allows delegation of authority without loss of control. The manager can freely delegate authority to affect the plan within the limits of the budget.

(vii) **Effective control:** Budgets are an important tool of managerial control. They facilitate evaluation of variations between actual performance and budgetary targets.

(Any five valid points)

(ii) **The five functions of Advertising agencies are:**

(i) **Research function:** Advertising agency gathers information related to the client's product. It collects information about a product under its research function.

- (ii) **Advertising planning:** Advertising agency plans the entire ad campaign of its client. Advertising planning is a primary function of an ad agency. It is done when its research function is completed i.e, after analysing the client's product, its competitors, market conditions, etc. It is done by experts who use their professional experience to make a result-oriented advertising-plan. After making the advertising plan, it is shown to the client. If the client likes and approves it, then the plan is executed.
- (iii) **Creative function:** Advertising agency put the advertising-plan into action under its creative function. Creation of ads is the most important function of an ad agency. Generally, it involves activities like copy writing, drawing photographs, making illustrations, layouts, an effective ad message, etc. These jobs are done by experts like copy writers, artists, designers, etc. These people are highly skilled and creative. They make an advertisement more appealing. Attractive ads help to increase the sales of the product.
- (iv) **Media selection:** Advertising agency helps an advertiser to select a proper media to promote his advertisement effectively. Media selection is a highly specialized function of an ad agency. It must select the most suitable media for its client's ad. It must choose media, which has the potential to give best results for the lowest cost. It must select more than one media for the ad. For example, an advertisement can be put on television, internet, newspapers, magazines, etc.
- (v) **Advertising budget:** Advertising agency helps an advertiser to prepare his ad budget. It helps him to use his budget economically and make the best use of it.
- (vi) **Coordination:** Advertising agency brings about good coordination between the advertiser media and distributors. This is a very important function. If coordination is proper, it will increase the sales of the product.
- (vii) **Sales promotion:** Advertising agency performs sales promotion. It helps an advertiser to introduce sales promotion measures for the dealers and consumers. This helps to increase the sales of the product.
- (viii) **Marketing research:** Advertising agency helps its clients to solve their marketing problems. It does so by conducting marketing research for them.
- (ix) **Public relations:** Advertising agency does the public relations (PR) work for its clients. It increases the goodwill between its clients and other parties like consumers, employees, middlemen, shareholders, etc. It also maintains good relations between the client and media owner. **[Any five]**
8. (i) The five modules of ERP System are :
- (i) **Human Resource Module:** It helps the HR team in efficient management of human resources and to manage employee information, track employee records, time and attendance, pay roll, etc.
- (ii) **Inventory Module:** It can be used to track the stock of items. Items can be identified by unique serial numbers. It includes functionalities like inventory control, master units, etc.
- (iii) **Sales Module:** It includes a typical sales process like sales queries and enquiry, analysis, quotation, drafting, dispatch of shipment of material, etc.
- (iv) **Purchase Module:** It includes all the processes that are part of procurement of items or raw materials that are required for an organisation.
- (v) **Finance and Accounting Module:** Inflow and outflow of money or capital is managed by finance module. It helps to keep track of all accounts related transactions.
- (vi) **Customer Relationship Management Module:** It helps to boost the sales performance through better customer service and establishing healthy relationship with customers.
- (vii) **Engineering and Production Module:** It is a great help for manufacturing industry for delivering product. This module consists of functionalities like production, planning, raw material, usage, etc.
- (viii) **Supply Chain Management:** SCM module manages the flow of product items from manufacturer to consumer and consumer to manufacturer. **[Any five]**
- (ii) The techniques used in sales promotion are:
- (i) **Rebate:** Offering products at special prices, to clear off excess inventory. Example, a car manufacturer's offer to sell a particular brand of car at a discount of ₹10,000, for a limited period.

- (ii) **Discount:** Offering products at less than list price. Example, a shoe company's offer of 'Discount up to 50%' or a shirt marketer's offer of '50+40% Discount'.
- (iii) **Refunds:** Refunding a part of price paid by customer on some proof of purchase, say on return of empty foils or wrapper. This is commonly used by food product companies to boost their sales.
- (iv) **Product Combinations:** Offering another product as gift along with the purchase of a product, say offer of a pack of ½ kg of rice with the purchase of a bag of Aatta (wheat flour), or 'Get 128 KB Memory Card Free with a Digicam' or Buy a TV of 25+ and Get a Vacuum Cleaner Free' or '100 gm Bottle of Sauce Free With 1 kg Detergent.'
- (v) **Quantity Gift:** Offering extra quantity of the product commonly used by marketer of toiletry products. For example, a shaving cream's offer of '40% Extra' or A Hotel's offer of "Take a 2 Night 3 Days Package At the Hotel and Get an Extra Night Stay At Just ` 500" or 'Buy 2 Get 1 Free' offer of a marketer of shirts.
- (vi) **Instant Draws and Assigned Gift:** For example, 'Scratch a Card' or 'Burst a Cracker' and instantly win a Refrigerator, Car, T-shirt, Computer, with the purchase of a TV.
- (vii) **Lucky Draw:** For example, the offer of a bathing soap to win a gold coin in a lucky draw, coupon for free petrol on purchase of certain quantity of petrol from given petrol pump or lucky draw coupon on purchase of easy undergarment and win a car offer.
- (viii) **Usable Benefit:** 'Purchase goods worth ₹3,000 and get a holiday package worth ₹3,000 free' or 'Get a discount voucher for accessories on apparel purchase for ` 1000 and above.'
- (ix) **Full finance @ 0%:** Many marketers of consumer durables such as electronic goods, automobiles etc. offer easy financing schemes such as '24 easy instalments, eight up front and 16 to be paid as post-dated cheques'. However, one should be careful about the file charges, which sometimes is nothing but interest recovered in advance.
- (x) **Sampling:** Offer of free sample of a product, say a detergent powder or tooth paste to potential customers at the time of launch of a new brand.
- (xi) **Contests:** Competitive event involving application of skills or luck, say solving a quiz or answering some questions.

[Any five]

9. (i) Advantages of Internal Recruitment:

- (i) Helps to motivate and improve the morale of the employees
- (ii) Minimizes absenteeism
- (iii) Cheaper source of recruitment, time and money is saved
- (iv) Candidates do not require induction training.

The disadvantages of internal recruitment are:

- (i) When vacancies are filled through internal promotions, the scope for induction of fresh talent is reduced. Hence, complete reliance on internal recruitment involves danger of 'inbreeding' by stopping 'infusion of new blood' into the organisation
- (ii) The employees may become lethargic if they are sure of time-bound promotions
- (iii) A new enterprise cannot use internal sources of recruitment. No organisation can fill all its vacancies from internal sources
- (iv) The spirit of competition among the employees may be hampered
- (v) Frequent transfers of employees may often reduce the productivity of the organisation.
- (vi) It is possible that the requisite number of persons possessing qualifications for the vacant posts may not be available in the organisation.
- (vii) For posts requiring innovations and creative thinking, this method of recruitment cannot be followed.

[Any three]

- (ii) (a) **RTGS:** Real Time Gross Settlement is a fund transfer system under which transfer of funds takes place from one bank to another on a real-time and gross basis. There is no waiting period in settlement. In RTGS transactions it is more instant settlement system used mainly for high volume payment. RTGS is not available at all the bank branches in India. This facility is provided only by CBS enabled bank branches.
- (b) **Principle of Contribution:** Sometimes a property is insured with more than one company. Where there are two or more insurances on one risk, the principle of contribution applies between insurers. The objective of contribution is to distribute the actual amount of loss among different insurers who are liable for the same risk. In case of loss,

any one insurer may make the payment to the assured, for the full amount of loss covered by the policy. After paying this amount, he is allowed to claim a contribution from his co-insurers in

proportion to the amount which each has undertaken to pay in case of loss. The principle of contribution is applied to any insurance which is a contract to indemnity. It does not apply to life and personal accident insurance.

10.

In the books of Mr. A. Awasthi
Trading and Profit and Loss Account
For the year ending 31st March 2022

Particulars	Amount (₹)	Particulars	Amount (₹)
To Opening Stock	15,000	By Sales	1,35,000
To Purchases	66,000	Less Sales Return	<u>6,000</u>
Less: Purchases Returns	<u>3,000</u>	By Closing Stock	78,000
To Gross Profit c/d	1,29,000		
- transferred to Profit and Loss Account	2,07,000		2,07,000
	1,200	By Gross Profit b/d -	
To Discount	1,800	- transfer from Trading Account	1,29,000
To Carriage Outward	18,000	By Commission Received	900
To Salaries	3,600		
To Trade expenses	1,800		
To Bad Debts	4,500		
To Rent	7,500		
To Stationery	91,500		
To Net profit c/d			
- transferred to Capital Account			
	1,29,900		1,29,900

Balance Sheet as at 31st March 2022

Particulars	Amount (₹)	Particulars	Amount (₹)
Capital	60,000	Machinery	1,08,000
Add: Net Profit	91,500	Furniture	15,000
	1,51,500	Debtors	15,000
Less: Drawings	<u>4,500</u>	Stock-in-trade	78,000
Creditors	30,000	Cash at Bank	4,200
Loan	43,200		
	2,20,200		2,20,200

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