

**YEAR 2020 EXAMINATION**

**ICSE**

# Analysis of Pupil Performance

## COMMERCIAL STUDIES



**Research Development and Consultancy Division**  
**Council for the Indian School Certificate Examinations**  
**New Delhi**

**Year 2020**

---

***Published by:***

Research Development and Consultancy Division (RDCD)

Council for the Indian School Certificate Examinations

Pragati House, 3<sup>rd</sup> Floor

47-48, Nehru Place

New Delhi-110019

Tel: (011) 26413820/26411706

E-mail: [council@cisce.org](mailto:council@cisce.org)

**© Copyright, Council for the Indian School Certificate Examinations**

All rights reserved. The copyright to this publication and any part thereof solely vests in the Council for the Indian School Certificate Examinations. This publication and no part thereof may be reproduced, transmitted, distributed or stored in any manner whatsoever, without the prior written approval of the Council for the Indian School Certificate Examinations.

This document of the Analysis of Pupils' Performance at the ISC Year 12 and ICSE Year 10 Examination is one of its kind. It has grown and evolved over the years to provide feedback to schools in terms of the strengths and weaknesses of the candidates in handling the examinations.

We commend the work of Mrs. Shilpi Gupta (Deputy Head) and the Research Development and Consultancy Division (RDCD) of the Council who have painstakingly prepared this analysis. We are grateful to the examiners who have contributed through their comments on the performance of the candidates under examination as well as for their suggestions to teachers and students for the effective transaction of the syllabus.

We hope the schools will find this document useful. We invite comments from schools on its utility and quality.

**November 2020**

**Gerry Arathoon  
Chief Executive & Secretary**

The CISCE has been involved in the preparation of the ICSE and ISC Analysis of Pupil Performance documents since the year 1994. Over these years, these documents have facilitated the teaching-learning process by providing subject/ paper wise feedback to teachers regarding performance of students at the ICSE and ISC Examinations. With the aim of ensuring wider accessibility to all stakeholders, from the year 2014, the ICSE and the ISC documents have been made available on the CISCE website [www.cisce.org](http://www.cisce.org).

The documents for the ICSE and ISC Examination Year 2020 include a detailed qualitative analysis of the performance of students in different subjects. The purpose of this analysis is to provide insights into how candidates have performed in individual questions set in the question paper. This section is based on inputs provided by examiners from examination centers across the country. It comprises of question wise feedback on the performance of candidates in the form of *Comments of Examiners* on the common errors made by candidates along with *Suggestions for Teachers* to rectify/ reduce these errors. The *Marking Scheme* for each question has also been provided to help teachers understand the criteria used for marking. Topics in the question paper that were generally found to be difficult or confusing by candidates, have also been listed down, along with general suggestions for candidates on how to prepare for the examination/ perform better in the examination.

The Analysis of Pupil Performance document for ICSE for the Examination Year 2020 covers the following subjects/papers: English (English Language, Literature in English), History and Civics, Mathematics, Physics, Chemistry, Commercial Studies and Environmental Science.

Subjects covered in the ISC Analysis of Pupil Performance document for the Year 2020 include English (English Language and Literature in English), Hindi, Physics, Chemistry, Mathematics, Computer Science, History, Political Science, Economics, Commerce, Accounts, and Environmental Science.

I would like to acknowledge the contribution of all the ICSE and the ISC examiners who have been an integral part of this exercise, whose valuable inputs have helped put this document together.

I would also like to thank the RDCD team of Dr. M.K. Gandhi, Dr. Manika Sharma, Mrs. Roshni George and Ms. Mansi Guleria, who have done a commendable job in preparing this document.

We hope that this document will enable teachers to guide their students more effectively and comprehensively so that students prepare for the ICSE/ ISC Examinations, with a better understanding of what is required from them.

November 2020

*Shilpi Gupta*  
Deputy Head - RDCD

# CONTENTS

|   | <b>Page No.</b>  |
|---|------------------|
| <b><i>FOREWORD</i></b>                          | <b><i>i</i></b>  |
| <b><i>PREFACE</i></b>                           | <b><i>ii</i></b> |
| <b>QUALITATIVE ANALYSIS: COMMERCIAL STUDIES</b> | <b>1</b>         |

## SECTION A (40 Marks)

*Attempt all questions from this Section*

### Question 1

Distinguish between:

- |     |                                     |     |
|-----|-------------------------------------|-----|
| (a) | Advertising and Publicity           | [2] |
| (b) | Capital and Revenue expenditure     | [2] |
| (c) | Equity shares and Preference shares | [2] |
| (d) | Internal and External Stakeholders  | [2] |
| (e) | Central Bank and Commercial Bank    | [2] |

| Comments of Examiners   | Suggestions for Teachers  |
|---|---|
| <p>(a) Many candidates did not write the basis of distinction between Advertising and Publicity. Some candidates wrote points of <i>Advertising</i> and <i>Sales promotion</i> instead of <i>Publicity</i>. Some interchanged the points.</p> <p>(b) A few candidates wrote the difference between <i>Capital Receipts</i> and <i>Revenue Receipts</i>. Some got mixed up and interchanged the points.</p> <p>(c) Some candidates got confused between <i>Shares</i> and <i>Debentures</i>. Some candidates interchanged the points</p> <p>(d) Some candidates confused <i>Internal</i> and <i>External Stakeholders</i> with <i>Internal</i> and <i>External Recruitment</i>. A few interchanged the points.</p> <p>(e) Most of the candidates answered this part correctly.</p> | <ul style="list-style-type: none"><li>▪ <i>Train students to write the answer in a tabular form and make a column for 'Basis of Distinction' in all the questions related to differentiation.</i></li><li>▪ <i>Explain the difference between Sales Promotion and Publicity to the students thoroughly.</i></li><li>▪ <i>Lay stress on the use of correct terminology and proper definitions of the terms.</i></li><li>▪ <i>Explain to the students the meaning of the word 'stakeholders' and make them understand who 'internal' and 'external' stakeholders are.</i></li></ul> |

## MARKING SCHEME

### Question 1

| (a) | <b>Point of Distinction</b> | <b>Advertising</b>   | <b>Publicity</b>   |
|-----|-----------------------------|--|--|
|     | Sponsor                     | It is done by an identified sponsor.                                       | In it, the sponsor is not identified.  |
|     | Paid Form                   | It is paid for by the sponsor.   | It is not directly paid for by the sponsor.  |
|     | Nature                      | It is always impersonal.   | It may be both personal and impersonal.  |
|     | Control                     | The sponsor has direct control over the size and frequency of the message. | The sponsor does not control the size and frequency of message.                          |
|     | Versatile                   | Advertising is less versatile.   | Publicity is more versatile.   |
|     | Outcome                     | Advertising stimulates and creates demand for production or service.       | Publicity creates a favourable public opinion about the organization and its activities. |
|     | Commercial Value            | Advertising has a commercial value/ economic value.                        | Publicity may or may not have a commercial value / economic value.                       |
|     | Party which suffers         | Sponsor suffers a loss.  | Public who ignore the message suffer.  |
|     | Interdependent              | Advertising is a part of publicity.  | Publicity includes advertising.  |

*(Any two)*

| (b) | <b>Point of Distinction</b> | <b>Capital Expenditure</b>   | <b>Revenue Expenditure</b>  |
|-----|-----------------------------|--|---|
|     | Purpose                     | Capital expenditure is incurred for acquisition or erection of fixed assets. | Revenue expenditure is incurred for the day to day conduct of business.                       |
|     | Result                      | Capital expenditure increases the earning capacity of the business.          | Revenue expenditure maintains the existing earning capacity.                                  |
|     | Benefit                     | The benefit of capital expenditure extends to more than one year.            | The benefit of revenue expenditure extends only to the current year.                          |
|     | Accounting                  | Capital expenditure is shown in the balance sheet as an asset.               | Revenue expenditure is shown in the trading account or profit and loss account as an expense. |

|                 |   |   |
|-----------------|---|---|
| Nature          | Capital expenditure is non-recurring in nature.                     | Revenue expenditure is recurring in nature.                                       |
| Value of Assets | Capital expenditure leads to increase in the value of fixed assets. | Revenue expenditure does not result in the increase of the value of fixed assets. |
| Amount involved | Large amounts are involved.   | Relatively small amounts are involved.  |
| Examples        | Land, buildings etc.  | Salary paid; rent paid etc.   |

*(Any two)*

(c)

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

*(Any two)*

|     |                             |  |   |
|-----|-----------------------------|--|---|
| (d) | <b>Point of Distinction</b> | <b>Internal Stakeholders</b>   | <b>External Stakeholders</b>  |
|     | Position                    | They operate from inside the organization.                                   | They operate from outside the organization.   |
|     | Role                        | They actively participate in the management and working of the organization. | 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  |
|     | Voting rights               | Have voting rights.  | Do not have voting rights.  |
|     | <i>(Any two)</i>            |  |   |
| (e) | <b>Point of Distinction</b> | <b>Central Bank</b>  | <b>Commercial Bank</b>  |
|     | Ownership                   | Central bank is owned by the government.                                     | Commercial bank is owned by shareholders.   |
|     | Nature                      | Central bank is a non-profit institution.                                    | Commercial bank is a profit-making institution.                                     |
|     | Customers                   | Central bank is a banker to the government.                                  | Commercial bank is a banker to the general public.                                  |
|     | Function                    | Central Bank has the monopoly of note issue.                                 | Commercial bank cannot issue notes but only cheques.                                |
|     | Foreign Currency            | Central Bank is the custodian of country's foreign currency reserves.        | Commercial bank is the dealer in foreign currencies.                                |
|     | Head                        | The chief of the central bank is called the 'Governor'.                      | The chief executive of a commercial bank is called the 'Chairman'.                  |
|     | Amount                      | Deals in large amounts of money.   | Deals in relatively smaller amounts of money.                                       |
|     | Credit                      | Controls credit.   | Creates credit.   |
|     | Statue                      | RBI act of 1934.   | Banking regulation act of 1949.   |

|        |   |   |
|--------|---|---|
| Status | Apex institution of the country's money and banking system.   | One of the organs of the money market.                                  |
| Number | Every country has one central bank.   | There are several commercial banks in the country.                      |
| Role   | It helps in setting up financial institutions to strengthen money and capital markets in the country. | It helps industry and commerce by providing finance and other services. |

(Any two)

## Question 2

- (a) What is *E-tailing*? [2]
- (b) What are *Fixed Costs*? [2]
- (c) What is a *Budget*? [2]
- (d) Briefly explain *Provident Fund*. [2]
- (e) State *two advantages of internal recruitment*. [2]

### Comments of Examiners

- (a) Some candidates wrote the answer without appropriate examples. In several scripts the key words were missing.
- (b) Many candidates wrote that these are the costs which are fixed. The desired key words were not written by majority of the candidates. Most of the examples given, were pertaining to variable costs.
- (c) Majority of candidates were not clear about the concept. Some of them wrote about family budget. Several candidates wrote general answers. Keywords were missing in many answers.
- (d) Many candidates were not clear about the term 'provident fund'. Confused it with 'gratuity' and 'pension'.
- (e) This was a well attempted question by most candidates.

### Suggestions for Teachers

- Teach the terms with examples and highlight the keywords.
- Explain the meaning of fixed costs properly along with examples.
- Clarify 'Budget' to students with commercial terminology.
- Emphasise 'Budgets' as quantitative / financial plans for specific future periods.
- Describe all concepts of social security in detail in the class.
- Discuss the motivational aspects of internal recruitment. Elicit examples from the circle of school employees or from the students' surroundings.

## MARKING SCHEME

### Question 2

|     |   |
|-----|---|
| (a) | <b>Electronic retailing</b> means selling goods in retail on the internet. Example- amazon.com, flipkart.com, snapdeal.com etc. It has led to development of e-tail ware i.e., a software for creating online catalogs.   |
| (b) | <b>Fixed cost</b> means the cost which does not vary, and which remains constant within a given period of time. Example - rent of factory building, property tax, insurance, salary etc. It is considered as overhead. It decreases with increase in the volume of output. It is not controllable in the short run. It is fixed in total but varies per unit.   |
| (c) | <b>A budget</b> is a detailed and quantitative plan of operations for some specific future period to attain a given objective. It can be expressed in physical or monetary units. It is implementation of orderly plans and policies which is based on forecast.  |
| (d) | <b>Provident Fund:</b> <ul style="list-style-type: none"><li>- It is a social security scheme started by the Government of India.</li><li>- Every employee is entitled to become member of the scheme after completing three months of continuous service.</li><li>- The employee and the employer both contribute ten percent of the basic wages every month.</li><li>- The accumulated amount is payable to the employee on retirement, death or at the time of leaving service.</li><li>- An employee can get advances for specified purposes. <span style="float: right;">(Any two valid points)</span></li></ul> |
| (e) | <b>Advantages of Internal Recruitment:</b> <ul style="list-style-type: none"><li>- Helps to motivate and improve the morale of the employees.</li><li>- Minimize absenteeism.</li><li>- Cheaper source of recruitment, time and money is saved.</li><li>- Candidates do not require induction training. <span style="float: right;">(Any two valid points)</span></li></ul>   |

### Question 3

- (a) State *two advantages* of *Campus Recruitment* as an external source of recruitment. [2]
- (b) What do you *mean* by *E-security*? [2]
- (c) What is *meant* by *Industrial Relations*? [2]
- (d) Briefly *explain* the principle of *Utmost good faith* of *insurance*. [2]
- (e) '*The Central Bank is a banker's bank.*' *Explain* in brief. [2]

| Comments of Examiners   | Suggestions for Teachers  |
|---|---|
| <p>(a) Some candidates explained the advantages of external sources of recruitment in a general manner instead of focusing only on the advantages of Campus Source of Recruitment.</p> <p>(b) Candidates were very familiar with E-security measures and most of them answered this part correctly.</p> <p>(c) Some candidates were not able to explain the term properly and wrote general answers.</p> <p>(d) Some candidates were unable to give the key terms for this answer. Others got confused and wrote about indemnity instead.</p> <p>(e) Many candidates explained the other functions of the Central Bank, such as, Monopoly of Note Issue, Lender of the Last Resort, Custodian of Foreign Exchange Reserve, instead of focusing only on the concept of Banker's Bank as asked in the question.</p> | <ul style="list-style-type: none"> <li>▪ <i>Explain categorically each of the external sources of recruitment along with their advantages / disadvantages. Give examples of companies which go to colleges/universities for campus recruitment. Ask students to find out from siblings /cousins/ friends how the process takes place. Have a mock demonstration.</i></li> <li>▪ <i>Explain to students the importance of E-security. Give examples of hacking, phishing, whaling, etc. Also, talk about the need for CCTV, biometrics, etc.</i></li> <li>▪ <i>Discuss with students the meaning of Industrial Relations with key words, with all the parties involved (Employers, Employees, Government, Trade Unions, etc.)</i></li> <li>▪ <i>Teach the Principles of Insurance in detail. Include real life examples for better comprehension.</i></li> <li>▪ <i>Explain thoroughly each of the functions of the Central Bank.</i></li> </ul> |

## MARKING SCHEME

### Question 3

|     |   |
|-----|---|
| (a) | <p><b>The advantages of campus recruitment are:</b></p> <p>(i) It is a very convenient source of recruitment for both employers and employees.</p> <p>(ii) It is an inexpensive process.</p> <p>(iii) Well educated/ qualified persons become available very quickly without any advertisements.</p> <p>(iv) The educational institution gains as its students gets job even before they leave the organisation.</p> <p>It offers wider choice in selection. It brings about candidates with a fresh outlook. No work experience is required.</p> |
| (b) | <p><b>Electronic security</b> means network security, browser security and computer security. It involves setting measures and rules against attacks over the Internet hacking, phishing etc. CCTV surveillance intruder alert, fingerprint scanners are examples of e- security.</p>   |

|     |  |
|-----|--|
| (c) | <b>Industrial relations</b> are defined as relationships between management and employees, trade unions and the government, and among employees and their organisations that characterise or grow out of employment.   |
| (d) | The principle of ‘utmost good faith’ states that it is the legal duty of the proposer to disclose all the material facts about the subject to be insured. The insurance has no access to the information which is in the possession of the insured. Therefore, the insurer relies on the information provided by the proposer. If the proposer conceals or withholds any material facts, the insurer can repudiate the contract of insurance on grounds of material misrepresentation. Premium is fixed on the basis of facts revealed by the insured. There should be complete faith between the insurer and the insured. |
| (e) | The Central Bank acts as a banker to all the commercial banks in the country. It provides short term loans and bill discounting facilities to commercial banks. It advises commercial banks on various matters relating to their business. It keeps cash reserves of commercial banks. Acts as lender of the last resort. It controls credit and performs the clearing house function for commercial banks.  |

## Question 4

- (a) Briefly *explain any two types of Selection tests.* [2]
- (b) What are *Bonded Warehouses?* [2]
- (c) What do you mean by *Insurance?* [2]
- (d) State *any two features of the Consumer Protection Act.* [2]
- (e) *Explain in brief Credit Card Fraud.* [2]

### Comments of Examiners

- (a) Some candidates wrote the Steps of the selection process instead of explaining about Selection tests. A few candidates only wrote the headings.
- (b) A large number of candidates wrote about general warehouses, instead of Bonded Warehouses.
- (c) Most of the candidates gave the meaning in their own words without proper/required key words.
- (d) Majority of the candidates wrote about the Rights of Consumers instead of the features of the Consumer Protection Act.

### Suggestions for Teachers

- Discuss with the students that selection tests are a part of selection process to test intelligence, aptitude, etc. Explain in detail each type of selection test and the reasons for taking these tests.
- Explain the types of warehouses in detail to students.
- Lay stress on keywords while teaching definitions.
- Discuss in detail the meaning of Consumer Protection Act with all the features of the Act. Also, clarify

- (e) Some candidates confused credit card fraud with precautions to be taken while using credit cards.

*the difference between consumer rights and the features of the Act.*

- *Explain Credit and Fraud by pointing out examples of fake messages and newspaper cuttings of news on people being tricked.*

## MARKING SCHEME

### Question 4

|     |   |
|-----|---|
| (a) | <p><b>Types of Selection tests are:</b></p> <p>(i) Intelligence test- These tests are used to measure a person's capacity for reasoning and comprehension. It is also called a candidate's IQ or mental alertness test.</p> <p>(ii) Aptitude test- These tests seek to measure a candidate's capacity to learn particular skills and his potential abilities.</p> <p>(iii) Trade test- This test is designed to measure the applicant's level of knowledge and skill already achieved in a particular trade or occupation.</p> <p>(iv) Interest test- These tests are employed to find out the preference of an individual for a certain type of work.</p> <p>(v) Personality test- These tests are aimed at finding out emotional balance, maturity, temperament of the candidate.</p> <p>(vi) Dexterity test- These tests are designed to determine an individual's capacity to use his hands and fingers in industrial work.</p> <p style="text-align: right;"><i>(Any two valid points)</i></p> |
| (b) | <p><b>A Bonded Warehouse</b> is established under a bond with the customs authorities for storage of dutiable goods till the payment of imports duty. They are located in port towns and are licensed by the Government. They operate under the vigilance of customs officials. It is very useful if goods have to be re - exported. It also provides the facilities of grading and packing.</p>  |
| (c) | <p><b>Insurance</b> may be defined as a contract in writing whereby one party undertakes to indemnify the other party in consideration for a premium against any loss on the happening of some uncertain event. Two parties are involved insurer and insured. It is taken to cover for loss or risk.</p>  |
| (d) | <p><b>Salient feature of the Consumer Protection Act:</b></p> <p>(i) Social Welfare Law</p> <p>(ii) Comprehensive Provision and Effective Safeguards</p> <p>(iii) Special Consumer Courts</p> <p>(iv) Three-tier Grievance Redressal Machinery</p>  |

|     |  |
|-----|--|
|     | <p>(v) Simple and Inexpensive<br/> (vi) Covers Goods and Services<br/> (vii) Time Frame<br/> (viii) Class Action<br/> (ix) Check on Unfair Trade Practices<br/> (x) Check on Overcharging<br/> (xi) Consumer Protection Councils<br/> (xii) It protects consumers from exploitation and provides the consumers with special consumer rights.</p> <p style="text-align: right;"><i>(Any two valid points)</i></p> |
| (e) | <p><b>Credit Card Fraud:</b><br/> It is a broad term consisting of theft of a credit / debit card and fraudulent use of funds. The purpose of the fraud may be to obtain goods without paying or to get unauthorised funds from the account. It may be:</p> <p>(i) Physical theft of the card<br/> (ii) Information concerning the card and bank account may be stolen.</p>                                      |

## SECTION B (40 Marks)

*Attempt any four questions from this Section*

### Question 5

- (a) Explain *any five objectives* of *Marketing*. [5]
- (b) What is *ERP*? Explain *any three modules* of the *ERP System*. [5]

| Comments of Examiners   | Suggestion for Teachers   |
|---|---|
| <p>(a) Some candidates wrote the objectives of <i>pricing</i> instead of <i>marketing</i>. In some cases, the headings were correct, but the explanation was either not written or written incorrectly.</p> <p>(b) A few candidates did not write the full form of <i>ERP</i> correctly. Some candidates just mentioned the modules without giving any explanation of it.</p> | <ul style="list-style-type: none"> <li>▪ <i>Clarify the objectives of marketing. Also spell out the meaning of the term 'objective'.</i></li> <li>▪ <i>Advise students to learn the acronyms.</i></li> <li>▪ <i>Discuss in detail the different modules of the ERP system.</i></li> </ul> |

## MARKING SCHEME

### Question 5

- (a) **The five main objectives of marketing are:**
- (i) Creation of demand - A business firm should create demand for each goods and services according to the needs and preferences of customers. Advertising, personal selling, Sales promotion are some methods to create a demand.
  - (ii) Customer satisfaction- Marketing activities begin and end with the customers with a focus on selling satisfaction rather than selling a service or a product.
  - (iii) Market share- Every business firm seeks to have a reasonable share of the total demand. Good quality products are offered at reasonable price to capture a large share in the market.
  - (iv) Profitability and Growth- Marketing seeks to achieve long-term goals of profitability and growth by satisfying the wants of customers.
  - (v) Goodwill- The enterprise should attempt to earn a name and a position in the market by selling quality goods at reasonable price.
  - (vi) Standard of living- Marketing aims at improving the living standards of people by providing a wide variety of products, supplying new and better-quality products, creating more employment opportunities. It lays focus on producing environment friendly goods and does not deceive customers by unfair or restrictive trade policies.
- (Any five valid points)*
- (b) **ERP** or Enterprise Resource Planning means a computer software or system used to manage all the resources of an organisation centralised system/cross functions software.
- (Any two key terms)*
- The various types of modules 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 three valid points)

## Question 6

- (a) State *any five expectations* of *employees* from a business organization. [5]
- (b) Describe *any five utilities* of a *budget*. [5]

| Comments of Examiners  | Suggestions for Teachers   |
|--|--|
| <ul style="list-style-type: none"> <li>(a) Most of the candidates gave the correct answer but some candidates wrote the expectations of the <i>employers</i> instead of <i>employees</i>.</li> <li>(b) Some candidates wrote the various types of Budgets instead of utilities of a budget.</li> </ul> | <ul style="list-style-type: none"> <li>▪ <i>Teach the meaning of the terms - employer, employee, suppliers, etc. very clearly to the students.</i></li> <li>▪ <i>Advise students to read the question carefully and analyse the perspective from the point of view of the stakeholder as required.</i></li> <li>▪ <i>Clarify to the students the utility / importance of budgets and their types.</i></li> </ul> |

## MARKING SCHEME

### Question 6

- (a) **Expectations of Employees:**
  - (i) Security of job.
  - (ii) Fair remuneration in form of wages or salaries.
  - (iii) Safe and comfortable working environment.
  - (iv) Welfare facilities like housing, medical etc.
  - (v) Opportunities for education and career growth.
  - (vi) Opportunity to participate in the profits and management of the organization.
  - (vii) Quick and fair redressal of grievances.

|     |  |
|-----|--|
|     | <p>(viii) Protection of Trade Union Rights.</p> <p>(ix) Acceptance of religion and political view</p> <p>(x) Retirement benefits</p> <p>(xi) Bonus, Reward and Incentive</p> <p>(xii) Organisational culture (good/proper relation with the management)</p> <p style="text-align: right;"><i>(Any five valid points)</i></p>   |
| (b) | <p><b>Utilities of budget to the management:</b></p> <p>(i) Higher efficiency- Budget brings efficiency and economy to the working of a business firm.</p> <p>(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.</p> <p>(iii) Sense of responsibility/Provides targets- Budget helps to establish divisional and departmental responsibility. They prevent buck passing.</p> <p>(iv) Source of motivation- Budgets become the goals or targets to be attained and milestones to be reached.</p> <p>(v) Coordination- Budgets are prepared in consultation with each other. Therefore, they help in achieving coordination between different departments of the enterprise.</p> <p>(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.</p> <p>(vii) Effective control – Budgets are an important tool of managerial control. They facilitate evaluation of variations between actual performance and budgetary targets.</p> <p style="text-align: right;"><i>(Any five valid points)</i></p> |

## Question 7

- (a) Explain *any five merits of road transport*. [5]
- (b) Explain: [5]
- (i) ATM
- (ii) Debentures

### Comments of Examiners

- (a) Most candidates were able to explain five merits of road transport.

### Suggestions for Teachers

- *Explain the advantages and disadvantages of each mode of*

- (b) (i) ATM - Some of the candidates wrote incorrect full forms of ATM, e.g.: Any Time Money, etc.  
(ii) Some candidates confused debentures with shares.

*transport clearly to the students with appropriate examples.*

- *Clarify the concept of Shares and Debentures by using specific key words.*
- *Advise students to learn expanded forms of subject related acronyms.*

## MARKING SCHEME

### Question 7

|     |        |  |                                |
|-----|--------|--|--------------------------------|
| (a) |        | <b>Merits of Road Transport:</b>   |                                |
|     | (i)    | Flexibility  |                                |
|     | (ii)   | Door to door service   |                                |
|     | (iii)  | Economy/ cheap/ suitable for short distances /low cost of construction/ saving in packing cost.  |                                |
|     | (iv)   | Small investment   |                                |
|     | (v)    | Less formalities/less time consuming   |                                |
|     | (vi)   | Personal service   |                                |
|     | (vii)  | Feeder service   |                                |
|     | (viii) | Multipurpose nature  |                                |
|     | (ix)   | Simplicity   |                                |
|     | (x)    | Reach rocky and hilly areas rural areas and interiors.   | <i>(Any five valid points)</i> |
| (b) | (i)    | <b>ATM:</b> Automatic Teller Machine. Customer can withdraw or deposit money with the help of this machine by inserting the ATM card and typing in the PIN. It operates for all 24 hours. It is less time consuming and less costly than a human teller.   |                                |
|     | (ii)   | <b>Debentures:</b> It is a document or certificate issued by a company under its seal as an acknowledgement of its debt. It is also an undertaking to repay the specified sum with interest to its holder. They are borrowed funds or the loan capital of a company. Debenture holders are creditors of the company, have least risk, are entitled to interest, have no voting rights. They get payment on priority basis over shareholders. Debentures can be converted into shares. They appeal to cautious investors. |                                |

### Question 8

- (a) Explain *any five features* of the *Environment Protection Act*. [5]
- (b) Briefly, explain *any five benefits* of *advertising to producers*. [5]

| Comments of Examiners   | Suggestions for Teachers  |
|---|---|
| <p>(a) Most candidates wrote general points on how to conserve the environment instead of specifically explaining five features of the Environment Protection Act.</p> <p>(b) 'Advantages of advertising' to consumer and producer were mixed up by some candidates. Some gave general advantages of advertising.</p> | <ul style="list-style-type: none"> <li>▪ <i>Teach concepts EPA and CPCB to the students thoroughly.</i></li> <li>▪ <i>Role play of different children as producers, customers, etc. can help to make this concept clear.</i></li> </ul> |

## MARKING SCHEME

### Question 8

|     |  |
|-----|--|
| (a) | <p><b>Features of Environment (Protection) Act, 1986</b></p> <ul style="list-style-type: none"> <li>(i) Plan and execute a nationwide programme for prevention, control and abatement of environmental pollution.</li> <li>(ii) Establish or recognize environmental laboratories.</li> <li>(iii) Lay down procedures and safeguards for handling hazardous substances.</li> <li>(iv) Take necessary measures to protect and improve the quality of the environment.</li> <li>(v) Prevent control and reduce environmental pollution.</li> <li>(vi) Directed to lay down standards for the quality of environment.</li> <li>(vii) Sets of standards for discharge of pollutants.</li> <li>(viii) Stipulates safeguards and remedies against accident that harm the environment.</li> <li>(ix) Limits areas where industrial activities can be carried out.</li> <li>(x) Empowers persons to inspect, take samples and test substances that disturb the quality of the environment.</li> <li>(xi) Prescribes penalties like fine and imprisonment for violation of the act.</li> </ul> <p style="text-align: right;"><i>(Any five valid points)</i></p> |
| (b) | <p><b>Benefits of Advertisement to producers:</b></p> <ul style="list-style-type: none"> <li>(i) Meeting competition/ create a brand image/create brand loyalty</li> <li>(ii) Steady demand</li> <li>(iii) Higher sales volume. /more profits/induce potential customers to buy / remind old users / suggest new ways and means of using the product to increase its sales.</li> <li>(iv) Introduction of new products/ expansion of the market</li> <li>(v) Economies of scale/ reduce costs of production and distribution</li> <li>(vi) Goodwill/ support dealers</li> <li>(vii) Employee morale</li> </ul> <p style="text-align: right;"><i>(Any five valid points)</i></p>  |

## Question 9

- (a) What are the various ways by which consumers are exploited? [5]
- (b) Explain: [5]
- (i) NEFT
- (ii) RTGS

| Comments of Examiners  | Suggestions for Teachers   |
|--|--|
| <p>(a) Majority of the candidates attempted this part of the question correctly.</p> <p>(b) (i) Most of the candidates answered this question correctly. Few candidates interchanged the points of NEFT and RTGS.</p> <p>(ii) This part of the question was well attempted by most candidates. Some candidates interchanged the points of NEFT and RTGS.</p> | <ul style="list-style-type: none"> <li>▪ Explain the ways by which consumers are exploited, giving real life examples.</li> <li>▪ Explain in detail all the features and use of NEFT and RTGS along with the difference between the two systems.</li> <li>▪ Emphasise on net-banking with its procedures and highlight keywords while teaching.</li> </ul> |

## MARKING SCHEME

### Question 9

|     |  |
|-----|--|
| (a) | <p><b>The various ways in which consumers are exploited:</b></p> <p>(i) Overcharging- charging unjustified high prices / hidden prices /hidden cost component.</p> <p>(ii) Under weighing- giving less weight or quantity.</p> <p>(iii) Adulteration- mixing undesirable elements in goods/substandard quality/spurious goods / products sold after best before date /duplicate or fake products.</p> <p>(iv) Misleading advertising.</p> <p>(v) Not informing consumers about adverse impact of the product.</p> <p>(vi) Unsatisfactory after sales service.</p> <p>(vii) Creating artificial scarcity.</p> |
| (b) | <p>(i) <b>NEFT</b>- National electronic funds transfer by which an individual firm or company can electronically transfer funds from any bank branch to another individual firm or company having an account with any other bank branch in the country. NEFT transactions are settled in batches. Any NEFT transaction initiated after a designated settled time has to wait till the next designated settle time. NEFT transactions do not have any minimum value.</p>  |
|     | <p>(ii) <b>RTGS</b> - 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</p>   |

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.

## Question 10

[10]

From the following Trial Balance of A. B. Chandra as on 31<sup>st</sup> December, 2019.

### Trial Balance of A. B. Chandra

as on 31-12-2019

| Particulars                | Amount (Dr.) | Particulars       | Amount (Cr.) |
|----------------------------|--------------|-------------------|--------------|
| Cash in Hand               | 2,000        | Discount Received | 750          |
| Drawings                   | 2,800        | Capital           | 40,000       |
| Opening Stock (01/01/2018) | 4,000        | Purchases Returns | 1,250        |
| Wages                      | 2,000        | Sales             | 83,000       |
| Cash at Bank               | 3,500        | Creditors         | 15,000       |
| Insurance                  | 700          | Bank Loan         | 10,000       |
| Trade Expenses             | 1,200        |                   |              |
| Furniture                  | 20,000       |                   |              |
| Buildings                  | 61,000       |                   |              |
| Salaries                   | 5,000        |                   |              |
| Discount Allowed           | 750          |                   |              |
| Sales Returns              | 3,000        |                   |              |
| Purchases                  | 31,250       |                   |              |
| Debtors                    | 10,000       |                   |              |
| Telephone Charges          | 1,000        |                   |              |
| Bills Receivable           | 1,800        |                   |              |
| Total                      | 1,50,000     |                   | 1,50,000     |

The closing stock was valued at ₹ 12,000.

You are required to prepare a Trading Account and a Profit and Loss Account for the year ending 31<sup>st</sup> December, 2019 and a Balance Sheet as on 31<sup>st</sup> December, 2019.

## Comments of Examiners

Many candidates attempted this question well, but some candidates did not know the correct format.

A few candidates simply copied the question.

Some only posted the entries but did not solve them.

Several candidates showed Trade Expenses in the Trading account and Insurance in the Balance sheet. Purchase returns and sales returns were interchanged and deducted by some candidates.

## Suggestions for Teachers

- Stress upon the format of Trading, Profit and Loss Account and Balance Sheet.
- Explain the correct procedure for adjustment of Closing Stock to the students.
- Give adequate practice to the students in preparing final accounts.

## MARKING SCHEME

### Question 10

#### Trading and Profit and Loss Account of A. B. Chandra for the year ended 31<sup>st</sup> December, 2019

|                        |               |                    |        |               |
|------------------------|---------------|--------------------|--------|---------------|
| To Opening Stock       | 4,000         | By Sales           | 83,000 |               |
| To Purchases           | 31,250        | Less Sales Returns | 3,000  |               |
| Less Purchases Returns | 1,250         |                    |        | 80,000        |
|                        | 30,000        |                    |        |               |
| To Wages               | 2,000         | By Closing Stock   |        | 12,000        |
| To Gross Profit c/d    | 56,000        |                    |        |               |
| <b>TOTAL</b>           | <b>92,000</b> | <b>TOTAL</b>       |        | <b>92,000</b> |

#### PROFIT AND LOSS ACCOUNT OF A. B. CHANDRA for the year ending 31<sup>st</sup> December, 2019.

Dr. Cr.

| Particulars         | Amount | Particulars          | Amount |
|---------------------|--------|----------------------|--------|
| To Salaries         | 5,000  | By Gross Profit b/d  | 56,000 |
| To Insurance        | 700    | By Discount Received | 750    |
| To Trade Expenses   | 1,200  |                      |        |
| To Discount Allowed | 750    |                      |        |

|                      |               |              |               |
|----------------------|---------------|--------------|---------------|
| To Telephone Charges | 1,000         |              |               |
| To Net Profit        | 48,100        |              |               |
| <b>TOTAL</b>         | <b>56,750</b> | <b>TOTAL</b> | <b>56,750</b> |

**BALANCE SHEET OF OF A. B. CHANDRA**  
as on 31<sup>st</sup> December, 2019

| <b>Liabilities</b>    | <b>Amount</b>   | <b>Assets</b>    | <b>Amount</b>   |
|-----------------------|-----------------|------------------|-----------------|
| Creditors             | <b>15,000</b>   | Cash in Hand     | <b>2,000</b>    |
| Capital 40,000        |                 | Cash at Bank     | <b>3,500</b>    |
| (-) Drawings 2,800    | <b>85,300</b>   | Buildings        | <b>61,000</b>   |
| (+) Net Profit 48,100 |                 | Bills Receivable | <b>1,800</b>    |
|                       | <b>10,000</b>   | Furniture        | <b>20,000</b>   |
| Bank Loan             |                 | Debtors          | <b>10,000</b>   |
|                       |                 | Closing Stock    | <b>12,000</b>   |
| <b>TOTAL</b>          | <b>1,10,300</b> | <b>TOTAL</b>     | <b>1,10,300</b> |

## GENERAL COMMENTS

**Topics found  
difficult/  
confusing by  
candidates**

- Provident fund
- Insurance
- Debentures
- Types of selection tests.
- Equity Shares and Preference Shares
- Advertising and Publicity
- Provident Fund and Family Pension
- Utilities of budgets and Types of budgets



## Suggestions for Students

- Read the questions carefully.
- Choose the questions carefully in section B.
- Memorise full forms of the acronyms.
- Practice accounting questions regularly.
- Learn the meaning of new terms/key words and understand the concepts.
- Always answer the difference questions in a tabular form with three columns, the first being the Basis of Distinction.
- Number the question correctly. Do not forget to attempt every sub-part of a question.