

ICSE EXAMINATION PAPER - 2024

COMMERCIAL STUDIES

Class-10th

(Solved)

Maximum Marks: 80

Time allowed: Two hours

Answers to this paper must be written on the paper provided separately

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

This time is to be spent in reading the question paper.

The time given at the head of this paper is the time allowed for writing the answers.

Attempt all questions from Section A and any four questions from Section B.

The intended marks for questions or parts of questions are given in brackets [].

SECTION – A (40 Marks)

(Attempt all questions from this Section)

Question-1

[16]

Choose the correct answers to the questions from the given options.

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

- (i) Expenses incurred for construction of a building are classified as:
- (a) Revenue Expenditure
(b) Capital Expenditure
(c) Deferred revenue Expenditure
(d) Miscellaneous Expenditure
- (ii) Which warehouses are generally located in rural and suburban areas where space is available at low cost?
- (a) Public
(b) Bonded
(c) Cold Storage
(d) Private
- (iii) The module used for tracking of the stock of items in a organisation is:
- (a) Inventory module
(b) Purchase module
(c) Sales module
(d) Finance module
- (iv) Closing stock appears in the final accounts in the:
- (a) Trading account only
(b) Profit and loss account and balance sheet
(c) Balance sheet only
(d) Trading account and balance sheet
- (v) These posters are examples of:
- (a) Sales promotion
(b) Marketing
(c) Selling
(d) Social advertising
- (vi) A social security scheme in which both employer and employee contribute 10% of the basic wages every month is:
- (a) Gratuity
(b) Pension
(c) Provident fund
(d) Group insurance
- (vii) Which of these is an objective of pricing?
- (a) Profit maximization
(b) Human resource management
(c) Checking inventory
(d) Fairs and exhibitions
- (viii) Ramu is a labourer working in 'ABC Constructions'. His expectations from his company are:
1. Appreciation of capital invested
 2. Timely payment of wages
 3. Timely payment of interest
 4. Safe working environment
- (a) 1 and 4
(b) 2 and 3
(c) 3 and 4
(d) 2 and 4
- (ix) Rahim has given a loan of ₹ 5 lakhs to a fertilizer company. The company pays him interest regularly and the company has promised to return his amount after 5 years. Rahim has invested in:
- (a) Equity shares
(b) Preference shares
(c) Debentures
(d) Ownership securities
- (x) A budget is a statement that can be expressed:
- (a) in monetary units only
(b) both in monetary terms and physical units
(c) in physical units only
(d) as an estimate of events only
- (xi) Which sales promotion technique includes training in stores layout, product demonstration, advertising, etc.?
- (a) Fairs and Exhibitions
(b) Prize contests
(c) Merchandising aids
(d) Trading stamps



- (xii) Under which right will Mr. Mohit get a compensation for a faulty product?
 (a) Right to seek redressal
 (b) Right to information
 (c) Right to consumed education
 (d) Right to choose
- (xiii) Faking accidents, faking death, concealing information for health care are examples of fraud.
 (a) Insurance (b) False accounting
 (c) Credit card (d) Internet and Cyber
- (xiv) A voluntary payment made by an employer to an employer to an employer who retires after long and dedicated services is
 (a) Pension (b) Group insurance
 (c) Gratuity (d) Provident fund
- (xv) Mr. 'P' has been selected for a mission to go to the moon. Before he goes into space he is trained to survive in 'Zero Gravity'. Identify the training used.
 (a) Job rotation (b) Apprenticeship
 (c) Classroom (d) Vestibule
- (xvi) A firm manufactures defense equipment. In order to ensure that only authorized personnel enter the secured area they install a high-tech retina scanner. What does the above portray?
 (a) E- advertising (b) E- security
 (c) E- commerce (d) E- marketing

Question-2

Write any two difference between:

- (i) Marketing and Sales [2]
 (ii) Internal stakeholders and External stakeholders [2]
 (iii) Shares and Debentures [2]
 (iv) Recruitment and Selection [2]

Question-3

- (i) What are preference shares? [2]
 (ii) What is cash credit? [2]
 (iii) What is a central bank? [2]
 (iv) What is fire insurance [2]

Question-4

- (i) What is a master budget? [2]
 (ii) What is a capital market? [2]
 (iii) What is variable cost? Give one example. [2]
 (iv) What are campus interviews [2]

SECTION – B (40 Marks)*(Attempt any four questions from this Section)***Question-5**

- (i) Explain in brief any five objectives of marketing. [5]
 (ii) Write short notes on: [5]
 (a) Life insurance
 (b) NEFT

Question-6

- (i) What are industrial relations? State any three objective of industrial relation. [5]
 (ii) Write short notes on: [2]
 (a) Central Pollution Control Board (CPCB)
 (b) Equity shares

Question-7

- (i) Explain in brief two merits and three demerits of water transport. [5]
 (ii) 'Rita' was using a plastic card to withdraw money from a machine set up outside the bank. [5]
 (a) Identify the card.
 (b) Write any four precautions that must be taken while using such a card.

Question-8

- (i) What is an advertising agency? Describe any two functions of the advertising agency [5]
 (ii) Mention any five expectations of government from a commercial organization. [5]

Question-9

- (i) What is consumer exploitation? Mention any three ways in which consumers are exploited [5]
 (ii) Explain in brief two merits and three demerits of advertising [5]

Question-10**[10]**

Given below is the trial balance of M/s. Krishna & Sons Pvt Ltd as on 31st March, 2023. Prepare a Trading and a Profit and Loss account for the year ending 31th March, 2023 and a Balance Sheet as on the same date.

Trial balance of M/s Krishna & Sons Pvt Ltd as on 31th march, 2023

Particulars	Dr.	Cr.
Capital	–	50000
Drawings	1000	–
Debtors and Creditors	25000	15000
Loan	–	20000
Discounts	4750	300
Purchases and Sales	90000	172000
Land and Buildings	88000	–
Salaries	33000	–
Cash in hand	2700	–
Stock as on 01-04-2022	28000	–
Commission received	–	18550
Sales Return and Purchase Return	750	550
Carriage inward	1200	–
Bill receivable and Bills payable	7500	5500
TOTAL	281900	281900

Closing stock was valued at ₹ 25000

ANSWERS**Answer-1****(i) Option (b) is correct.**

Explanation: Capital expenditures are funds used by a company to acquire or upgrade physical assets such as property, buildings, an industrial plant,

technology or equipment. While these expenditures are typically substantial, they are considered crucial investments for generating profits in the future.

(ii) Option (d) is correct.

Explanation: These are typically owned and operated by suppliers and resellers for their own

storage needs, and are often located in rural and suburban areas where land is available at a lower cost. Suppliers or manufacturers own private warehouses for storing their own inventory. Big multinational companies often have their own warehouses keeping their size of operation, inventory management, distribution network, and cost-efficiency in mind.

(iii) Option (a) is correct.

Explanation: It is a technology solution that integrates all inventory control processes on a single platform. This module can track individual items, batches, or units within an organisation in real-time. It gives detailed reports about the stock levels, sales, and purchase orders.

(iv) Option (d) is correct.

Explanation: Closing stock appears in the final accounts in the Balance Sheet (under the head current assets) and in the credit side of Trading Account (if it is given outside the trial balance).

(v) Option (d) is correct.

(vi) Option (c) is correct.

Explanation: The Provident Fund (PF) is a mandatory retirement savings scheme in many countries, including India and Malaysia. Under this scheme, employees contribute a portion of their salary (usually 10 or 12%) every month towards the fund, and employers match this contribution. The idea behind this scheme is to provide employees with a lump sum payment at the time of retirement or in case of disability. This fund can also be used in case of unemployment or for financing major life events such as buying a house or paying for education. The contributions towards PF are usually tax-deductible, making it an attractive savings option.

(vii) Option (a) is correct.

Explanation: One of the primary objective of pricing is to maximise profits for the company. This means setting a price point that provides the highest total revenue by multiplying the unit price by the number of units sold.

(viii) Option (d) is correct.

Explanation: 1. Timely Payment of Wages: This is crucial for him to meet his daily needs and financial obligations. Delayed or inconsistent payments can lead to financial instability and stress for the worker.

2. Safe Working Environment: Construction sites can be prone to accidents if safety protocols aren't effectively implemented. Therefore, Ramu would expect that the company ensures a safe work environment by following all safety regulations, providing necessary safety equipment, and maintaining the work site properly.

(ix) Option (c) is correct.

Explanation: Debentures are a type of debt instrument, like a bond, used by companies to borrow money at a fixed rate of interest. The regular interest paid by the company is the interest on the debt. The promise to return Rahim's amount after 5 years indicates a maturity date, which is a characteristic of a loan or debenture. This differs from investment in equity or preference shares, where the investor would have ownership in the company with no specific promise of getting the investment amount back, but with the potential

of dividends and appreciation in share value. Therefore, the correct answer is debentures.

(x) Option (b) is correct.

Explanation: While budgets are often expressed primarily in monetary terms, they can also incorporate physical units for various items. For instance, production budgets may specify certain quantities of goods to be produced, sales budgets may specify expected units to be sold, and so on. In other areas such as project management, budgets could also include estimated hours of labour or amounts of materials needed. Thus, budgets can incorporate both financial figures and real, physical quantities in order to provide a comprehensive outlook. Lastly, budgets almost always include estimates for future events (like sales, costs, and revenues) based on past data or forecast trends, but they represent more than just those estimates.

(xi) Option (c) is correct.

Explanation: Merchandising aids are tools used to promote and sell products efficiently and effectively in retail stores or any product selling environments. This includes things like store layout, effective use of retail space, product placement, signage, displays, and demonstrations. Proper training for retail staff is also usually part of this, to ensure that they understand and can effectively implement merchandising strategies, including how to demonstrate a product's features to the customers, how to place advertising in store strategically, etc. This can be essential in driving sales and providing customers with a good shopping experience.

(xii) Option (a) is correct.

Explanation: The Right to Redress provides consumers with the ability to seek and obtain a fair settlement in case they suffer a loss or damage due to unfair or exploitative trade practices, or in case the product or service that they purchase is defective. This right ensures that consumers can seek reparations, including replacements, compensation for the harm suffered, or refund of money. In the case of Mohit, he can use this right to seek compensation for the faulty product.

(xiii) Option (a) is correct.

Explanation: Insurance fraud refers to any duplicitous act committed with the intent to defraud an insurance process, which includes faking accidents, faking death, or concealing pertinent information, often concerning health status or pre-existing conditions, to obtain favourable insurance policy terms. It is considered a serious crime and can have severe legal and financial consequences.

(xiv) Option (c) is correct.

Explanation: Gratuity is a lump-sum amount that a company pays to its employees who have served the company for a significant period of time (typically five years or more) as a token of appreciation for their dedication and hard work. It is essentially a financial gift from the employer to the employee and often depends on the employee's tenure and last drawn salary. In many countries, obligations for gratuity payments are regulated by law, although the employer may voluntarily pay more.

(xv) Option (d) is correct.

Explanation: Given Mr. P is being trained to survive in 'zero gravity' before going to the moon, this is

like vestibule training as he experiences and learns to adapt to an artificial environment replicating 'zero gravity' before he actually moves to that environment (space/the moon). This helps him better prepare for his mission.

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

Explanation: E-security, also known as electronic security or cyber security, refers to the measures

taken to protect digital data, systems, and networks from unauthorized access or damage. This includes both hardware and software solutions. The use of a high-tech retina scanner by the firm to ensure only authorized personnel have access to the secure area is a measure of electronic security. This scanner will use biometric verification to ensure only those with approved permission can enter.

Answer-2.

(i)

Basic	Marketing	Sales
Definition	Marketing is a holistic approach that involves identifying customer needs and wants, creating products or services to satisfy those needs, determining the right price, and then promoting and distributing where the customer can buy it.	Sales is a subset of marketing that focuses on persuading prospects to purchase the company's product or service. It involves direct interaction with potential customers, either face to face or through other means to make a sale.
Scope	Marketing is broader in scope as it involves market research, product development, distribution, pricing, advertising, PR, and more.	Sales is more specific and focuses on selling the products/services that have been developed and priced by marketing teams.
Function	Marketing identifies customer needs, determines target markets and devices strategies for product positioning.	Sales implements these strategies through customer acquisition, negotiation, closing sales, and ensuring customer satisfaction.

(any two)

(ii)

Internal Stakeholders	External Stakeholders
These are people or groups within the organisation that have a direct stake in its performance, success, and decision-making process.	These are people or groups outside the organisation that are affected by or can affect its actions.
This includes employees (from top management to operational level workers), owners, and, in some cases, board members.	This includes customers, suppliers, creditors, investors, government bodies, trade associations, and the local community among others.
Internal stakeholders usually have a more direct affect on strategic decisions, management, and daily operations of the business.	External stakeholders can influence and be influenced by the business, but they do not participate in the daily operations or internal decision-making processes.

(any two)

(iii)

Shares	Debentures
Shares represent a portion of ownership in a company. When you buy shares, you become a shareholder, which means you own a part of the company proportional to the amount of shares you hold.	Debentures are a type of debt instrument, similar to a bond, that companies use to borrow money. They are typically issued with a fixed interest rate and maturity date.
Shareholders can benefit from the company's success through dividends, which are portions of the company's profits distributed to shareholders. They also have the right to vote on certain company matters.	When you buy a debenture, you're essentially lending money to the company. In return, the company agrees to pay you interest at regular intervals and to repay the principal amount at a specified future date.

(iv)

Recruitment	Selection
It is the process of attracting, identifying, and encouraging potential candidates to apply for the available job positions within an organisation.	Selection is the process that follows recruitment. It involves choosing the most suitable applicant for the job positions.

The aim is to create a large pool of applicants from which the most suitable can be selected.	This process involves various steps such as screening, interviews, assessments, background checks, and references verification to assess the applicants' skills, experience, and overall suitability for the job.
The recruitment process may involve job postings, advertising, job fairs, or any other means by which the company communicates job openings to potential candidates.	The end goal is to identify the candidate who is the best fit for the role and for the company.

(any two)

Answer-3.

- (i) Preference shares, also known as preferred shares or preferred stocks, are shares of a company's stock that come with a set dividend. Preferred shareholders have a higher claim on the profits and assets of a company compared to common shareholders. This means they will receive dividends before common shareholders and have a superior claim on the assets of the company if it is liquidated.
- (ii) Cash credit is typically used by businesses to manage their working capital needs, as it provides flexibility to borrow and repay funds as needed, provided it's within the sanctioned limit. Cash credit is a short-term source of financing in which a company can borrow money up to a certain limit
- (iii) A central bank is a financial institution responsible for managing a country's money supply, controlling interest rates, ensuring the stability and integrity of the financial system, issuing currency, and overseeing the commercial banking system.
- (iv) Fire insurance is a type of property insurance that covers damage or loss to property due to fire. The policy covers the cost of replacement, repair, or reconstruction of the property, up to the value of the policy limit, following a fire.

Answer-4.

- (i) A master budget is a comprehensive financial planning document that includes multiple individual budgets, which together represent the company's overall financial goals and operational plan for a certain period, usually a fiscal year. The master budget combines all the smaller budgets within an organisation and represents an overall plan of action for the entire company.
- (ii) A capital market is a part of a financial system that facilitates the buying and selling of long-term debt and equity-backed securities. These markets channel the wealth of savers and investors to those who can put it to long-term productive use, such as companies or government.
- (iii) Variable costs are expenses that change in proportion to the volume of goods or services that a business produces. In other words, they increase when production expands and decrease when it contracts.
For example, if a company manufactures t-shirts, the cost of the fabric used to produce the t-shirts would be a variable cost. If the company decides to produce more t-shirts, it will need to buy more fabric, which increases the cost. Conversely, if the company produces fewer t-shirts, it would spend less on fabric.
- (iv) Campus interviews are a type of job interview that occurs on-site at a university or college campus. They are usually organised by the institution's career

services or placement cell. Campus interviews are a popular way for companies to hire new graduates for entry-level positions or internships. Companies that participate often come from a range of industries and offer positions in various fields, such as finance, marketing, engineering, and more.

Answer-5.

- (i) Marketing objectives are the strategic goals a company sets in its effort to promote its products or services to consumers. Five objectives are :
 1. **Increasing Sales:** The primary objective for many marketing campaigns is to increase sales. Businesses want to convert their marketing efforts into increased revenue and profits. This could be achieved through launching new products, expanding into new markets or encouraging more frequent and higher volume purchases from existing customers.
 2. **Building Brand Awareness:** Another crucial goal of marketing is to make consumers aware of the company or product. This involves creating a unique brand identity and promoting it consistently across various marketing channels to increase visibility and recall among potential customers.
 3. **Customer Retention and Loyalty:** Retaining current customers can be more cost-effective than acquiring new ones. Thus, marketing often aims to increase customer loyalty and satisfaction, encouraging repeat business, loyalty programs, and positive word-of-mouth referrals.
 4. **Market Share Acquisition:** Companies often aim to increase their market share - the percentage of total sales in a market captured by a brand, product, or company. This can be done by outperforming or out marketing competitors.
 5. **Targeting New Customers:** Companies use marketing to reach and attract new potential customers. This includes identifying and understanding target markets, creating customer personas, and then tailoring marketing strategies to those specific groups.
- (ii) (a) Life insurance is a contract between an insurance policyholder and an insurer, in which the insurer promises to pay a designated beneficiary a sum of money (the death benefit) in exchange for a premium upon the death of the insured person.
Here are some key points about life insurance:
 1. **Purpose:** The objective of life insurance is to provide financial protection to the policyholder's beneficiaries upon his/her death. It can help cover final expenses, unpaid

medical bills, funeral costs, and provide income replacement, ensuring financial stability for the insured's dependents.

2. **Types:** There are two main types - term life insurance and whole life (or permanent) insurance. Term life insurance covers a specific term period (like 10, 20, or 30 years), and if the policyholder dies during this term, the death benefit is paid out. Whole life insurance lasts as long as you live and pays a death benefit whenever you die, and it also has a cash value component that grows over time.
 3. **Beneficiary:** The beneficiary is the person (or persons) who will receive the death benefits upon the policyholder's death. This is often a spouse, child, or other family member.
 4. **Premiums:** These are the payments made by the policyholder to the insurance company. The amount is determined based on several factors including the policyholder's age, health, occupation, lifestyle, and type and amount of coverage.
 5. **Other provisions:** Some life insurance policies have additional features or options, such as the ability to add coverage for children, the option to increase or decrease coverage over time, or riders that offer benefits in certain situations (such as a critical illness rider that pays out upon diagnosis of a specified illness).
- (b) NEFT, or National Electronic Funds Transfer, is an electronic funds transfer system maintained by the Reserve Bank of India (RBI). Started in the early 2000s, it enables the transfer of funds from one bank account to another across the country. This system facilitates individuals, companies, and firms to electronically transfer funds from any bank branch to any individual, firm or company having an account with any other bank branch in the country.

Key Characteristics of NEFT:

1. Any amount of money can be transferred using NEFT, there is no minimum or maximum limit.
2. It is not a real-time transfer system. Instead, it operates in half-hourly batches. There are 23 settlements from 8 am to 7 pm on weekdays and working Saturdays.
3. Both the transferring and receiving banks must be part of the NEFT network for the transfer to occur.
4. The details required for the transfer include the beneficiary's name, bank branch, account type, account number, and the bank's IFSC code.
5. Charges for NEFT transactions are determined by the individual banks and are regulated by RBI.

Answer-6.

- (i) Industrial relations refer to the relationships between employers and employees or between employers and trade unions in an industrial setting. This term encompasses the systems and methods related to the management of the workforce, industrial disputes, collective bargaining, and labour practices within an organisation.

Three objectives of industrial relations:

1. **Labour-Management Cooperation:** One of the primary goals of industrial relations is to create a sense of cooperation and understanding between employers and employees or unions. This involves creating and maintaining open lines of communication and implementing policies that support favorable working conditions.
 2. **Improved Working Conditions:** Another key objective is to help ensure that employees are provided with safe, hygienic, and healthy working conditions. This can be achieved by identifying and addressing workplace hazards, implementing safety protocols, and providing necessary training for employees.
 3. **Conflict Resolution:** Industrial relations also aim to prevent, manage, and resolve disputes between employers and employees/unions. This involves developing fair and transparent processes for conflict resolution and facilitating dialogue to handle and resolve issues related to wages, work hours, working conditions, etc.
- (ii) (a) The Central Pollution Control Board (CPCB) is a statutory organisation established in 1974 under the Ministry of Environment, Forest and Climate Change of India. It was set up under the provisions of the Water (Prevention & Control of Pollution) Act, 1974 with a mandate to promote cleanliness of streams and wells, and to improve the quality of air in the country.

Here are some key roles and responsibilities of CPCB:

1. Advising the central government on matters concerning the prevention and control of water and air pollution and on improving the quality of air.
 2. Planning and executing comprehensive nationwide programmes for the prevention, control or abatement of water and air pollution.
 3. Coordinating the activities of the State Pollution Control Boards and resolving disputes among them.
 4. Providing technical assistance and guidance to State Boards, carrying out investigations, research, and training pertaining to water and air pollution.
 5. Collecting, compiling, and publishing technical and statistical data related to water and air pollution and the measures devised for their effective prevention, control or abatement.
 6. Laying down standards for the quality of environment (air, water, soil) and for emission or discharge of environmental pollutants from various sources.
- (b) Equity shares, also known as common shares, are the main form of ownership in a company. They represent a claim on part of the company's assets and earnings. Here are some points about equity shares:
1. **Ownership:** Owners of equity shares are essentially owners of the company, depending on the amount of shares they hold.
 2. **Voting Rights:** Equity shareholders have the right to vote on key company decisions, including the election of board members. Generally, each share equals one vote.

3. **Dividends:** Equity shareholders may receive a portion of the company's profits in the form of dividends, although the company is not legally obligated to distribute dividends and may choose to reinvest profits back into the business.
4. **Residual Claim:** Equity shareholders have a residual claim on the company's assets. This means that in the event of the company's liquidation, they are entitled to any remaining assets after all debts and obligations have been paid, including preferred shareholders (if any).
5. **Risk and Reward:** Equity shares carry a higher risk compared to other types of investments such as bonds, as shareholders are last in line to claim any remaining assets if the company goes bankrupt. However, they also have potentially higher returns, as they benefit directly from the company's success in the form of increased stock prices and dividends.
6. **Capital Appreciation:** Shareholders can gain financially if the market price of the shares increases over time, known as capital appreciation. They can sell their shares at the higher price for a profit.
7. **Transferability:** Shares are easily transferable, i.e., they can be bought or sold freely on the stock exchange, except in cases where there is a lock-in period for a certain time.

Answer-7.**(i) Merits:**

1. **Capacity:** Water transportation can carry much larger quantities of heavy and bulky goods such as coal and automotive parts, making it cost-effective for large volumes of freight.
2. **Geographical Coverage:** It provides a vital link for international trade, allowing goods to be moved between countries and continents that are separated by large bodies of water.

Demerits:

1. **Speed:** One of the main disadvantages of water transport is its slow speed. It takes longer time compared to road, rail or air transport, which makes it unsuitable for transporting perishable goods or when time is a crucial factor.
2. **Limited Availability:** Water transport is restricted to places with navigable waterways, which limits its usage. Also, it could be heavily affected by weather conditions.
3. **Infrastructure:** The requirements for infrastructure, such as ports and harbours, at both ends of the route, can be extensive and expensive to build and maintain.

(ii) (a) The card that Rita was using is known as an ATM card or Debit Card. This allows the holder to withdraw money directly from their bank account from an Automated Teller Machine (ATM) set up by the bank.

(b) Four precautions that must be taken while using such a card are:

1. **Keep your PIN confidential:** Never share your Personal Identification Number (PIN) with anyone. It is the key to access your account via the ATM.
2. **Be aware of your surroundings:** When using an ATM, make sure there is no one around

trying to observe you entering your PIN. Always be mindful of suspicious activities or devices attached to the ATM.

3. **Check bank statements:** Regularly check your bank statements for any unauthorised transactions. If found, report it to your bank immediately.

4. **Keep card safe:** Do not leave your card out in the open where it may be lost or stolen. If you lose your card, make sure to report it to your bank as soon as possible to prevent any possible unauthorised transactions.

Answer-8.

(i) An advertising agency, or ad agency, is a business or service dedicated to planning, designing, creating, and handling advertising campaigns for its clients. These agencies are independent from the clients and provide an outside viewpoint to the effort of promoting the clients' products or services.

Two functions of the advertising agency:

1. **Planning and Creating Ads:** One of the main functions of an ad agency is to plan and create effective advertising campaigns tailored to their clients' needs. This includes performing market research to understand the target audience, competitors, and market trends, and then using this information to design compelling advertising material. The creative team handles aspects such as copywriting, graphic design, and the conceptualisation of new promotional ideas.

2. **Media Planning and Buying:** Ad agencies also strategize and negotiate the purchase of ad space and airtime in various media channels such as television, radio, newspapers, digital platforms, etc. They make decisions on when, where, and how often an ad should be presented for maximum effectiveness. This involves understanding the media habits of the target audience and ensuring the ads reach them at the right time and place.

(ii) Commercial organisations play a significant role in the nation's economy, and the government has several expectations from them. Here are five of them:

1. **Tax Compliance:** One of the primary expectations is that businesses comply with tax laws and regulations and pay their taxes duly and on time. Taxes are a critical source of revenue for the government, which they use to fund public services and infrastructure.

2. **Employing Workers:** The government expects businesses to create jobs for the local population. This not only improves the standard of living for individuals, but also stabilizes the overall economy by reducing unemployment rates.

3. **Ethical Practices:** The government expects businesses to operate ethically and responsibly, adhering to the laws, and treating their employees fairly. This includes avoiding deceptive practices, respecting consumer rights and ensuring safe-working conditions for their employees.

4. **Environment Friendly Operations:** With the growing concern over climate change and environmental degradation, the government expects businesses to adopt environment-friendly practices, reduce their carbon footprints, and avoid any actions that harm the environment or biodiversity.

5. **Innovation and Investment:** The government often looks to businesses to drive innovation, technological advancement, and economic growth. They also expect businesses to invest in research and development and contribute to the overall economic development of the nation.

Answer-9.

- (i) Consumer exploitation refers to unfair or unethical practices by businesses that cause harm to consumers. It often occurs when consumers are cheated or taken advantage of due to their lack of information or knowledge about a product or service.

Here are three common ways consumers get exploited:

- Unfair Pricing:** Consumers are often charged more than the actual price of the product or service. This may occur due to false price information, hidden charges, or price collusion among businesses.
- Substandard Quality:** Businesses may provide products or services of poor quality that do not meet the standards claimed by the company, potentially posing health and safety risks to consumers.
- Misleading Advertisements:** Consumers may be misled by false advertising or claims about a product or service. These advertisements may exaggerate the quality or benefits of a product, conceal important information, or make false comparisons with other products.

(ii) Merits of Advertising:

- Increases Awareness:** Advertising plays an important role in making people aware of a certain product or service. This increased awareness often leads to higher sales and growth for businesses.
- Builds Brand Loyalty:** Through consistent advertising and messaging, companies can create a brand personality and encourage loyalty among consumers. Effective advertising can foster an emotional connection between a business and its customers, making it more likely for those customers to become repeat purchasers.

Demerits of Advertising:

- Can Be Misleading:** Sometimes, advertisements may exaggerate the features or abilities of a product, or they may hide its shortcomings, leading to consumers being misled. This can damage the reputation of both the product and the company over time.
- Can Lead to Unnecessary Spending:** Advertising can create a perceived need for a product or service that a consumer may not really require, leading to unnecessary purchases and spending.
- Encourages Materialism:** Advertising often promotes a lifestyle of consumption and materialism. It can create unrealistic standards of living and pressurize people into buying things they don't need, in order to fit into a certain societal image or status.

Answer-10.

**Trading, Profit & Loss Account
for the year ended 31st March, 2023**

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	28,000	By Sales	1,72,000
To purchases	90,000	Less: Sales Return	750
Less: Purchase Return	<u>550</u>	By Closing stock	25,000
To Carriage Inward	1,200		
To Gross profit c/d	77,600		
	<u>1,96,250</u>		<u>1,96,250</u>
To Discounts	4,750	By Cross Profit b/d	77,600
To Salaries	33,000	By Commission	18,550
To Net profit	58,700	By Discounts	300
Total	96,450	Total	96,450

**Balance Sheet
as on 31st March, 2023**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital	50,000	Land and Buildings	1,72,000
Add: Net Profit	58,700	Debtors	750
	<u>1,08,700</u>	Bills Receivable	7,500
Less: Drawings	<u>1,000</u>	Cash in hand	25,000
Creditors	15,000		2,700
Loan	20,000		
Bills Payable	5,500		
Total	1,48,200	Total	1,48,200