



ICSE 2025 EXAMINATION

SPECIMEN QUESTION PAPER

COMMERCIAL APPLICATIONS

Maximum Marks: 100

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 []

Instruction for the Supervising Examiner

Kindly read aloud the Instructions given above to all the candidates present in the Examination Hall.

SECTION A

(Attempt **all** questions from this **Section**.)

Question 1

[20]

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

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

- (i) Which stage of Product Life Cycle has a greater emphasis on customer service?
- (a) Introduction stage
 - (b) Maturity stage
 - (c) Growth stage
 - (d) Decline stage
- (ii) Which of the following can be best identified as a demerit to Internal source of recruitment?
- (a) It has limited choice of candidates.
 - (b) It is easy to evaluate the employees since they are from the same organisation
 - (c) It is very economical.
 - (d) The organisation does not have to provide training to the employees.
- (iii) Force and persuasion have accelerated the rise of Public Relations.
- (a) True
 - (b) False
- (iv) A firm has to pay a fixed rent of ₹500 for the postpaid mobile bill and further pay extra charges for the calls made in a month. Identify the type of cost mentioned here.
- (a) Fixed cost
 - (b) Variable cost
 - (c) Semi-Fixed cost
 - (d) Unit cost

[Understanding]

[Understanding]

[Recall]

[Application]

(v) With reference to 'On-the-job training', which statement is / are correct?

1. It is also known as 'learning by doing'.
2. It focuses on learning only.
3. It is step-by-step learning, and the worker contributes towards production in the course of learning.
4. It imparts theoretical knowledge about the job.

(a) Only 1 is correct

(b) 1 & 3 are correct

(c) 2 & 4 are correct

(d) 3 & 4 are correct

[Application]

(vi) Services can rarely be standardized or made uniform. Which feature of service does it indicate?

(a) Intangibility

(b) Variability

(c) Inseparability

(d) Perishability

[Recall]

(vii) Personal selling is _____ as the salesman can tailor his sales presentation to fit the needs, motives, and behaviour of individual consumers.

(a) Art

(b) Flexible

(c) Mutual benefit

(d) Rigid

[Understanding]

(viii) Which pricing strategy involves charging according to their competitors?

(a) Penetrating pricing

(b) Cost Plus pricing

(c) Skimming pricing

(d) Parity pricing

[Recall]

(ix) _____ is commercially significant news which has no sponsor and is a credible method of promotion.

- (a) Advertising
- (b) Sales promotion
- (c) Publicity
- (d) Personal selling

[Recall]

(x) Which account holder gets Overdraft facility?

- (a) Saving Bank account
- (b) Current account
- (c) Recurring deposit
- (d) Fixed deposit account

[Recall]

(xi) _____ account is prepared to ascertain surplus or deficit at the end of an accounting year.

- (a) Income and Expenditure
- (b) Balance sheet
- (c) Profit and Loss
- (d) Receipts and Payment

[Understanding]

(xii) The retirement of manager of the company cannot be recorded in the book of accounts, because it is not possible to estimate the financial effect of retirement. Which accounting principle would be applicable for the above statement?

- (a) The Going Concern Concept
- (b) The Business Entity Concept
- (c) Money Measurement Concept
- (d) The Dual Aspect Concept

[Application]

(xiii) Public Banks are the banks which are _____ .

- (a) owned and controlled by the Government
- (b) owned and controlled by private businessmen
- (c) owned and controlled by foreign banks
- (d) owned by central bank

[Understanding]

(xiv) Which function of Human Resource Management specifies that improvement in personality and interest is required to get maximum satisfaction from their work?

- (a) Action-Oriented function
- (b) Pervasive function
- (c) Development-Oriented function
- (d) Comprehensive function

[Recall]

(xv) There are two statements given below, marked as Assertion(A) and Reason (R). Read the statements and choose the correct option.

Assertion(A): Environmental education makes individuals aware of environmental issues and promotes environmental sustainability.

Reasoning(R): It is very essential to think and act creatively to become capable to approach environmental issues in a proactive manner.

- (a) A is true but R is false
- (b) A is false but R is true
- (c) Both A and R are true, and R explains A
- (d) Both A and R are true, but R does not explain A

[Application]

(xvi) Selection means assigning suitable jobs to the selected candidates in the organisation and choosing the most appropriate candidates.

- (a) True
- (b) False

[Understanding]

- (xvii) Ms. Emma, a working woman wants to purchase a laptop online. She came across an attractive offer on a popular e-commerce website. The website claimed to offer the latest model at a significantly discounted price with free shipping. Excited about the deal, Emma placed her order immediately. Emma received a damaged laptop. She tried contacting the website's customer support, but her calls and emails went unanswered.

Based on the case study, which of the following Consumer Right can be exercised by her.

- (a) Right to be Heard
- (b) Right to consumer education
- (c) Right to choose
- (d) Right to seek redressal

[Application]

- (xviii) Which of the following helps to reduce prejudice and builds up mutual confidence between two persons?

- (a) Empathy
- (b) Persuasion
- (c) Dialogue
- (d) Ethics

[Understanding]

- (xix) Identify which of the following concept is NOT required to avoid excessive consumption?

- (a) Reduce
- (b) Reuse
- (c) Refuse
- (d) Remember

[Evaluate]

- (xx) The following passage is excerpted from the book 'MARKETING':
'The success of your business depends on the success of your marketing efforts. If you can identify what customers want, need and can afford- and give it to them- you will achieve outstanding results.'

- Marketing by Brian Tracy

Based on the information provided in the passage, which of the following statement describes Marketing-

- (a) Marketing is beneficial for both buyers and sellers.
- (b) Marketing focuses on short term maximisation of profit.
- (c) Marketing works on the principle of Caveat emptor.
- (d) Marketing begins after the goods are produced.

[Application]

Question 2

[10]

(i) Distinguish between

- (a) Apprenticeship training and Internship training
- (b) Advertising and Sales promotion

[Recall &
Understanding]

(ii) Justify the following sentences for or against and give a reason:

- (a) The function of Human Resource Management is advisory in nature.
- (b) Interview provides an opportunity to improve, a potential employee's experience and skills.
- (c) Product differentiation is the main aim of branding.

[Evaluate]

[Analysis]

[Understanding]

Question 3

Answer the following questions:

[10]

- (i) State and explain any two types of markets on the basis of Nature of Transactions.
- (ii) How will Income and Expenditure account benefit a non-trading sports organisation?
- (iii) Explain the concept of The Dual Aspect Principle
- (iv) Name and give examples of any two types of Overheads.
- (v) List any two functions of the central bank.

[Recall]

[Evaluate]

[Recall]

[Understanding]

[Recall]

SECTION B

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

Question 4

- (i) Dr. Seema is a reputed senior surgeon who believes in training her junior doctors in the actual operation theatre itself. Identify and explain the method of training undertaken by Dr. Seema. Discuss any two methods of training. [5] **[Application]**
- (ii) Name and explain how Human Resource Management helps to improve the quality of work life of its employees. [5] **[Evaluate]**
- (iii) How is Receipts & Payments Account different from Income & Expenditure Account? [5] **[Analysis]**

Question 5

- (i) Study the picture below and explain any two of its functions. [5] **[Understanding]**



- (ii) Name and explain the scope of Public Relations with reference to any two stakeholders who create an impact on the business organisation. [5] **[Application]**
- (iii) Describe the first two stages of marketing. [5] **[Recall]**

Question 6

- (i) Write a short note on the five beliefs of environmental ethics. [5] **[Recall]**
- (ii) Describe cost on the basis of behaviour. [5] **[Evaluate]**

- (iii) Identify the picture below and explain its features.

[5]



[Evaluate]

Question 7

- (i) What do you mean by the term sales? Explain any two methods of selling.
- (ii) Explain Institutional advertising and Concept advertising by stating an example for each.
- (iii) Explain the below mentioned pricing strategies:
- (a) Skimming pricing strategy
 - (b) Penetrating pricing strategy

[5]

[Understanding]

[5]

[Recall]

[5]

[Understanding]

Question 8

- (i) Brands are used in business, marketing and advertising for recognition and to create a store value. Based on this statement list any five advantages of branding.
- (ii) Write any five fundamental duties of a citizen.
- (iii) Define the term Generally Accepted & Accounting Principles (GAAP). Why accounting principles are necessary?

[5]

[Analysis]

[5]

[Understanding]

[5]

[Analysis]

Question 9

CASE STUDY

Tata Motors-owned Jaguar Land Rover on Friday reported a 4.9 per cent decline in retail sales at 88,121 units in the second quarter ended on September 30, 2020. The company had posted retail sales of 92,710 units in the same quarter previous fiscal year, Sales of the Jaguar brand were at 17,340 units in the second quarter as against 19,248 units in the year-ago period, down 9.9 per cent. Similarly, sales of Land Rover brand were down 3.65 per cent at 70,781 units as compared to 73,462 units in the same quarter a year ago.

While there was improvement in sales in the second quarter, it remained constrained by semiconductor shortages, the company said in a statement. "The company continues to see strong demand for its products, with global retail orders again setting new records in the quarter," it said adding, as on September 30, 2022, the total order book has grown to 2.05 lakh units, up around 5,000 orders from June 30, 2022.

Demand for the new Range Rover, new Range Rover Sport and Defender remained strong, accounting for over 1.45 lakh of the 2.05 lakh orders, it added.

Source: <https://economictimes.indiatimes.com/industry/auto/cars-uvs/jaguar-land-rover-retail-sales-decline-by-4-9-in-jul-sep/articleshow/94712270.cms>.

With reference to above case study, answer the following questions:

- | | | |
|-------|--|-----------------|
| (i) | Explain the advantages of training Tata motor employees. | [5] |
| | | [Understanding] |
| (ii) | Analyse and advise on any two suitable promotional mix for Tata motors. | [5] |
| | | [Analysis] |
| (iii) | In the context of above case study, Analyze any five advantages of advertising to manufacturers. | [5] |
| | | [Analysis] |



ICSE 2025 – SPECIMEN PAPER
DRAFT MARKING SCHEME – COMMERCIAL APPLICATIONS

Question 1			[20]
(i)	(c)	Growth stage	
(ii)	(a)	It has limited choice of candidates.	
(iii)	(b)	False	
(iv)	(c)	Semi-Fixed cost	
(v)	(b)	1 & 3 are correct	
(vi)	(b)	Variability	
(vii)	(b)	Flexible	
(viii)	(d)	Parity pricing	
(ix)	(c)	Publicity	
(x)	(b)	Current account	
(xi)	(a)	Income and Expenditure	
(xii)	(c)	Money Measurement Concept	
(xiii)	(a)	owned and controlled by the Government	
(xiv)	(c)	Development-Oriented function	
(xv)	(a)	True	
(xvi)	(c)	Both A and R are true, and R explains A	
(xvii)	(d)	Right to seek redressal	
(xviii)	(c)	Dialogue	
(xix)	(d)	Remember	
(xx)	(a)	Marketing is beneficial for both buyers and sellers.	
Question 2			[10]
(i)	(a)	<div>Apprenticeship training</div> <div>1. It is one of the on-the-job training method.</div> <div>2. It is practical knowledge about the job.</div>	<div>Internship training</div> <div>It is one of the Off-the-job training method.</div> <div>It is theoretical knowledge about the job.</div>
	(b)	<div>Advertising</div> <div>1. Long-term perspective</div> <div>2. Mass communication</div>	<div>Sales Promotion</div> <div>short term perspective</div> <div>Individual communication</div>

(ii)	<p>(a) The function of human resource management is advisory in nature. For: Human resources managers do not manufacture or sell goods, but they do contribute to the success and growth of an organisation.</p> <p>(b) Interview provides an opportunity to improve a potential employee's experience and skills. Against- Training provides an opportunity to improve a potential employee's experience and skills whereas through Interview selection of the right candidate is done.</p> <p>(c) Product differentiation is the main aim of branding. For- Branding is done so that product can be identified easily and differentiated from competitor's product.</p>	
Question 3		[10]
(i)	<p>(a) Spot market-This market is where the goods are physically transferred from the sellers to buyers.</p> <p>(b) Future market- This market is where buyers and sellers enter into future contracts without the intention of actual delivery of goods.</p>	
(ii)	<ul style="list-style-type: none"> - It will show surplus or deficit arising from transaction - It will show all items of income and expenditure and organization can increase income and reduce expenditure. - It serves as a basis of Balance Sheet. - It will fulfill statutory requirements. 	
(iii)	<p>This principle suggests that every debit has a corresponding and equal credit.</p> <p>There must be a giver of the benefit and receiver of the same.</p>	
(iv)	<p>(a) Factory or manufacturing overheads :- Examples-; grease, salary of store keeper,</p> <p>(b) Office and administrative overheads:-Examples-; printing and stationery, Office rent.</p> <p>(c) Selling and distribution overheads. Examples;- Sales commission , Advertising</p>	
(v)	<p>(a) Monopoly over issuing currency notes in the country.</p> <p>(b) Credit control policy.</p>	
Question 4		
(i)	<p>Since training is to be given in the actual work situation, which is O.T in this case it is on-the-Job training. Under this method employees are given a specific job and they learn</p>	[5]

	by performing the job in the actual work situation. It is also called Learning by Doing. The employee learn work method under the supervision of a senior training under on-the-job training are: Coaching or Mentoring – The supervisor instructs and guides the trainee. The employee learns detail of the job under the guidance of his supervisor. Under Study – Here the trainee is imparted training by a senior experienced employee. The purpose is to prepare the trainee to fill the vacancy arising from the retirement or promotion of the trainer Other methods are Assistant to, Job rotation, Apprenticeship training can be explained		
(ii)	<ul style="list-style-type: none">- Professional Significance- It permits team work among employees by providing healthy working environment.- Provides opportunities for personal development of each employee.- Allocating work properly- It contributes to professional growth.	[5]	
(iii) Basis	Receipts and Payments Account	Income and Expenditure Account	[5]
	Nature;- Summary of cash receipt and payment.	It is like profit and loss account.	
	Type of Account;-It is a real account.	It is a nominal account.	
	Nature of Items;-It contains both capital and revenue items.	It contains only revenue items.	
	Non-Cash Items;-It contains only cash	It contains cash and non cash items	
	Balance Sheet;-It need not to be accompanied by a balance sheet.	It needs to be accompanied by a balance sheet.	
Question 5			
(i)	Overdraft: (a) An arrangement under which a current account holder is allowed to withdraw more than the balance to his credit up to a specified limit. (b) It is allowed for a short period against security of some assets or on the personal security of the account holder and interest is charged on it. Cash Credit: (a) The bank advances cash loans to the borrower against some tangible security or personal guarantee. (b) The borrower can withdraw up to his cash credit limit as per his needs and deposit back any surplus. Interest is charged on the amount actually withdrawn not on the whole amount granted. Discounting Bills: (a) The businessman gets the bills encashed from the bank before the date of maturity. The bank pays the amount after deducting discounting charges. (b) On maturity of the bill the bank gets payment from the acceptor. If the bill discounted gets dishonoured, the bank gets payment from the customer who discounted the bill.		[5]

	<p>Loans and Advances:</p> <p>(a) The bank advances a fixed amount in lump sum to the borrower for an agreed period against some security.</p> <p>(b) The borrower may withdraw the whole amount or as per requirement. Interest is charged on the whole amount sanctioned.</p>	
(ii)	<p>(a) Employee relations: The expansion in the industrial workforce has created serious problems in communication and relations with employees. Poor communication creates misunderstanding. Employees have been given inadequate opportunity to express their views. Management should do a little more listening and a little less talking than it has done in the past.</p> <p>(b) Stockholder relations -Management should consider shareholders as its actual owners. Management provides the shareholders current information about the financial position and future prospects of the corporation.</p> <p>(c) Consumer relations- Consumers determine the success or failure of a business enterprise. Therefore, a sincere concern for consumers is essential. Consumers and consumer groups are increasingly demanding their rights. Developing better relations with consumers is a challenging task.</p> <p>(d) Distributor Relations-Most of the manufacturers market their products through wholesalers and retailers. Distributors and dealers keep the production- line moving. A manufacturer must maintain close contacts with his distributors and ensure profitable business to them.</p> <p>(e) Supplier relations- Manufacturers depend on the suppliers for raw materials, components and tools. Supplier relations are becoming important.</p> <p>(f) Government relations- The interests of business and government are synthesised to the common advantage of both. There is an increasing development of both government and business together.</p>	[5]
(iii)	<p>1. Production-oriented Stage (1869 -1930): In this stage, the motto was to sell 'what can be produced.' There was acute shortage of goods and there was no need to create demand. Product was the focus of attention and communication with the buyer was not needed. Products were manufactured on the assumption that customers should search and buy well-built and reasonably priced products. This was based on Say's Law: 'Supply creates its own demand. It was believed that customers were capable of selecting products from among the competing brands. The firms that follow the production stage make efforts to make their products in expensive and widely available through mass production and mass distribution.</p> <p>2. Sales-oriented Stage (1930 - 1950) : The Great Depression resulted in a situation that questioned the thinking/strategy of business firms. Drastic changes in buying habits and behaviour of consumers, technological advancements in transportation and communication and growth of corporate form of organisation also changed the thinking. The focus shifted from production to selling. How to sell became a problem and the new motto was to 'get rid of what you have'. Producers began to realise that consumers will not buy enough unless they are approached with substantial selling and promotional efforts. The focus was on increasing sales rather than on consumer satisfaction. Demand outstripped supply and it was still a seller's market. Thus, the sales-oriented stage was characterised by hard selling.</p>	[5]

Question 6		
(i)	<p>Environmental ethics is based on the following beliefs-</p> <ul style="list-style-type: none"> (a) Humans have no right to reduce the richness and diversity of nature except for their essential needs. (b) Human life can flourish in the long run only when non-human life is conserved. (c) Besides human beings, all other living and non-living things are equally valuable. (d) The human race cannot hope to prosper without providing adequate space for the growth of natural resources. (e) In case people continue to exploit natural resources indiscriminately, a day will come when they will have no clean air to breathe, no clean water to drink and no wholesome food to eat. 	[5]
(ii)	<p>Fixed costs: The costs which do not change with change in the level of activity or volume of output during a short period are known as fixed costs. For example, the rent of factory building, factory manager's salary, insurance premiums and municipal taxes.</p> <p>Variable costs: The costs which vary or change with change in the level of activity or volume of output are called variable costs. The costs incurred on raw material, power, fuel, wear and tear of machines are examples of variable cost.</p> <p>Semi-variable cost or semi-fixed cost: Semi-fixed costs are those costs which vary but not in direct proportion to changes in the volume of production.</p>	[5]
(iii)	<p>(a) Automatic Vending Machines: These machines are installed at public places. Customers insert coupons/cash in the machine and collect the product. Vending machines are used to sell milk, cold drinks, coffee, tea, and so on. Well known brands of products of daily use are sold through vending machines.</p>	[5]
Question 7		
(i)	<p>Sales refer to the exchange of goods and services for money. It is a process whereby the seller transfers the ownership in goods and services for a price.</p> <p>The two selling methods are:</p> <ul style="list-style-type: none"> (a) Sale by Inspection: In this method, the buyer or his representative inspects the goods before deciding to buy them. Selling by inspection is necessary when the goods are not standardised or are of perishable nature. This is a time-consuming method of selling. (b) Sale by Description: Goods may be sold through description in catalogues, circulars, sales letters, etc. Description gives size, shape, design, contents, etc. of goods. Sale by description saves time and widens the market. But this method is possible only in case of standardised goods. (c) Sale by Sample: Under this method, a sample or specimen of the product is checked. Bulk order is placed on the basis of sample. This method is used in case of foodgrains, tea, coffee, etc. (d) Sale on Approval or Return: The seller sends the goods to the buyer. After checking them the buyer may decide to buy them or return them back to the seller. 	[5]

(ii)	<p>Institutional Advertising: The aim of this type of advertising is to build favourable image of the organisation rather than to promote the sale of the product. Ex- Advertisement of colleges.</p> <p>Concept Advertising: Its purpose is to stimulate the demand for a new product. Advertisement designed to change the lifestyle of people is called concept advertising. Ex- 'a diamond forever'.</p>	[5]
(iii)	<p>(a) Skimming pricing: It means setting a high introductory price to quickly recover the investment made in the product. When a product is first introduced in the market, often a high price is charged. New products are often launched at a high price to recover the development cost as quickly as possible.</p> <p>(b) Penetrating pricing: This strategy involves setting low price in the initial stage so as to make the brand quickly popular and to maximise the market share. The manufacturer seeks to sell to the masses. Many firms use this strategy while launching fast moving consumer goods `use the policy results in high sales volume during the initial stages of a product's life cycle.</p>	[5]
Question 8		
(i)	<ol style="list-style-type: none"> 1. Branding differentiates the product. 2. Branding is the basis of advertising. 3. Branding helps to minimise selling cost. 4. Branding ensures uniform standards of quality. 5. Branded products are invariably packed to prevent adulteration. 	[5]
(ii)	<ol style="list-style-type: none"> (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and National Anthem; (b) to cherish and follow the noble ideal which inspired our national leaders' struggle for freedom; (c) to uphold and protect the sovereignty, unity an integrity of India; (d) to defend the country and render national service when called upon to do so; (e) to promote harmony and spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversions, to renounce practices derogatory to the dignity of women; (f) to value and preserve the rich heritage of our composite culture. 	[5]
(iii)	<p>Accounting is the language of business. In order to make this language precise, accounting authorities have developed certain basic rules. These man-made rules of accounting are called Generally Accepted Accounting Principles. These principles are accepted and used by accountants all over the world so that financial statements become comparable and useful to the users.</p> <p>Need: Accounting principles are necessary due to the following reasons-</p> <p>(a) Accounting principles are required to identify and classify economic transactions for meaningful presentation.</p>	[5]

	<p>(b) These principles help to ensure uniformity in accounting records. As a result, the financial statements of different firms become comparable.</p> <p>(c) Accounting principles serve as a guide to accountants in recording and reporting business transactions.</p> <p>(d) These principles represent a scientific approach to financial statements. True and fair financial statements are useful to various users. Use of accounting principles creates confidence in accounting information.</p>	
Question 9		
(i)	<p>(a) Trained employees can get employment more easily and quickly.</p> <p>(b) Training helps employees to do the job more efficiently. They can earn more through higher productivity.</p> <p>(c) Training increases adaptability of employees to new methods and new technology.</p> <p>(d) Training helps to improve the motivation and morale of employees.</p> <p>(e) Training increases the chances of promotion of employees.</p> <p>(f) Training improves mobility of employees from one organisation and place to another.</p>	[5]
(ii)	<p>Two suitable promotion Mix for Tata Motors are:</p> <p>Publicity: It is inexpensive, timely and credible method of promotion. But the organisation has no control over publicity Just a good publicity can enhance image, bad publicity can spoil the image of an organisation.</p> <p>News releases features articles, letters to the editor, press conference and audio visual material are the main techniques of publicity.</p> <p>Sales Promotion: It refers to all those activities other than advertising and personal selling that stimulate consumer purchasing and dealer effectiveness. The basic purpose of sales promotion is to stimulate on-the-spot buying through short term incentives.</p> <p>[Advertisement and personal selling can also be considered]</p>	[5]
(iii)	<p>Advantages to Manufacturers</p> <p>(a) Advertising creates demand for new products by informing people about their availability and uses.</p> <p>(b) It helps to increase sales and profits by attracting people to buy and by expanding markets. Large sales facilitate large scale production which in turn leads to reduction in the cost per unit.</p> <p>(c) Advertising creates goodwill by making the manufacturers and his products famous and known in public.</p> <p>(d) It helps to maintain steady demand by smoothening out seasonal fluctuations in demand.</p> <p>(e) It helps to establish direct link between manufacturers and consumers. Direct contact helps in reducing the costs of distribution.</p> <p>(f) Advertising is helpful in meeting competition in the market.</p>	[5]