



ICSE 2025 EXAMINATION
SPECIMEN QUESTION PAPER
COMMERCIAL STUDIES

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 [].

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

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

[16]

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

- (i) **Assertion:** The concept of insurable interest is fundamental to all insurance contracts.

Reasoning: It ensures that the insured has a legitimate financial interest in the subject matter insured.

- (a) A is true, and R is the correct explanation of A.
- (b) A is true, but R is not the correct explanation of A.
- (c) A is true, but R is false.
- (d) A is false, but R is true.

[Analysis & Evaluation]

- (ii) Maya had purchased a washing machine which stopped working after two weeks. She asked for a replacement, but nothing was done. Which Consumer Right is being violated in this case?

- (a) Right to safety
- (b) Right to be informed
- (c) Right consumer education
- (d) Right to seek redressal

[Analysis & Application]

- (iii) Identify the insurance depicted in the picture below.

- (a) Marine
- (b) Health
- (c) Fire
- (d) Life



[Analysis & Application]

- (iv) A module of ERP which manages the flow of products from manufacturer to consumer and consumer to manufacturer is the:

- (a) Supply chain module
- (b) Customer relationship module
- (c) Sales module
- (d) Purchase module

[Recall]

(v) 'X' pays Rs. 60 for one kg of mangoes. The fruit vendor gives him 900 g of mangoes. Identify what has happened.

- (a) Consumer protection
- (b) Consumer exploitation
- (c) Consumer awareness
- (d) Consumer rights

[Analysis & Application]

(vi) Which of the following is NOT considered as a Consumer Right?

- (a) Right to freedom of speech
- (b) Right to consumer education
- (c) Right to be informed
- (d) Right to safety

[Analysis]

(vii) Heavy expenditure on advertisement is classified as:

- (a) Miscellaneous Expenditure
- (b) Revenue Expenditure
- (c) Deferred Revenue Expenditure
- (d) Capital Expenditure

[Recall]

(viii) When the Principal of a school retires the vice -principal is given her place. Identify which of the following will be true in this context.

- I. The vice-principal is being transferred
- II. The vice-principal will be getting a higher salary
- III. The vice-principal is getting promoted.
- IV. The vice-principal will be getting the same salary but her designation will change

- (a) I and II are true
- (b) III and IV are true
- (c) II and III are true
- (d) III and IV are true

[Analysis & Application]

(ix) The National Pension Scheme seeks to provide old-age security to the citizens.

(a) True

(b) False

[Understanding
& Application]

(x) Which of the following banks regulate the supply of money in the economy?

(a) Commercial banks

(b) Indigenous banks

(c) Central bank

(d) Exchange banks

[Analysis]

(xi) **Assertion:** Central banks control credit.

Reasoning: Commercial banks issue bank drafts.

(a) A is true and R is the correct explanation for A

(b) A is true but R is not the correct explanation for A

(c) A is true, R is false

(d) A is false, R is true

[Analysis &
Evaluation]

(xii) _____ is an example of a Sales Promotion technique.

(a) Free samples

(b) Pricing

(c) Marketing

(d) Banking

[Recall]

(xiii) Identify the picture.

(a) Bank

(b) Warehouse

(c) Budget

(d) Forecast



[Analysis]

(xiv) The RBI settles claims of other commercial banks by a process of book entries. It helps to stabilize the banking system in the economy. Which function of the Central bank is explained here.

- (a) Monopoly of note issue
- (b) Government's bank
- (c) Clearing house function
- (d) Developmental function

[Application]

(xv) Imagine you are an accountant of Shah & Company. You have to pass an entry of interest received by the company. What will be the accounting treatment?

- (a) Asset side of balance sheet
- (b) Liability side of balance sheet
- (c) Credit side of trading account
- (d) Credit side of profit and loss account

[Analysis & Application]

(xvi) Identify the principle of insurance based on the given information.

1. The insured must be benefitted by the existence of the insured object and must suffer a loss by its destruction.
 2. It is the financial interest of the insured in the subject matter of insurance.
- (a) Indemnity
 - (b) Insurable interest
 - (c) Utmost good faith
 - (d) Mitigation of loss

[Analysis & Application]

Question 2

Write any two differences between:

- (i) Debit card and Credit card [2]
- [Analysis]**
- (ii) Advertising and Sales promotion [2]

[Analysis]

- (iii) Central and Commercial banks [2]
[Analysis]
- (iv) Capital and Revenue Receipts [2]
[Analysis]

Question 3

- (i) An association is formed by persons working in an industry to protect and promote the interests of the workers. [2]
Identify the above and explain any one function that it performs. [Understanding & Application]
- (ii) What is Recruitment? [2]
[Recall]
- (iii) What do you mean by Pricing? [2]
[Recall]
- (iv) State any two expectations of employers from a commercial organisation. [2]
[Recall]

Question 4

- (i) What is E-advertising? [2]
[Recall]
- (ii) Explain in brief the Principle of Subrogation. [2]
[Understanding]
- (iii) Modern advertising exerts a corrupting influence on society. Justify the statement giving two points. [2]
[Evaluation]
- (iv) Explain in brief Discounting of bills of exchange. [2]
[Understanding]

SECTION B

(Attempt any four questions from this Section.)

Question 5

- (i) A market is used for trading long term securities. Identify the market and explain any four functions of the above. [5]
[Understanding & Application]

- (ii) Write short notes on: [5]
- (a) IMPS [Recall]
 - (b) Right to be informed [Recall]

Question 6

- (i) Discuss five objectives of Pricing in detail. [5]
[Understanding]
- (ii) Write short notes on: [5]
- (a) Debentures
 - (b) Health insurance [Recall]

Question 7

- (i) Mention any two demerits and any three merits of Road transport. [5]
[Recall]
- (ii) (a) Mr. Mohan took a Health insurance policy for Rs. 2 lakhs without disclosing proper facts. After three years he was admitted in hospital due to acute tuberculosis. During investigation it was found that he had been a chain smoker for the past five years. [5]
- 1. Will he be able to claim health insurance? Why? [Evaluation]
 - 2. Identify the Principle of insurance. [Application]
- (b) Write a Short note on Direct Cost. [Recall]

Question 8

- (i) Explain *any five* modules of ERP. [5]
[Understanding]
- (ii) Write Short notes on: [5]
- (a) Internal Recruitment [Understanding]
 - (b) Social Advertising Media [Understanding & Application]

Question 9

(i) Differentiate between E-Commerce and Traditional commerce. [5]

State any five points.

[Evaluation]

(ii) Write short notes on: [5]

(a) Social Security

[Understanding
& Application]

(b) EPA

Question 10

[10]

Prepare a Trading, Profit and Loss account of Mr. ABC for the year ending on 31st March, 2023 and a Balance Sheet as on 31st March, 2023.

[Analysis & Application]

Particulars	Amount (Dr) Rs.	Amount (Cr) Rs.
Capital		80,000
Drawings	4,000	
Cash at Bank	4,700	
Purchase	66,000	
Sales		1,15,000
Purchase Returns		3000
Sales Returns	6,000	
Discount	1,200	
Carriage Outwards	1,800	
Salaries	18,000	
Trade expenses	3,600	
Opening stock	15,000	
Bad debts	1,800	
Rent	4,500	
Machinery	1,08,000	
Furniture	18,000	
Debtors	12,000	
Creditors		30,000
Stationery	7,500	
Commission received		900
Loan		43,200
	2,72,100	2,72,100

Closing stock on 31st March, 2023 was valued at Rs. 78,000.



/ICSE 2025 – SPECIMEN PAPER
DRAFT MARKING SCHEME – COMMERCIAL STUDIES

Question 1		[16]			
(i)	(a) A is true, and R is the correct explanation of A.				
(ii)	(d) Right to seek redressal				
(iii)	(b) Health				
(iv)	(a) Supply chain module				
(v)	(b) Consumer exploitation				
(vi)	(a) Right to freedom of speech				
(vii)	(c) Deferred Revenue Expenditure				
(viii)	(c) II and III are true				
(ix)	(a) True				
(x)	(c) Central bank				
(xi)	(b) A is true but R is not the correct explanation for A				
(xiv)	(a) free samples				
(xii)	(b) Warehouse				
(xiii)	(c) Clearing house function				
(xv)	(d) Credit side of profit and loss account				
(xvi)	(b) Insurable interest				
Question 2		[8]			
(i)	Basis of Distinction	Debit Card	Credit card		
	1. Status of holder	Not a debtor	Debtor		
	2. Credit facility	Not available	Available		
<i>(Any other relevant points)</i>					
(ii)	S.NO	Basis of Distinction	Advertising	Sales Promotion	
	1	Time horizon	Short term perspective	Long term perspective	
	2	Aim	To increase immediate sales	To build an image of the producer and his product	
<i>(Any other relevant points)</i>					



(iii)	S.No	Basis of Distinction	Central Bank	Commercial Bank	
	1	Ownership	Owned by government	Owned by shareholders	
	2	Customers	Banker to government	Banker to general public	
<i>(Any other relevant points)</i>					
(iv)	S.No	Basis of Distinction	Capital Receipts	Revenue Receipts	
	1	Nature	Non-recurring	Recurring	
	2	Accounting treatment	Shown on liabilities side of balance sheet	Shown on credit side of trading or profit and loss account	
<i>(Any other relevant points)</i>					
Question 3					[8]
(i)	Trade Union. Protection—The trade unions safeguard the workers against all sorts of exploitation by employers or political parties. <i>(Any other relevant point)</i>				
(ii)	Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization				
(iii)	Pricing is the process of translating the value of a product or service in terms of money.				
(iv)	Expectations of Employers - Safety of capital contributed by them - Capital appreciation in the value of their investment <i>(Any other relevant point)</i>				
Question 4					[8]
(i)	Electronic advertising means sending advertising messages to consumers over the Internet. It is also known as online advertising Internet advertising or web advertising.				
(ii)	The Principle of subrogation implies that after indemnifying the insured for his loss the insurer becomes entitled to all the rights and remedies relating to the insured property. The insurer shall step into the shoes of the insured. Right of subrogation extends only to the extent of the sum insured.				
(iii)	Advertising ---Demerit - Modern advertising degrades ethical and aesthetic values through indecent languages and photographs. - It also encourages social evils like drinking and smoking. <i>(Any other relevant point)</i>				



(iv)	<p>Discounting of bills of exchange implies procuring cash from a bank in exchange for credit instruments.</p> <p>The banks charge some Commission for this service by paying a price lower than the face value of the credit instrument. The holder of the instruments remains liable to the bank if the instrument is dishonored on maturity.</p>	
Question 5		[10]
(i)	<p>Capital market</p> <ol style="list-style-type: none">i. Promotion of thrift capital market inspires people to save money by offering incentives in the form of attractive rates of interest and dividend.ii. Liquidity securities used in the capital market are negotiable the investors can sell them at any time and convert them into cash as and when necessaryiii. Investment avenue capital market provides profitable avenues to investors and helps them to earn maximum available return on their funds.iv. Availability of capital a capital market enables borrowers to obtain needed funds at a reasonable cost. It also enables the government to raise funds through bonds and other types of securities. <p style="text-align: right;"><i>(Any other relevant point)</i></p>	
(ii)	<ol style="list-style-type: none">(a) Immediate Mobile Payment Services in order to use IMPS we have to register for mobile banking and then money can be sent in real time. This service is available 24/7 throughout the year including bank holidays. To make payment we can link our mobile number or Aadhaar card number to our bank account.(b) Right to be informed--- the consumer has the right to be informed about the quantity, quality, potency, purity. standard and price of the goods that he wishes to purchase. It is the responsibility of the distributor and manufacturer to give complete information about ingredients, date of manufacture, technical specifications, precautions if any to be taken in the use and maintenance of the product etc. This right is meant to protect the consumer from deceptive advertising, misleading labelling and warranties etc.	
Question 6		[10]
(i)	<p>Pricing objectives</p> <ol style="list-style-type: none">i. Target rate of return an adequate return on investment is an important pricing objective the idea is to secure a sufficient return on capital employed after covering the cost of production and distribution. Prices are so set that the total sales revenue exceeds the total cost by the estimated profit amount.ii. Price stability A firm seeks to cut or eliminate cyclical price fluctuations and avoid price wars. All firms try to avoid price wars. No firm is willing to cut prices for fear of retaliation by other firms.iii. Market share the sales of a firm in relation to those of competitors is a very meaningful mark for measuring the market position or success. Maintaining or improving the market share is a more profitable objective in growing markets. Firms manufacturing refrigerators, washing machines etc. reduce prices to capture a larger share of the growing demand in India.iv. Meet or prevent competition in a market characterized by cut throat competition firms often take pricing decisions to meet or prevent competition. An established firm may cut	



	<p>prices drastically to prevent competitors from entering a market. Sometimes a company adopts below cost pricing to fight competition.</p> <p>v. Profit maximization firms pursuing this objective try to earn as much money as possible. Small and little known firms may try to charge as much price as the customer can bear. Due to high profits new entrepreneurs will be attracted into the industry and prices will come down in the long run.</p> <p style="text-align: right;"><i>(Any other relevant point)</i></p>	
(ii)	<p>(a) Debentures constitute the borrowed funds of a company. They are known as creditor ship securities. Debenture capital may also be called debt capital. Debenture 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 the holder.</p> <p>(b) Health insurance this is insurance for protection of health against various types of diseases. In case of ill health, the insured person receives the cost of treatment or hospitalization up to the insured amount. Health insurance also covers loss of income from sickness in addition to medical expenses. It is a contract of indemnity. Mediclaim is the most popular health insurance policy.</p>	
Question 7		[10]
(i)	<p>Road transport-- Demerits</p> <p>Limited capacity motor vehicle can only carry a small load it is not suitable for carrying bulky or heavy goods.</p> <p>Undependable road transport becomes unserviceable during floods, snowfall etc.</p> <p>Merits of road transport</p> <p>Flexibility road transport provides complete flexibility of movement. If one road is blocked the vehicle can be shifted to another road as per the need and convenience.</p> <p>Door to door service road transport company provides complete service by loading the goods at the consigners door and unloading them at the consignee place.</p> <p>Economy for short distances and small loads road transport is quicker and economical because the cost of loading and unloading at intermediate points is eliminated. The most direct and shortest route can be used.</p> <p style="text-align: right;"><i>(Any other relevant point)</i></p>	
(ii)	<p>(a) 1. No. He did not disclose material facts to the insurance company. 2. Utmost Good Faith</p> <p>(b) Direct cost the cost which is directly attributed to a particular cost unit or cost center. Example direct labour, direct material and direct expenses. These costs can be directly and definitely identified with the particular unit of output.</p>	
Question 8		[10]
(i)	<p>Enterprise resource Planning and its Modules</p> <p>i. HR module the human resource module helps in efficient management of human resources. It helps to manage employee information, track employee records like performance reviews, designations, time and attendance payroll system etc.</p>	



	ii.	Inventory module the inventory module is used to track the stock of items which can be identified by using unique serial numbers. It can be used to track every item and trace its current location in the organization.
	iii.	Sales module this includes sales queries, enquiry analysis and handling quotation drafting, accepting sales orders, drafting invoices, dispatch and shipment of materials etc.
	iv.	Purchase module this takes care of all the processes which are a part of the procurement of materials. Like supplier vendor listing, sending quotation request to vendors receiving and recording quotations, analysis of the quotations and preparing purchase orders etc.
	v.	Finance and accounting module the inflow and outflow of money or capital is managed by the finance module. It keeps track of all accounts related transactions like expenditures, balance sheet, bank statements etc.

(ii)	(a)	Internal recruitment when job vacancies are filled in by people already working in the organization it is called internal recruitment. The two main sources of internal recruitment are: <ul style="list-style-type: none"> i. Promotions Vacancies at higher levels may be filled by promoting people working at lower levels. It involves shifting of an employee to a higher post carrying a higher status and more salary. ii. Transfers mean shifting an employee from one branch or office to fill a vacancy in another branch office of the same company. This involves shifting an employee to a similar job without change in status and salary.
	(b)	Social advertising media this refers to advertising about socially relevant issues or using social networks to promote a product or service and reach out to the target audience. The basic idea is to create awareness and make a difference. Example campaign for blood donation, Swachh Bharat abhiyan etc. or advertising a product or service on Facebook, Twitter, Instagram etc.

Question 9 [10]

(i)	S.NO	BOD	E-COMMERCE	TRADITIONAL COMMERCE
	1	Formation	simple	difficult
	2	Operating cost	Low- little fixed charges	High due to fixed charges
	3	Physical presence	Not necessary	necessary
	4	Personal touch	low	High
	5	Government support	high	low

(Any other relevant point)

(ii)	(a)	<p>Social Security is the protection which society provides for its members through a series of public measures against economic and social distress that would otherwise cause substantial reduction or stoppage in earnings due to sickness, maternity, injury unemployment, old age, death etc.</p> <p>Some Social Security schemes in India are Provident fund scheme. pension scheme</p>
------	-----	---



maternity benefits

Group insurance.

- (b) Environment Protection Act—this act was passed in 1986 for the protection and improvement of the environment. Under this act the environment includes air, water, land, human beings and other living organisms, plants etc.

(Any features of the Act)

Question 10

[10]

(i)

**TRADING ACCOUNT and PROFIT and LOSS A/C
OF Mr. A.B.C FOR THE YEAR ENDING 31st March, 2023**

Dr.

Cr.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Opening stock	15000	By Sales 115000 (-) sales returns 6000	109000
To Purchases 66000 (-) purchase returns 3000	63000	By Closing stock	78000
To gross Profit transferred to the p/l a/c	109000		
	187000		187000

PROFIT AND LOSS ACCOUNT

Dr.

Cr.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Discount	1200	By Gross Profit	109000
To Carriage outward	1800	BY Commission received	900
To Salaries	18000		
To Trade expenses	3600		
To Bad debts	1800		
To Rent	4500		
To Stationery	7500		
To Net profit transferred to Balance Sheet/capital Account	71500		
	109900		109900



BALANCE SHEET OF Mr. A.B.C
AS ON 31st DECEMBER, 2023

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Capital 80000		Cash at bank	4700
(-) Drawings 4000		Machinery	108000
(+) Net profit		Furniture	18000
71500	147500	Debtors	12000
Creditors	30000	Closing stock	78000
Loan	43200		
	220700		220700

GROSS PROFIT-----109000

NET PROFIT----- 71500

BALANCE SHEET TOTAL -----220700