

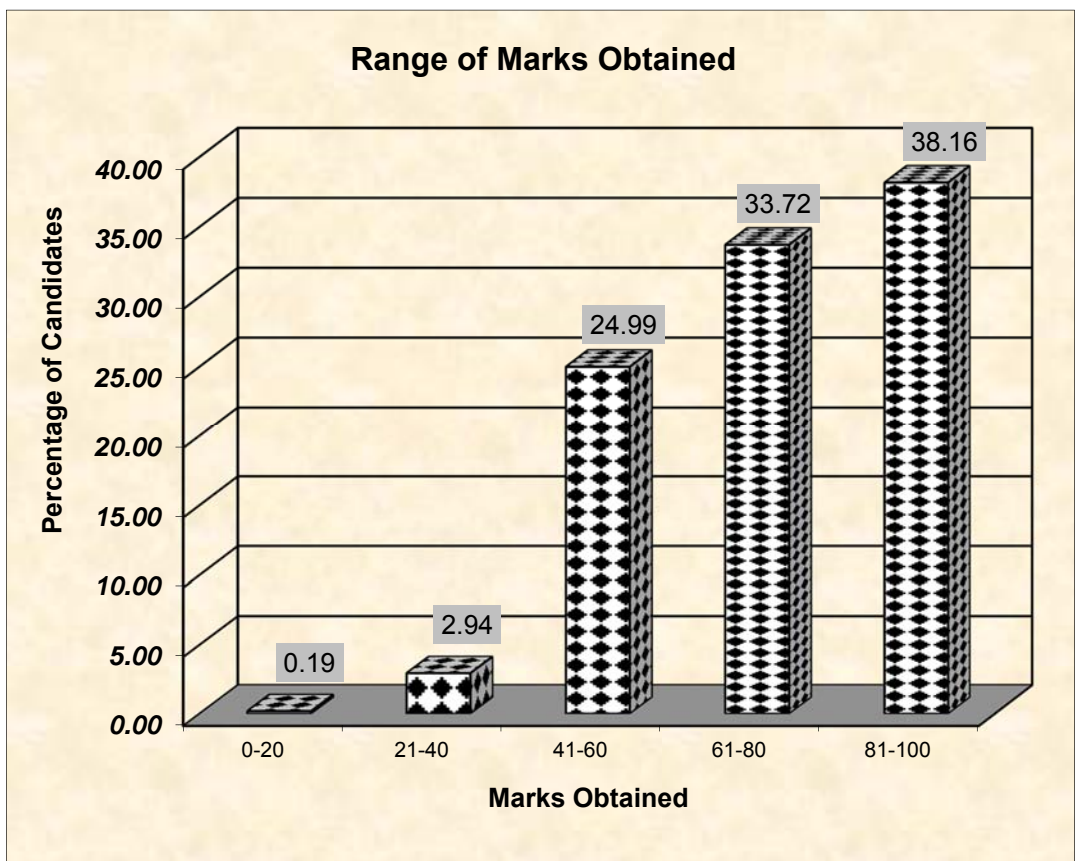
COMMERCIAL STUDIES

STATISTICS AT A GLANCE

| | |
|---|--------|
| Total Number of students who took the examination | 11,042 |
| Highest Marks Obtained | 100 |
| Lowest Marks Obtained | 13 |
| Mean Marks Obtained | 72.85 |

Percentage of Candidates according to marks obtained

| Details | Mark Range | | | | |
|--------------------------|------------|-------|-------|-------|--------|
| | 0-20 | 21-40 | 41-60 | 61-80 | 81-100 |
| Number of Candidates | 21 | 325 | 2759 | 3723 | 4214 |
| Percentage of Candidates | 0.19 | 2.94 | 24.99 | 33.72 | 38.16 |
| Cumulative Number | 21 | 346 | 3105 | 6828 | 11042 |
| Cumulative Percentage | 0.19 | 3.13 | 28.12 | 61.84 | 100.00 |



COMMERCIAL STUDIES

ANALYSIS OF PERFORMANCE

Question 1

Distinguish between:

- | | |
|---|-----|
| (a) <i>Formal Communication</i> and <i>Informal Communication</i> . | [2] |
| (b) <i>A Product</i> and a <i>Service</i> . | [2] |
| (c) <i>Standardisation</i> and <i>Grading</i> . | [2] |
| (d) <i>Direct Labour Cost</i> and <i>Indirect Labour Cost</i> . | [2] |
| (e) <i>A Warehouse Receipt</i> and a <i>Warehouse warrant</i> . | [2] |

Examiners' Comments

- (a) Most candidates answered the correct differentiation between the two types of communication.
- (b) Most candidates wrote the answer correctly.
- (c) A few candidates were unable to answer correctly as they lacked clarity in understanding the concepts.
- (d) Many candidates were unable to write the difference between direct labour and indirect labour costs.
- (e) Most candidates were confused and wrote similar explanations for both terms.

Suggestions for teachers

- All commercial based terms must be explained with the help of examples.
- Regular practice must be given to students during classroom sessions.
- A clear distinction should be made when difference based questions are posed, to enable students to comprehend the question and answer correctly.

MARKING SCHEME

Question 1.

| | |
|--|---|
| <p>(a) Formal Communication</p> <ol style="list-style-type: none"> 1. It follows the officially established relationships. 2. It is preplanned. 3. It is rigid. 4. It is slow as it has to follow the path. | <p>Informal Communication</p> <p>It does not follow the officially established relationships. It is not preplanned. It is flexible. It is fast as it does not follow a prescribed particular path.</p> |
| <p>(b) Product</p> <ol style="list-style-type: none"> 1. Fully tangible. 2. Can be measured and controlled. 3. Can be stored. 4. Product can be replaced. | <p>Service</p> <p>Intangible may have physical evidence. Difficult to control and measure. Cannot be stored. Services delivered cannot be replaced.</p> |

- (c) **Standardisation** (Any two points)
1. Standard refers to the process of setting up basic measures or standards in which the products must conform and taking steps to ensure that the goods actually produced adhere to these standards.
 2. Standards reflect desirable features of a product in terms of its design, weight, colour, etc.
 3. Standardisation means that goods are of a specified and uniform quality.

Grading

1. Grading is the process of sorting individual units of a product into well defined classes or grades of quality. The goods are graded or sorted out into different lots in accordance with the specified standards.
2. Classes or grades of quality are set and different units of the product are sorted into the established standard grades.
3. Grading involves the division of products into products into classes made up of units possessing similar characteristics of size and quality

(d) **Book keeping and Accounting**

| Book Keeping | Accounting |
|---|--|
| 1. Book keeping is a primary storage of maintaining accounts. | Accounting is the secondary stage of maintaining accounts. |
| 2. It is concerned with the recording of transactions. | Accounting is concerned with the classification, analysis and presentation of the information. |

(e)

| Warehouse Receipt | Warehouse Warrant |
|---|---|
| This is a receipt of acknowledgement of the goods by warehouse keeper. It serves as a proof of storing the specified goods in the warehouse. It is not transferred by transferring the receipt. | It is a document certifying that the specified goods have been deposited in the warehouse for safe keeping. The ownership of the goods kept in a warehouse can be transferred to the buyer simply by the transfer of warehouse warrant. |

Question 2

- (a) State any *two* advantages of branding. [2]
- (b) How do group discussions help in the selection process of suitable candidates for employment? [2]
- (c) State *two* limitations of a budget. [2]
- (d) What is meant by an 'Overdraft' facility given by a Commercial Bank? [2]

(e) Mention any *two* objectives of Training.

[2]

Examiners' Comments

- (a) Most candidates answered the question correctly.
- (b) A majority of candidates wrote correct answers, with a few being unable to comprehend the question.
- (c) Most candidates wrote incorrect and vague answers.
- (d) Many candidates answered correctly except for a few who appeared to be confused with the terms.
- (e) Most candidates wrote correct answers.

Suggestions for teachers

- A comprehensive understanding of topics must be carried out on a regular basis.
- Classroom discussions after teaching of specific topics will ensure a better understanding.
- Reference books may be consulted to ensure a better comprehension of concerned topics.
- Regular practice of sample & model papers will improve clarity in answering questions.

MARKING SCHEME

Question 2.

(a) Advantages of Branding (Any Two)

1. It helps consumers to identify and recognize the product. Therefore, simplifying the purchase and sales, and reduces the time and effort involved therein.
2. It helps to minimize selling cost by reducing dependence on the middlemen. Dealers are ready to handle branded products at a low margin.
Branding ensures uniform standards of quality and design to consumers.

(b) Group discussion help in selection process of suitable employees

The leadership qualities, behaviour and judgement of every member can be judged on the basis of observations made. The behaviour of a member might have been aggressive or cooperative. The selection panel observes the participants carefully and ranks them according to the merit.

(c) Limitations of Budget (Any two)

1. Inflexibility – Very often budgets are so detailed that they become cumbersome. Over budgeting may create rigidity by depriving the managers of the freedom and flexibility in managing their departments.
2. Expenditure – Budgetary control requires expenditure of time, money and efforts. It is difficult to prepare various kinds of budgets.
3. Inaccuracy – Budgets are based on forecast or projections and historical trends. Forecasts may not be cent per cent true and trends may not repeat. Budgets estimates are generally based on the price level at a particular point of time. These estimates may become meaningless when there is either inflation or depression in the market.

(d) Over Draft with reference to Granting Credit

A customer who has a current account with the bank can withdraw more than the amount standing to his credit up to a specified limit. This is a temporary arrangement on which interest is charged by the bank. It may be allowed on the security of the assets or on personal guarantee.

(e) Objectives of Training

- (1) To prepare employees for the right hobs by imparting the required knowledge and skills.

- (2) To enable employees to work more efficiently on their present jobs by exposing them to the latest concepts and techniques.

Question 3

- (a) State any *two* disadvantages of Rail Transport. [2]
(b) State any *two* characteristics of an Ideal Warehouse. [2]
(c) What is a Provident Fund Scheme? [2]
(d) What is meant by the term 'Revenue Expenditure'? [2]
(e) How does a 'Status barrier' affect Effective Communication? [2]

Examiners' Comments

- (a) Most candidates answered the question correctly.
(b) Most candidates answered the question correctly quoting suitable examples.
(c) Only a few candidates answered the question correctly while others lacked the basic knowledge related to an important concept of Social Security Schemes.
(d) Most candidates answered the question correctly.
(e) Majority of candidates wrote correct answers.

Suggestions for teachers

- Adequate revision must be conducted in class to bring about clarity in answering questions
- Encourage students to revise concepts related to Social Security Schemes thoroughly before making attempts to answer the same.

MARKING SCHEME

Question 3.

- (a) **Disadvantages of Rail Transport** (Any Two)
1. Delay – It is not always convenient to send goods by rail. Time is wasted in booking and delivering formalities. Terminal delay is caused by waiting for full wagons, shunting of wagons, etc.
 2. Damage – Frequent and careless handling of goods involves wear and tear. There is delay and pilferage in sending goods by rail. Therefore, rail transport is not suitable for carrying perishable and fragile goods.
 3. Huge Capital Outlay – Huge Capital Investment is required for the construction of a railway system. Railway tracks have to be laid, railway stations need to be constructed and railway wagons and other equipment have to be manufactured. This is beyond the capacity of an individual investor.
- (b) **Characteristics of an Ideal Warehouse** (Any Two)
1. Proper Location - An ideal warehouse should be located in such a place where buyer and seller of goods can reach conveniently and economically. It must be centrally located so that loading, unloading and transport of goods take minimum time and cost.

2. Adequate Space – In an ideal warehouse sufficient space should be available so that maximum amount of goods may be stored.
 3. Low Cost – The cost of operating and maintaining the warehouse should be reasonably low. The benefits must be more than the cost.
- (c) **Provident Fund Scheme** – Every employee is entitled to become member of the scheme after completing three months of continuous service. The employee and the employer contribute every month ten per cent of the basic wages. The total contributions are invested in specified investments. The accumulated amount of standing credit to an employee is payable on retirement, death or at the time leaving service. An employee can get advances and permanent withdrawals for construction of house, marriage of dependents and other specified purposes, like serious illness.
- (d) ‘Revenue Expenditure’ refers to the benefit of this expenditure is exhausted within the current year.
- e.g.(1) Day to day expenses
 - (2) Expenses to upkeep fixed assets
 - (3) Depreciation on Fixed assets, etc.
- (e) Stakeholders Analysis is the process of identifying the various stakeholder groups who have an interest (stake) in the decisions and activities of a commercial organization.

Question 4

- (a) Briefly explain any *two* elements of a Promotion Mix. [2]
- (b) Give *two* reasons for workers joining a Trade Union. [2]
- (c) What is meant by Orientation or Induction Training? [2]
- (d) What is ‘Discounting of a Bill of Exchange’? [2]
- (e) Explain ‘contribution’ as a principle of an Insurance contract. [2]

Examiners’ Comments

- (a) Majority of candidates related the given term with that of “Job Promotion”.
- (b) Most candidates answered the question correctly.
- (c) The question was answered correctly by a majority of candidates.
- (d) Incorrect answers were written by most candidates whereas others made no attempt to answer the question and this being due to a lack of conceptual clarity on topics associated with Banking.
- (e) Candidates displayed an inability to write the correct answer.

Suggestions for teachers

- Conceptual clarity must be made in all topics through intensive revision. Important concepts and terms associated with Commercial Studies must be given due emphasis with regular practice and by taking day to day examples into consideration.
- Banking & Insurance are important topics and must be highlighted in class with adequate revision and classroom discussions.
- Class room discussions must be supported with active role plays and question answer sessions.

MARKING SCHEME

Question 4.

- (a) Promotion Mix – Advertising is an essential element of promotion mix. The elements of promotion mix are personal selling, sales promotion and publicity. Advertising helps in creating demand and stimulating sales. Advertising touches the inner part of the desire to persuade people to buy the articles.
- (b) **Workers joining Trade Unions** (Any Two)
1. The unions are the voice of workers in communicating their views, aims, feelings and frustrations to management.
 2. The unions also help workers to getting employment.
 3. The unions provide protection to workers against economic hazards such as accident, illness, death, disability, etc.
- (c) **Orientation or Induction Training** – This type of training is given to help a new worker for himself to the new environment. The employee is given a full description of the job he is expected to do. He is also informed about the policies, procedures and rule which are related to his work. Some enterprises appoint a specific person who gives full information about the organization and job to every new worker. A newcomer is also taken round the factory and informed about the location of various departments and sections.
- (d) **‘Discounting of a Bill of Exchange’**: Discounting of a bill means selling the bill before the due date to a bank at less than the face value. The banker takes the bill and in return gives cash which is equal to the amount of the bill minus the discount.
- (e) **‘Contribution’** as a principle of an Insurance contract: It means the right of an insurer who has paid claim under an insurance policy to call upon other insurers to contribute to the payment. When an insured has taken more than one policy on the same property, he shall not be entitled to claim from each insurer more than the total loss from all insurers put together.

Question 5

- (a) Write any *five* expectations of the General Public or Society from a Business Enterprise. [5]
- (b) State any *five* objectives of Marketing. [5]

Examiners' Comments

- (a) The question was answered correctly by a majority of candidates.
- (b) Most candidates answered correctly, however there were few who were unable to understand the term “objectives” and wrote the “advantages” instead.

Suggestions for teachers

Classroom teaching and discussions must involve conceptual clarity as to what is being questioned with due emphasis on terms that appear similar but have a different perspective of answering. Regular practice is essential through question and answer sessions and paper solving techniques.

MARKING SCHEME

Question 5.

(a) **Expectations of General Public (Society)** (Any Five)

1. To protect the environment from all types of pollution.
2. To produce socially desirable products in accordance with national interest and priorities.
3. To help weaker sections of society by giving them preference in employment and other fields.
4. To improve standards of living of people by promoting educational, medical and cultural institutions.
5. To donate funds for charitable and public welfare activities.
6. To preserve social and cultural values.
7. To respect human rights including rights of women and children.

(b) **Objectives of Marketing** (Any Five)

1. **Creation of Demand:** A business firm can sell goods and services only when there are customers willing to buy them. Therefore, the first purpose of marketing is to create demand for goods and services. For this purpose, marketing finds out the needs and preferences of customer. Then advertising, personal selling, sales promotion and other methods are used to create demand and to persuade customers to buy.
2. **Customer Satisfaction:** Modern marketing is customer oriented. Today, all marketing activities begin and end with the customers. The focus is on selling satisfaction rather than on selling a specific products or services.
3. **Market Share:** Every business firm seeks to have a reasonable share of the total demand. In a competitive market, aggressive selling efforts are necessary to make products and services popular. Good quality goods are offered at reasonable prices to capture a large share in the market.
4. **Profitability and Growth:** Marketing seeks to achieve long-term goals of profitability and growth by satisfying the wants of customers. In order to survive and grow, a good business must create and satisfy customers. If the customers are not satisfied, business will fail to earn and survive. Therefore, modern marketing begins and ends with the customers.
5. **Goodwill:** Marketing aims at building the reputation of the enterprise over a time. The enterprise attempts to earn a name for it and build its position in the market by selling quality products at reasonable prices, and through efficient after sales services.
6. **Standards of Living:** Marketing aims at improving the living standards of people by (a) providing a wide variety of products and services (b) supplying new and better quality products (c) creating more employment opportunities.

Question 6

(a) State *five* benefits of Advertising to manufactures/dealers. [5]

(b) What is meant by ‘Sustainable Development’? Explain any *two* examples of sustainable use of resources. [5]

Examiners' Comments

- (a) The question was answered correctly by a majority of candidates.
- (b) Only a few candidates answered the question correctly, as most showed lack of preparation and hence wrote answers that were incorrect and vague.

Suggestions for teachers

- The topic concerned involves concepts based on Environmental Education and must be taught with the required importance, as it an integral part of the syllabus.

MARKING SCHEME

Question 6.

Advertising is helpful to Manufacturer and Dealers

1. Meeting Competition: Advertising is an important means for facing competition. By creating brand loyalty, it helps to maintain sales and market share. It supplements personal selling and sales promotion. It creates preference for a particular product, opens doors for salesmen and reinforces point of purchase display, thereby reducing the costs of creating and maintaining demand. Dealers prefer to handle well-advertised products.
2. Steady Demand: Advertising creates regular demand by smoothening out seasonal and other fluctuations. Advertising is used to emphasis hot and cold uses of coffee to maintain regular sales both during summer and winter. By suggesting new and more frequent uses of product, advertising helps to maintain demand, throughout the year. Steady demand enables regular production.
3. Higher Sales Volume: Advertising helps to increase demand, expand markets and enhance sales of existing products. Through repeated advertising, a producer can creates new customers and enter new markets. It creates new wants and increases sales. Advertising is an essential technique of mass selling.
4. Introduction of New Product: Advertising is helpful in introducing new products by creating awareness and gaining their acceptance. By informing customers about the new product, advertising stimulates their interest and persuades them to buy it. Effective advertising helps in overcoming customer's resistance to new products.
5. Economies of Scale: Advertising helps mass distribution of goods. It reduces dependence on middlemen as dealers are more willing to stock and sell well advertised goods. Direct distribution and rapid sales turnover helps to reduce the costs of distribution. Mass distribution and steady demand lead to large scale and regular production. As a result, several economies of scale become available and cost of production per unit is reduced.
6. Employee Morale: By building reputation of the firm, advertising provides a sense of security to employees and improves their morale. Salesmen feel happy as their task becomes easier when the product and its producer are known to customers. In a well reputed firm, executives have a feeling of pride and job satisfaction which is necessary for better performance.

Sustainable development

Sustainable development means the development that meets the needs of present generation without compromising the ability of future generations to meet their own needs.

- (i) Sustainable agriculture
- (ii) Sustainable use of water
- (iii) Sustainable use of energy

(Explain any two)

Question 7

- a) Explain the benefits of taking an Insurance Policy. [5]
- (b) Explain any *five* objectives of Industrial Relations. [5]

Examiners 'Comments

- (a) The question was answered correctly by a majority of candidates
- (b) Only a few candidates were able to answer the question correctly.

Suggestions for teachers

- Encourage students to write answers point wise to enable a better understanding of given topics.
- Important topics must be comprehensively discussed in class and adequate practice in answering them must be ensured.

MARKING SCHEME

Question 7

Benefits of Insurance to the Insured

(Any Five)

1. Protection: Insurance provides protection against several types of risks. Life insurance provides financial assistance to family in the untimely death of the policyholder.
2. Savings: Life insurance encourages the habit of thrift and savings after taking an insurance policy, a person saves money to pay regular premium. On the maturity of the life policy, the insured receives a lump sum. This amount can be utilized for higher education/ marriage of children or construction of a residential house. Thus, life insurance serves as a means of protection as well as a means of savings.
3. Financial aid: In case of financial need the policy holder can take a loan against the policy. The loan can be repaid in easy instalments.
4. Provision for old age: People can make financial provision for old age by taking life insurance policies. They can lead their retired life happily and without depending upon their families for money.
5. Tax Relief: Under the Income Tax Act, an income tax payer can reduce his tax liability by taking life insurance policy.

(b) Objectives of Industrial Relations

1. To develop and maintain harmonious relations between management and labour so essential for higher productivity of labour and industrial progress in the country.
2. To safeguard the interests of labour as well as management by securing the highest level of mutual understanding and goodwill between all sections in industry.

3. To establish and maintain industrial democracy based on the participation of labour in the management and gains of industry, so that the personality of every individual is fully recognized and developed.
4. To avoid all forms of industrial conflict so as to ensure industrial peace by providing better working and living standards to workers.
5. To raise productivity in an era of full employment by reducing the tendency of higher labour turnover and absenteeism.

Question 8

- (a) Explain any *two* types of deposit accounts. [5]
- (b) Explain *five* main characteristics of Communication. [5]

Examiners' Comments

- (a) The question was answered correctly by a majority of candidates.
- (b) Most candidates answered the question correctly.

Suggestions for teachers

- Topics on Banking must be supported with adequate revision to enable students to answer correctly and more importantly to understand Banking concepts.
- Active role plays in class will further improve the understanding of concepts based on Communication.

MARKING SCHEME

Question 8.

(a) Two types of Deposit Accounts

1. Current Deposit Account: A current account is opened generally by businessman. A person or firm can open this account with a bank by depositing a certain amount, usually Rs. 5000/- . The person who wants to open the account must be introduced by an old customer of the bank. The bank takes his specimen signature and enters the money deposited to the credit of his account. A pass book showing the credit balance is issued to the customer. The customer can freely deposit more money from time to time and withdraw without notice through the medium of cheques. There is no restriction on the number of withdrawals. However, a minimum credit balance must be kept as per the rules of the bank. He can also deposit cheques, bills of exchange, promissory notes, bank drafts, etc. in his account for collection by the bank. No interest is paid banks on current accounts. Rather a small charge (called bank charge) is debited for providing bank services. Overdraft facility is available on current accounts.
2. Saving Deposit Account: Such a bank account is meant for the general public. The objective of a saving ban account is to encourage thrift and foster the habit of savings and to collect the small savings of people. A person can open a savings account by depositing a small amount of money, usually Rs 500. A savings bank open account can be opened by two persons in joint names. A pay –in-slip book, a cheque book and pass book are supplied to the account

holder. The account holder can deposit money, cheques, etc., in his savings account by filing in a pay –in-slip. He can withdraw money at reasonable intervals with or without prior notice through withdrawal forms or cheques. Withdrawals are limited and a minimum balance has to be kept by the account holder. A reasonable rate of interest is allowed on the credit balance in the savings account. No overdraft facility is available on savings accounts.

(b) “Communication is the process of passing information and understanding from one person to another”.

Main Characteristics of Communication:

1. Two or More Persons: Communication can take place only when there are at least two persons, a sender and a receiver. Sender or communicator is the person who speaks, writes or makes a gesture. Receiver or Communicator is the person who listens, reads or observes.
2. Two –Way Process: Communication is a two-way process. Communication is not complete unless the receiver has understood the message properly and his reaction or response is known to the sender. Communication is not merely the transmission of a message it also includes understanding of the message.
3. Continuous Process: A business organization cannot function smoothly without an ongoing circulation of ideas, opinions and facts among its members. A regular interaction between the organization and outsiders is also necessary. Therefore communication is not a one-time activity but an ongoing process.
4. Pervasive Function: Communication is essential in all types of organization and in all departments of an organization. It is the function of each and every manager.
5. Multiple Channels: Communication takes place through both formal and informal channels. It may flow downward, upward and side-to –side.

Question 9

- (a) Briefly explain any *five* utilities of a budget. [5]
- (b) State any *five* tools or techniques of Brand Promotion. [5]

Examiners’ Comments

- (a) The question was answered correctly by a majority of candidates.
- (b) Most candidates appeared confused and were unable to comprehend that the question was based on Brand Promotion rather than on the techniques of Sales Promotion.

Suggestions for teachers

- A thorough understanding of concepts must be made clear to avoid students getting confused. Adequate revision along with understanding of terms supported with examples must be carried during Class sessions.

MARKING SCHEME

Question 9.

(a) Five Utilities of Budget:

1. Sound Planning: Budgets make planning purposeful and precise. Objectives and programmes are expressed in physical or monetary units in budgets. Budgets are prepared on the basis of forecasts. Therefore budgets force managers to think about the future. Budgets help to minimize snap judgments and unplanned actions.
2. Budgets guard against undue optimism, because budgetary targets are fixed after careful thought. Budgets also act as a safeguard by providing an automatic check on the judgments of executives.
3. Higher Efficiency: Budgets bring efficiency and economy to the working of a business firm. They help management in obtaining the most profitable combination of different factors of production.
4. Sense of Responsibility: Budgets help to establish divisional and departmental responsibility. They prevent “buckpassing” and create a sense of responsibility among managers.
5. Source of Motivation: Budgets represent the ‘milestones’ to be reached. They tell people what is expected. Budgets become the goals or targets to be attained. The budget is an impersonal policeman that maintains ordered effort in the organization.
6. Co-ordination: Budgets force executives to think as a group. Budgets are prepared in consultation with one another. Therefore, they help in achieving co-ordination between different departments of the enterprise. The interaction between persons working in different departments that takes place during the process of budgeting facilitates uniformity of policies and united action.

(b) Techniques of Brand Promotion:

1. Advertising: Advertising is a convenient and economical method of brand promotion through it lacks personal touch.
2. Personal Selling: This is a very flexible and two way communication. It makes actual sale and provides immediate feedback. However, it is quite expensive and time consuming. Advertising is better than personal selling for creating brand awareness.
3. Sales Promotion: It consists of short –term incentives used to attract customers and make immediate sale of the brand. It is a type of non-personal selling that supports advertising. In addition to making immediate sales, it helps to clear overdue stocks and attract new buyers. But it yields short term results and cannot create brand loyalty.
4. Publicity : Publicity refers to the non –personal stimulation of demand for a brand by placing commercially significant news about it or its owner in a published medium or obtaining a favorable presentation of it upon radio, television or stage that is not directly paid by the sponsor.
5. Packaging: A properly designed package enhances the value of the product and gives it a distinct identity. It also helps to build the image of the firm. These days, firms are using innovative packaging to establish a competitive edge from their brands. Customers are willing to pay higher for the convenience, appearance, dependability and prestige of packages.

Question 10

The following is the Trial Balance of Ron Trading Co. on 31st March 2013.

[10]

| Particulars | L.F | Debit (₹) | Credit (₹) |
|--------------------------------------|------------|------------------|-------------------|
| Machinery | | 1,02,000 | |
| Land and Buildings | | 8,60,000 | |
| Investments | | 70,000 | |
| Bad debts | | 3,000 | |
| Sundry debtors | | 40,000 | |
| Purchases | | 3,09,800 | |
| Stock on 1 st April, 2012 | | 23,000 | |
| Interest | | 3,500 | |
| Bills Payable | | | 6,750 |
| Sundry Creditors | | | 80,000 |
| Travelling Expenses | | 700 | |
| Trade Expenses | | 5,000 | |
| Discount | | 1,250 | 2,625 |
| Purchases Returns | | | 9,850 |
| Sales Returns | | 6,775 | |
| Bill Receivable | | 2,275 | |
| Capital | | | 10,25,000 |
| Sales | | | 3,75,775 |
| Mobile Phone Bills {Official} | | 6,000 | |
| Postage | | 1,200 | |
| Wages and Salaries | | 12,000 | |
| Salaries and wages | | 51,000 | |
| Carriage | | 2,500 | |
| | | <u>15,00,000</u> | <u>15,00,000</u> |

The closing stock was valued at `9,000. Prepare a Trading and Profit and Loss Account and the Balance Sheet as on 31st March, 2013.

Examiners' Comments

Only a very few candidates attempted this question.

Suggestions for teachers

- As a practical based concept that involves an analytical understanding, students must be encouraged to attempt this question as it is scoring and would also enhance their application based skills.

MARKING SCHEME

Question 10.

**Books of Ron Trading Co.
TRADING AND PROFIT & LOSS ACCOUNT
For the year ended 31st March, 2013.**

| Particulars | ₹ | Particulars | ₹ |
|---|-----------------|---|-----------------|
| To Opening Stock | 23,000 | By Sales | 3,75,775 |
| To Purchase | 3,09,800 | Less: Returns | 6,775 |
| Less : Returns | 9,850 | By Closing Stock | 9,000 |
| To Wages and Salaries | 12,000 | | |
| To Carriage | 2,500 | | |
| To Gross profit transferred to profit and Loss A/c | 40,550 | | |
| | 3,78,000 | | 3,78,000 |
| To Bad Debts | 3,000 | By Gross Profit b/d | 40,550 |
| To Interest | 3,500 | By Discount Received | 2,625 |
| To Travelling Expenses | 700 | By Net Loss transferred to Capital A/c | 28,475 |
| To Trade Expenses | 5,000 | | |
| To Discount Allowed | 1,250 | | |
| To Mobiles Bills (Official) | 6,000 | | |
| To Postage | 1,200 | | |
| To Salaries and Wages | 51,000 | | |
| | 71,650 | | 71,650 |

BALANCE SHEET
As on at 31st March, 2013

| Liabilities | ₹ | Assets | ₹ |
|--------------------|------------------|--------------------|------------------|
| Capital | 10,25,000 | Land and Buildings | 8,60,000 |
| Less : Net Loss | 28,475 | Machinery | 1,02,000 |
| Bills Payable | 6,750 | Investments | 70,000 |
| Sundry Creditors | 80,000 | Stocks | 9,000 |
| | | Sundry Debtors | 40,000 |
| | | Bills Receivable | 2,275 |
| | 10,83,275 | | 10,83,275 |

Topics found confusing/difficult:

- Promotion Mix.
- Marketing
- Brand Promotion.
- Basic Terms like Warehouse receipt and Warrant, Discounting of Bills, etc.
- Principles of Insurance.
- Preparation of Final Accounts.

Suggestions for candidates:

- Reading time must be utilised judiciously.
- Selective study must be avoided.
- Thorough revision by practising from previous years question papers.
- Draw charts, wherever required.
- Write the distinctions in tabular form.
- Long answers should be explained in points with appropriate headings. (Paragraph form explanations to be avoided).
- Main points should be highlighted by an underline.
- Good and neat handwriting will be an added advantage.
- For topics like Banking, live projects to be made so as to understand the system better.