

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**HIGHER SECONDARY SCHOOL CERTIFICATE**

**CLASS XI EXAMINATION**

**APRIL/ MAY 2018**

**Principles of Commerce Paper I**

**Time: 35 minutes    Marks: 25**

**INSTRUCTIONS**

1. Read each question carefully.
2. Answer the questions on the separate answer sheet provided. DO NOT write your answers on the question paper.
3. There are 100 answer numbers on the answer sheet. Use answer numbers 1 to 25 only.
4. In each question there are four choices A, B, C, D. Choose ONE. On the answer grid black out the circle for your choice with a pencil as shown below.

Correct Way		Incorrect Ways	
1		1	
		2	
		3	
		4	

**Candidate's Signature**

5. If you want to change your answer, ERASE the first answer completely with a rubber, before blacking out a new circle.
6. DO NOT write anything in the answer grid. The computer only records what is in the circles.
7. You may use a scientific calculator if you wish.

1. A process in which different techniques and processes are used to produce goods and services is known as
- A. trade.
  - B. industry.
  - C. business.
  - D. profession.

2. Mr Abbas Ahmed is a web developer. He has launched his own company for web development and hosting. His business will be categorized under the
- A. trade sector.
  - B. service sector.
  - C. primary sector.
  - D. manufacturing sector.

3. Hamza is a qualified accountant and on the basis of his accounting skills and knowledge, he is earning Rs 65,000 per month.

With reference to the given scenario, the income earned by Hamza will be classified as

- A. trade income.
  - B. business income.
  - C. professional income.
  - D. occupational income.
4. ABSA Limited is operating in Saudi Arabia and it has been formed by the order of the King of Saudi Arabia.

According to the given condition, ABSA Limited is a

- A. *mudarba* company.
  - B. statutory company.
  - C. chartered company.
  - D. registered company.
5. Junaid is a partner in a firm. He has not invested any capital into the business and is not even concerned about profit or loss of the firm, but has given his name/ goodwill to the firm.

The status of Junaid in the partnership firm is of

- A. quasi partner.
- B. minor partner.
- C. nominal partner.
- D. sleeping partner.

6. Mehar Associates is planning to convert the business into Mehar Limited, a public limited company. The legal advisor is preparing Memorandum of Association (MOA) required for incorporation of Mehar Limited.

The capital that will be included in the capital clause of MOA of Mehar Limited would be

- A. issued capital.
  - B. paid up capital.
  - C. called up capital.
  - D. authorized capital.
7. The directors of Atlas Limited decided to wind up the company. The first priority of the settlement from the following heads will be given to
- A. promoters.
  - B. debenture holders.
  - C. ordinary shareholders.
  - D. preference shareholders.
8. Which of the following CORRECTLY represents minimum and maximum number of shareholders in a private limited company?

	Minimum Shareholders	Maximum Shareholders
A	2	20
B	2	50
C	3	20
D	3	50

9. Imaad Limited has commenced its business as a public limited company on January 05, 2018. The directors of the company are planning to call the statutory meeting.

The due date to call the statutory meeting as per companies' ordinance 1984 would be

- A. March 05, 2018.
  - B. April 01, 2018.
  - C. July 05, 2018.
  - D. August 01, 2018.
10. Which of the following is NOT an objective of filing in an office organisation?
- A. To access the record timely
  - B. To maintain secrecy and confidentiality
  - C. To classify and arrange records properly
  - D. To protect documents against possible damage

11. Nimra wants to have 15 copies of a letter to be sent urgently to different suppliers in the city.

The MOST suitable copying method that should be used by Nimra is

- A. typewriter.
- B. copy press.
- C. carbon copy.
- D. photocopy machine.

12. Bashir Shoes Limited is planning to advertise its newly manufactured sports shoes in the market.

The MOST persuasive way to advertise will be

- A. offering discounts.
- B. distributing brochures.
- C. pasting posters in public places.
- D. endorsement by a cricket player.

13. Sami has started a small manufacturing business with limited amount of capital. He wishes to sell his products within his locality.

Which of the following will be the MOST cost effective mode of advertisement for Sami's business?

- A. Radio
- B. Magazine
- C. Television
- D. Pamphlets

14. Burhan Autos is planning to buy 10 cars from a producer in Japan, because the government has recently reduced the import duty on automobiles.

If Burhan Autos is buying cars for the first time, then the channel of distribution used by the business will be

	Start <span style="float: right;">→</span> End			
A	manufacturer	exporter	distributor	customer
B	manufacturer	importer	distributor	customer
C	manufacturer	distributor	wholesaler	customer
D	manufacturer	wholesaler	retailer	customer

15. Small-scale retailers assist wholesalers by providing

- A. loans when needed.
- B. goods in bulk quantity.
- C. information about new products.
- D. information on goods demanded.

16.

- name of the ship
- port of import
- port of export
- freight
- date of dispatch
- details of importer and product

The above mentioned information is featured in a document related to foreign trade. This document is

- A. foul receipt.
- B. mate receipt.
- C. bill of lading.
- D. letter of credit.

17. Mr Bashir, an owner of a cement factory in Karachi, appoints Mr Maroof to sell cement to different clients in Lahore.

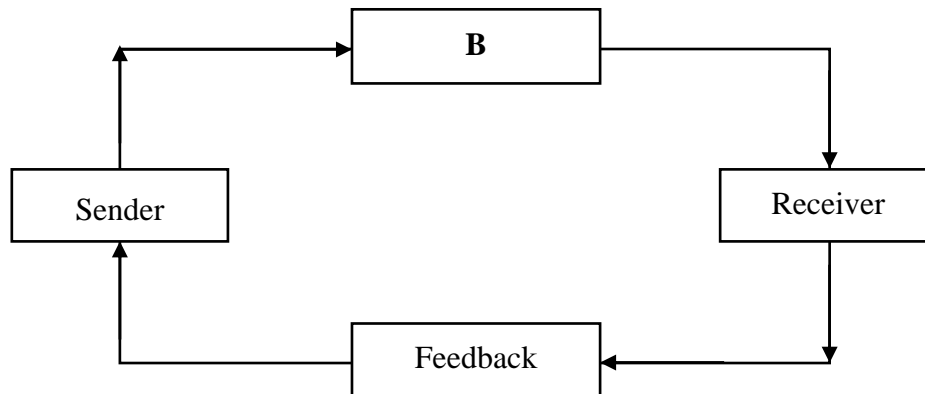
With reference to the concept of middleman, the status of Mr Maroof is of a/ an

- A. agent.
- B. broker.
- C. supplier.
- D. merchant.

18. A formal style of letter writing that is common in business letters and in which all the text is left aligned is known as

- A. full block form.
- B. semi-block form.
- C. indented modified form.
- D. un-indented modified form.

19.



In the given communication cycle, 'B' represents

- A. barrier.
- B. impulse.
- C. message.
- D. decoding.

20. The communication department of Raja Traders is planning to write a letter to its old customers informing them about their newly launched product.

The letter written by the communication department is known as

- A. solicited inquiry letter.
- B. unsolicited inquiry letter.
- C. solicited sales promotion letter.
- D. unsolicited sales promotion letter.

21. Star Limited wants to purchase some goods from Sun Limited but before that Star Limited needs to clarify some queries regarding terms and conditions of trade.

The kind of letter written by Star Limited to Sun Limited is known as

- A. sales letter.
- B. order letter.
- C. inquiry letter.
- D. complaint letter.

22. The following is an excerpt from a letter written by a business to its client.

**Extract**

In response to order no: P 7680 ordered on March 15, 2018, this is to bring to your kind notice that we have just received the order. On checking the order, we have found that some goods are not as per order and there are some discrepancies in the invoice. The details of which are as follows:

- Instead of three vacuum cleaners, we have received four.
- Three Television sets (T.V) of Sony were ordered but we have received three T.V sets of Samsung.

We would appreciate if you replace the T.V sets and the vacuum cleaners and send us the correct invoice at earliest.

The type of letter depicted in the given extract is

- A. circular letter.  
 B. dunning letter.  
 C. complaint letter.  
 D. announcement letter.
23. Talha is a manufacturer of towels. He prefers to sell towels in his own country.
- The MOST suitable basis for selling towels locally could be
- A. low transportation cost.  
 B. heavy taxation on exports.  
 C. un-insurability of foreign goods.  
 D. fear of non-recovery of money from buyer.
24. The location that will ideally be selected by the local government for building a public warehouse will be near
- A. airport.  
 B. seaport.  
 C. industrial area.  
 D. residential area.
25. Which of the following represents the CORRECT examples of short term and long term sources of finance?

	Short Term Finance	Long Term Finance
A	Bank overdraft (O.D)	Promissory notes
B	Retained earnings	Trade payables (accounts payable)
C	I owe you (I.O.U)	Debentures (bonds)
D	Share capital	Bill of exchange

END OF PAPER

Please use this page for rough work

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