

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**HIGHER SECONDARY SCHOOL CERTIFICATE**

**CLASS XI EXAMINATION**

**APRIL/ MAY 2018**

**Principles of Commerce Paper II**

**Time: 2 hours 25 minutes    Marks: 50**

**INSTRUCTIONS**

**Please read the following instructions carefully.**

1. Check your name and school information. Sign if it is accurate.

**I agree that this is my name and school.  
Candidate's signature**

2. RUBRIC. There are THIRTEEN questions. Answer ALL questions. Choices are specified inside the paper.

3. When answering the questions:

Read each question carefully.

Use a black pointer to write your answers. DO NOT write your answers in pencil.

Use a black pencil for diagrams. DO NOT use coloured pencils.

DO NOT use staples, paper clips, glue, correcting fluid or ink erasers.

Complete your answer in the allocated space only. DO NOT write outside the answer box.

4. The marks for the questions are shown in brackets ( ).

Q.1. (Total 2 Marks)

Trade involves the transfer of goods or services from one person or entity to another, often in exchange of money.

Discuss whether the given cases are the examples of trade or not. Attempt any TWO cases.

**Case 1:** Asma bought a bus that will be used as school van.

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**Case 2:** Hafeez bought washing machine to be used in his house.

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**Case 3:** Saleem bought soft drinks which he will sell in his shop.

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Q.2. (Total 3 Marks)

In a joint stock company, different meetings are held for different purposes and the requirements of these meetings are different as well.

Explain the prerequisites of THREE different types of meetings held by the companies under Companies Ordinance 1984.

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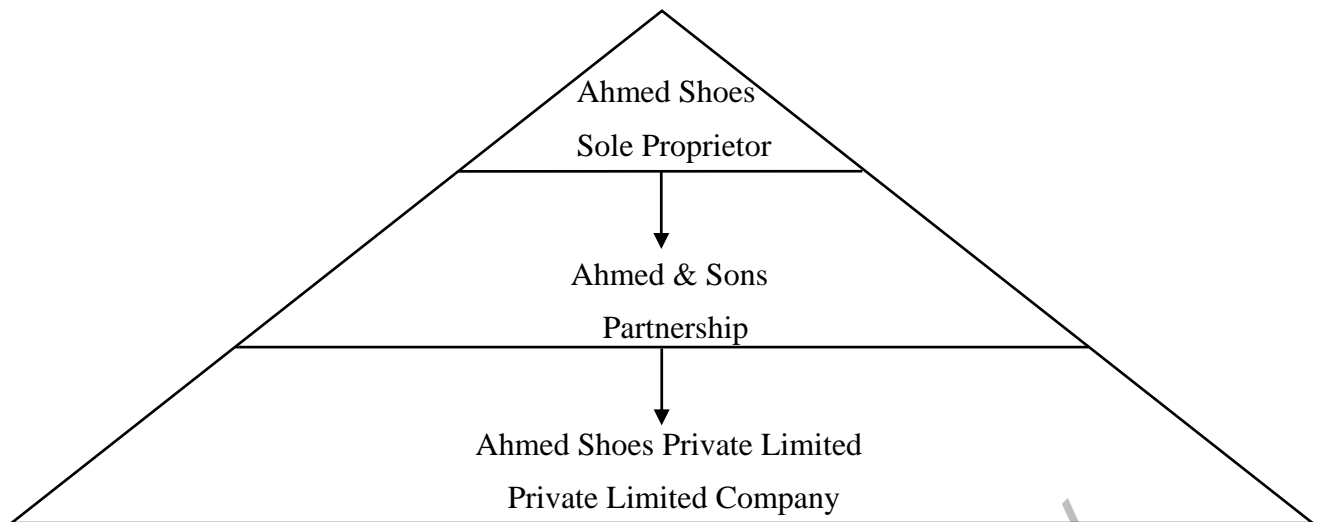
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Q.3.

(Total 2 Marks)



Ahmed started his business as a sole proprietor. Later on, he converted his business into partnership and then, to private limited company.

Directors of Ahmed Shoes Private Limited are planning to convert the company into a public limited company.

Explain any TWO advantages of converting Ahmed Shoes to a public limited company.

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Q.4. (Total 4 Marks)

Explain any TWO functions performed by each of the following departments in an organisation.

- Human Resource Department

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- Accounts and Finance Department

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Q.5. (Total 3 Marks)

Zafir is an owner of a small workshop. He sells refrigerators and also provides repair and maintenance services to its customers. He is planning to advertise his business in a nearby town through either billboards or local newspaper.

- a. Select appropriate mode of advertisement in the given scenario. Give ONE reason for your selection. (2 Marks)

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- b. Suggest any other mode of advertisement that is suitable for Zafir's business. (1 Mark)

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Q.6.

(Total 3 Marks)

Replace the letters A, B and C with appropriate items for the given invoice issued by Eruj to her customer Ahmed Sons.

A				
<p><b><u>Bill To:</u></b>            Ahmed Sons            Alpha Road            Karachi</p> <p>Invoice No: 01273            Date: February 13, 2018</p>				
Item Code	Item Description	Rate	B	Amount
001	Printer machine	3,500	1	3,500
003	Hard disk	2,200	2	C
Subtotal				7,900
Terms and Conditions:		Tax Rate		
<ul style="list-style-type: none"> <li>Interest may be charged on overdue amounts</li> <li>Credit terms of 15 is applicable</li> </ul> <p>Payment other than cash must be made in the name of the business.</p>				

A: \_\_\_\_\_

B: \_\_\_\_\_

C: \_\_\_\_\_

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Q.7. (Total 4 Marks)

Wholesalers are one of the key participants of channel of distribution; they provide various services to other participants of channel of distribution.

Mention the services provided by wholesaler to the following participants.

- Service to Manufacturer

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

- Service to Retailer

1. \_\_\_\_\_

\_\_\_\_\_

- Service to Consumer

1. \_\_\_\_\_

\_\_\_\_\_

Q.8. (Total 3 Marks)

Ali went with his family to a restaurant. He was very upset with the service and quality of the food served. Ali wants to complain about unsatisfactory service and food by writing about his experience to the restaurant Manager.

Mention any THREE points Ali should consider while writing a complaint letter.

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\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

Q.9.

(Total 3 Marks)

Basit sold goods of Rs 38,700 to Wasif on credit on April 01, 2017. The amount is still due on December 31, 2017. Basit is planning to write a dunning letter to Wasif.

Discuss any THREE features that Basit should consider for writing a dunning letter.

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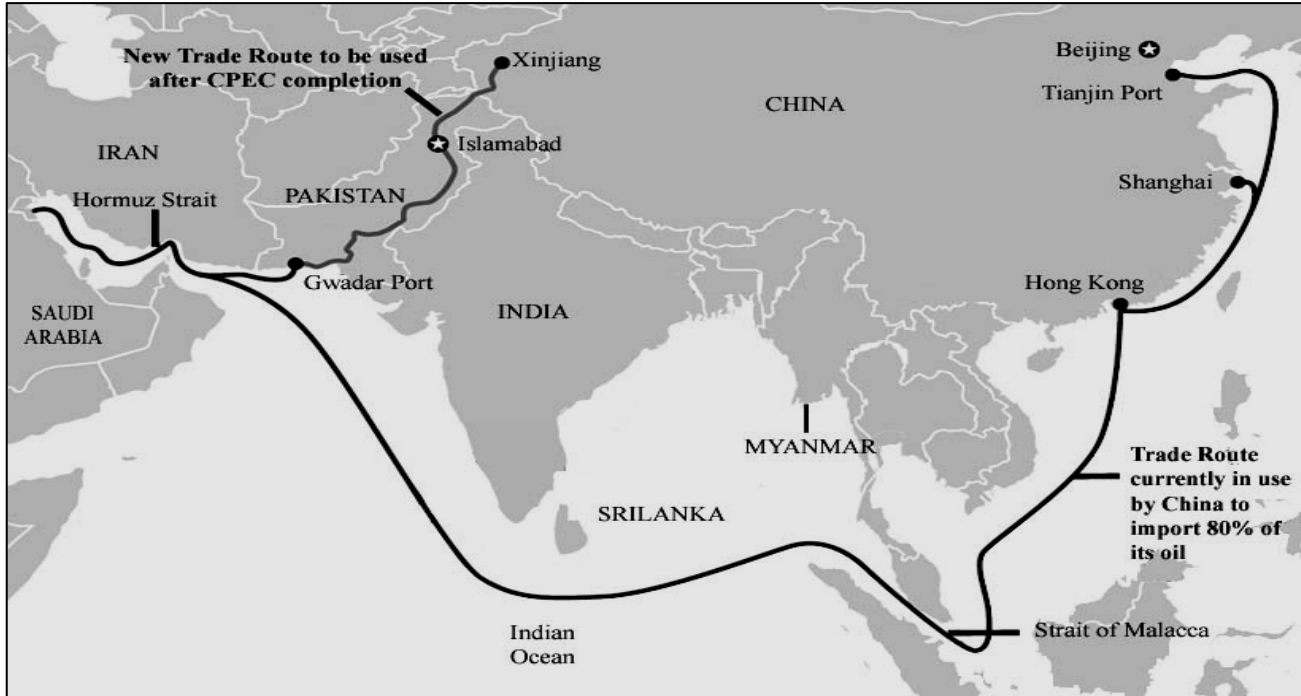
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Q.10.

(Total 4 Marks)

China-Pakistan Economic Corridor (CPEC) is a framework of regional connectivity that will have many benefits for China and Pakistan.



Discuss any FOUR benefits of new trade route shown in the given map for Pakistan and China.

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Q.11.

(Total 4 Marks)

Rafay is an owner of an export business. His friend advised him to open a commercial warehouse for storing his own as well as goods of other businesses.

Explain any FOUR benefits of commercial warehousing to Rafay.

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**(ATTEMPT ANY TWO PARTS OF Q.12.)**

- In order to expand his business further, he is considering the following options:

- i. Explain ONE feature of sole owner business. (1 Mark)

- ii. If you were in Talal's place, which option would you select? Justify your choice with THREE reasons. (4 Marks)

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**(ATTEMPT ANY TWO PARTS OF Q.12.)**

- b. Huzaifa, after completing his graduation in commerce, is planning to do business rather than doing job. His brother advised him to start a joint business with his cousin Sarfraz, who is an owner of a furniture outlet for last five years.

In light of the given scenario, discuss THREE advantages and TWO disadvantages of having a joint business for Huzaifa. (5 Marks)

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**(ATTEMPT ANY TWO PARTS OF Q.12.)**

- c. Shares and debentures both are sources of finance for a limited liability business, but both are different from each other in various ways.

Differentiate between shares and debentures on the basis of the following. (Attempt any FIVE.)  
(5 Marks)

Basis for Comparison	Shares	Debentures
Meaning		
Status of holders		
Form of return		
Payment of return		
Voting rights		
Conversion		
Repayment in the event of winding up		

**EITHER**

- | Items Required          | Quantity |
|-------------------------|----------|
| Electronic Iron         | 02       |
| Washing Machine         | 01       |
| Air conditioner 1.5 ton | 02       |
| Television              | 03       |

**OR**

- Your letter should focus on the profit, market share and financial status of the company.

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