

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**HIGHER SECONDARY SCHOOL CERTIFICATE**

**CLASS XI**

**MODEL EXAMINATION PAPER 2023 AND ONWARDS**

**Principles of Commerce Paper I**

**Time: 1 hour 10 minutes    Marks: 40**

**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 40 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 <input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D	1 <input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D
	2 <input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D
	3 <input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D
	4 <input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D

**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 procedures are used to produce goods and services is known as

- A. trade.
- B. industry.
- C. business.
- D. profession.

2. Hamza is a qualified accountant, 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. agricultural income.

3. The purpose of trading business is to provide

- A. consultancy services.
- B. goods to the needy people of the society.
- C. goods to the consumers to satisfy human wants.
- D. finished goods after conversion from raw material.

4. Kulsoom buys raw materials and produces finished goods.

The type of business in which Kulsoom is involved in is commonly known as

- A. service business.
- B. trading business.
- C. manufacturing industry business.
- D. non-commercial business.

5. The aggregate of all necessary activities for bringing goods from the place of production to the place of consumption is known as

- A. trade.
- B. commerce.
- C. social welfare.
- D. manufacturing.

6. 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 or goodwill to the firm.

The status of Junaid in the partnership firm is of a

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

7. As per the Company Act 2017, the maximum number of members in a private limited company can be
- A. 2
  - B. 10
  - C. 20
  - D. 50
8. 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.
9. 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

10. Which of the following is an advantage of a company?
- A. Secrecy
  - B. Tax saving
  - C. Limited liability
  - D. Minimum government restriction
11. Mehar Associates is planning to convert the business into Mehar Limited, a public limited company. The legal advisor is preparing the Memorandum of Association (MOA) for the incorporation of Mehar Limited.

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

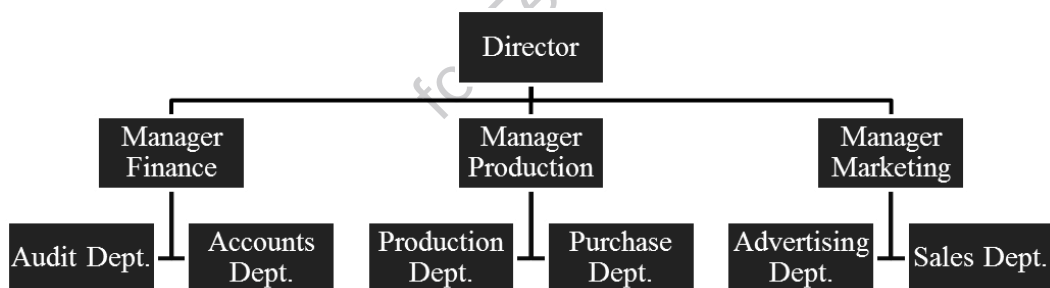
- A. issued capital.
- B. paid up capital.
- C. called up capital.
- D. authorized capital.

PLEASE TURN OVER THE PAGE

12. 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 the Companies' Act 2017 would be

- A. March 05, 2018.
  - B. April 01, 2018.
  - C. July 05, 2018.
  - D. August 01, 2018.
13. The directors of Atlas Limited have decided to wind up the company. The FIRST priority of the settlement from the following heads will be given to the
- A. promoters.
  - B. debenture holders.
  - C. ordinary shareholders.
  - D. preference shareholders.
14. In an organisational chart of a company, the top most administrative organ is the
- A. shareholder.
  - B. general manager.
  - C. board of director.
  - D. managing director.
15. The organisational chart of Alpha Limited is given below:



The given organisational chart indicates departmentation with respect to the

- A. product.
  - B. location.
  - C. function.
  - D. customers.
16. Which of the following is NOT an objective of filing in an office organisation?
- A. To access the records timely
  - B. To maintain secrecy and confidentiality
  - C. To classify and arrange records properly
  - D. To protect documents against possible damage

17. All of the following are considered as part of 7S of effective filing EXCEPT
- A. safe.
  - B. same.
  - C. simple.
  - D. suitable.
18. 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.
19. Which of the following is a characteristic of a wholesale business?
- A. Deals only in cash
  - B. Provides consumer services
  - C. Has a huge range of products
  - D. Offers warranties and guarantees
20. Which of the following services are provided from the wholesalers to manufacturers?
- A. Timely delivery of goods
  - B. Direct link with customers
  - C. Greater variety of products
  - D. Assistance in selling to a wider area
21. The following information is featured in a document related to foreign trade.
- Name of the ship
  - Port of import
  - Port of export
  - Freight
  - Date of dispatch
  - Details of importer and product
- This document identified from the given information is a
- A. foul receipt.
  - B. mate receipt.
  - C. bill of lading.
  - D. letter of credit.

22. Mr Bashir, is an owner of a cement factory in Karachi. He authorises Mr Maroof to sell his products to different clients (i.e. cement depots) in Lahore.

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

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

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

The MOST persuasive way to advertise them will be by

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

24. 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 modes of advertisement for Sami's business?

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

25. The following slogan was posted by an non-governmental organisation (NGO) in their campaign against smoking.



The type of given advertisement can be classified as a/ an

- A. product advertisement.
- B. informative advertisement.
- C. institutional advertisement.
- D. comparative advertisement.

26. A marketing mix does NOT consist of

- A. price.
- B. place.
- C. product.
- D. purchasing.

27. A business has spent a huge amount of money on the following:

- Catalogues
- Newsletters
- Organising events

The given strategies are MOST CLOSELY associated with the marketing mix activity of

- A. pricing.
- B. promotion.
- C. distribution.
- D. product development.

28. Al-Mehran Confectionaries is planning to introduce a new flavour of chips in the market but due to rapid changes in consumers' taste, there is a chance that the product may fail or does not get the desired response from the consumers.

The type of business risk depicted in the given scenario would be

- A. credit risk.
- B. controllable risk.
- C. uncontrollable risk.
- D. internal risk.

29. Talha is a manufacturer of towels and prefers to sell them in his own country.

The MOST suitable basis for selling the towels locally could be

- A. low transportation costs.
- B. heavy taxation on exports.
- C. un-insurability of foreign goods.
- D. fear of non-recovery of money from the buyers.

30. Asma Limited imports goods in Pakistan from the United Kingdom. These goods are imported in a barge shown in the given picture.



The type of good MOST suitable to be imported in the Barge will be

- A. sand.
  - B. fruits.
  - C. medicines.
  - D. automobiles.
31. Different auxiliaries (aids) to trade have different utilities.
- The type of utility provided by a warehouse is of
- A. time.
  - B. form.
  - C. price.
  - D. possession.
32. Which of the following is a long term source of finance?
- A. T-bills
  - B. Debentures
  - C. Trade payables
  - D. Bank overdraft
33. Rahat Limited is a Private Limited Company. In order to meet its day-to-day operations, the business generates money by
- A. issuing shares.
  - B. collection from sales.
  - C. taking loans from a bank.
  - D. borrowing from partners.



34. Which of the following represents the CORRECT examples of short term sources of finance?
- A. Shares capital.
  - B. Promissory notes.
  - C. Trade receivables.
  - D. I owe you (I.O.U).
35. The location that will ideally be selected by the local government for building a cold storage public warehouse will be a/ an
- A. airport.
  - B. seaport.
  - C. industrial area.
  - D. residential area.
36. 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.
37. 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 the
- A. solicited inquiry.
  - B. unsolicited inquiry.
  - C. solicited sales promotion.
  - D. unsolicited sales promotion.

38. 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 (T.V) sets of Sony were ordered but we have received three T.V sets of Samsung.

We would appreciate if you replace the vacuum cleaner set and the T.V and send us the correct invoice at your earliest.

The type of letter depicted in the given extract is a/ an

- A. circular letter.
- B. dunning letter.
- C. complaint letter.
- D. announcement letter.

39. After completing her Master's degree, Kinza has applied for the post of Accounts Manager in Sami Limited (a multinational company). The reference section of her résumé showed the contact details of her previous employer.

In order to get more information about her, the Human Resource Manager of Sami Limited wrote a letter to her previous employer.

The letter written by the Human Resource Manager is known as a/ an

- A. job letter.
- B. inquiry letter.
- C. letter of intent.
- D. announcement letter.

40. Consider the given format of a letter.

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In the given format of a letter, the part labelled as the 'P' represents

- heading.
- salutation.
- inside address.
- reference section.

Please use this page for rough work

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