

AGA KHAN UNIVERSITY EXAMINATION BOARD

SECONDARY SCHOOL CERTIFICATE

CLASS IX

MODEL EXAMINATION PAPER 2023 AND ONWARDS

Business Studies 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 | | 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 simple calculator if you wish.

1. Aisha is the owner of a boutique. She is paying the following expenses per month.

| | |
|---|----------|
| • Wages to workers | Rs 5,000 |
| • Interest to loan providers | Rs 7,000 |
| • Rent to the landlord of the office building | Rs 8,000 |

With reference to the factors of production, the role of Aisha categorised her as a/ an

- A. land.
B. labour.
C. capital.
D. entrepreneur.
2. A group of students decided to stay at the school library to do research for an assignment rather than going to the stadium to watch a free cricket match.

The opportunity cost of their decision will be the

- A. money they would have spent for buying tickets.
B. cost of extra electricity they will use in the library.
C. enjoyment they would have gained from the match.
D. improvement in marks they will obtain in their assignment.
3. Which of the following options is concerned with both trade and auxiliary to trade?
- A. Industry
B. Exchange
C. Commerce
D. Distribution

4. The type of occupation shown in the given picture is an example of



- A. primary sector.
B. secondary sector.
C. tertiary sector.
D. quaternary sector.

5. Which of the following activities of a farmer is an example of PRIMARY production?
- A. Cultivating the apple field
 - B. Selling the produce in the market
 - C. Buying a tractor to be used in farming
 - D. Teaching villagers about new methods of farming

6. Ahmed asks his legal advisor to prepare a document that states:

- Rights and duties of all directors
- The rules concerning election of directors
- Procedures to be followed for issuing shares, proxies and minutes of meetings

The type of business that will issue this document is known as

- A. sole proprietor.
 - B. partnership.
 - C. limited companies.
 - D. non profit organisation (NPO).
7. Saeed and Amir are working as partners in a business involved in trading of blankets.

The BASIC objective of their business would be to

- A. buy and sell blankets to earn profit.
- B. provide quality blankets to needy people.
- C. purchase raw material to produce blankets.
- D. facilitate each other in running their business.

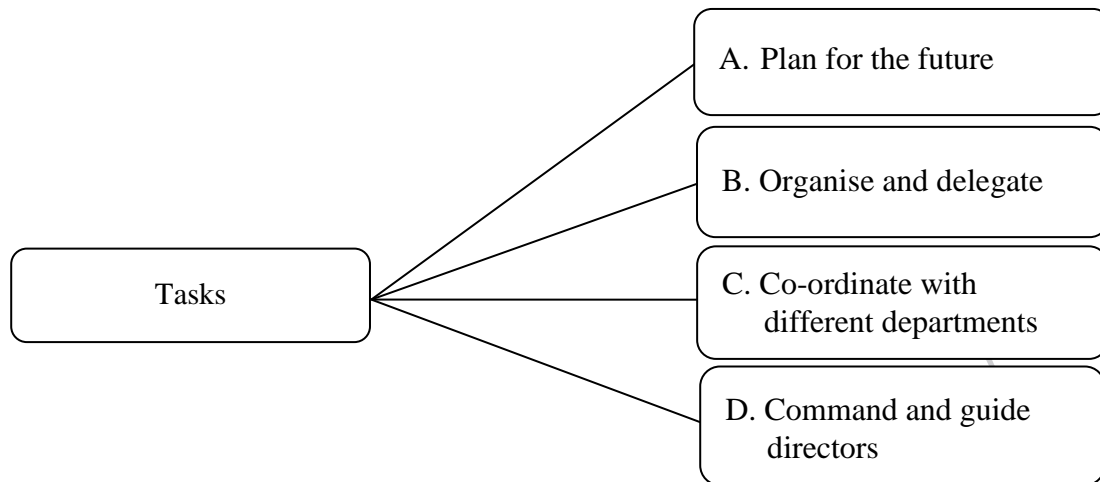
8. Which of the following CORRECTLY matches the business objective with its stakeholder?

| | Stakeholder | Business Objective |
|---|-------------|--|
| A | Workers | Want job security and better salary |
| B | Owners | Want to enhance general welfare of the society |
| C | Consumers | Interested in the growth of the company |
| D | Directors | Increase tax payments to the government |

9. The MOST likely reason of starting a retail business for a new entrepreneur is that
- A. a retail business requires more skills and time.
 - B. less capital is required in starting a retail business.
 - C. banks provide loan facilities to retail businesses only.
 - D. a retail business is always more profitable than other businesses.

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10. Which of the following tasks is NOT performed by an effective business manager?



11. Areeba is a manager in a company. She tries to communicate, motivate, inspire and encourage her subordinates for better efficiency.

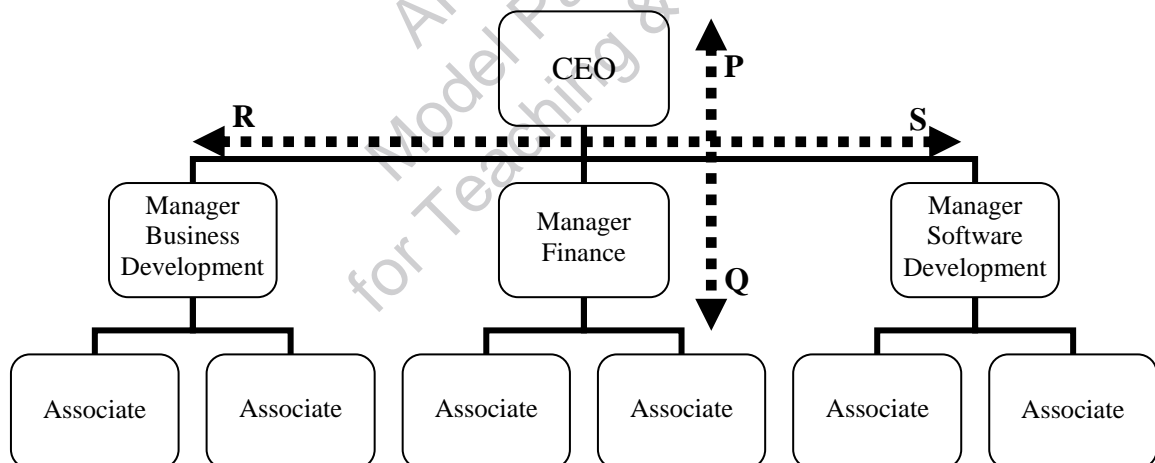
The functions performed by Areeba are categorised as

- A. leading.
 - B. staffing.
 - C. planning.
 - D. organising.
12. Which of the following personalities is considered as a democratic leader of Pakistan?
- A. Zia-ul-Haq
 - B. Yahya Khan
 - C. Benazir Bhutto
 - D. Pervaiz Musharaf
13. Rehan is a manager in a business organisation. He takes all the decisions without taking much input from others. He has limited trust in his subordinates and enforces all the methods and processes at work.
- The leadership traits of Rehan will classify him as a/ an
- A. dictatorial leader.
 - B. autocratic leader.
 - C. democratic leader.
 - D. laissez faire leader.
14. With reference to business communication, the process of effective communication is completed when the
- A. sender sends the message.
 - B. receiver receives the message.
 - C. message is encoded by the receiver.
 - D. intended feedback is received by the sender.

15. Farah works as a marketing manager. She needs to share an urgent piece of information in person with her team of ten employees posted at different parts of the country regarding the change in marketing strategy.

The mode of communication that should be used by her is

- A. e-mail.
 - B. telephone.
 - C. video conferencing.
 - D. staff meeting (in-person).
16. All of the following features are considered as merits of having an organisational chart EXCEPT that it
- A. exhibits a clear reporting structure.
 - B. helps new employees to understand where they stand.
 - C. facilitates in planning for the organisation.
 - D. promotes harmony amongst the workers.
17. Read the given organogram



In the given organogram, the dotted lines **PQ** and **RS** denote

| | Line PQ | Line RS |
|---|-----------------------------------|------------------|
| A | chain of command | span of control |
| B | span of control | chain of command |
| C | roles and responsibility | chain of command |
| D | authority and number of coworkers | span of control |

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18. Ahsan Associates deals in providing IT solutions. The owner has instructed all their managers to take decisions on their own to facilitate customers regarding product features and marketing promotions.

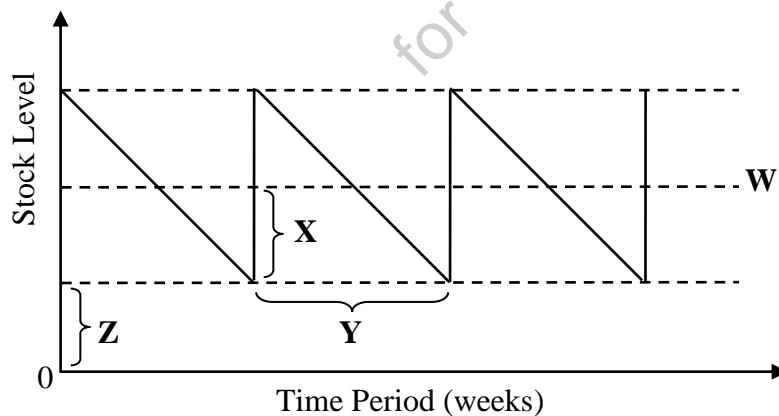
The given policy of delegation of power is classified as

- A. autocracy.
 - B. automation.
 - C. centralisation.
 - D. decentralisation.
19. The ratio between the value-added output to the efficient utilisation of resource is known as
- A. planning.
 - B. promotion.
 - C. production.
 - D. productivity.

20. The level of raw materials of a particular item that must be kept in the store at all times is known as the

- A. reorder level.
- B. buffer stock level.
- C. maximum stock level.
- D. minimum stock level.

21. In the given graph of inventory control, the reorder level is depicted as



- A. W.
 - B. X.
 - C. Y.
 - D. Z.
22. All of the following are the advantages of 'flow production' EXCEPT
- A. that goods are sold quickly because of low price.
 - B. that production of goods can be done on a large scale.
 - C. increasing efficiency because of capital intensive production.
 - D. maximum number of customer satisfaction because goods are customised.

23. Change in technology has the following advantages on the business EXCEPT

- A. increased employment.
- B. increased productivity.
- C. competitive advantage.
- D. better quality of product.

24. Alpha Limited is listed on the Karachi Stock Exchange (Pakistan Stock Exchange). Its issued share capital is equal to the authorised capital mentioned in the memorandum of the company. It is now planning to extend its building and requires an amount of Rs 12,000,000.

The MOST appropriate mode of financing in this case is

- A. issue of shares.
- B. bank overdraft.
- C. account payable.
- D. issue of debentures.

25. Read the following characteristics:

- It is an economic resource.
- It possesses economic value.
- It benefits (adds value to) business operations.

The concept of business that is BEST described by the given characteristics is

- A. asset.
- B. interest.
- C. revenue.
- D. liability.

26. The CORRECT form of accounting equation is

- A. $\text{assets} - \text{liabilities} = \text{capital}$
- B. $\text{assets} + \text{capital} = \text{liabilities}$
- C. $\text{liabilities} - \text{assets} = \text{capital}$
- D. $\text{liabilities} - \text{capital} = \text{assets}$

27. Anila bought a machine to be used in her factory. She incurred the following expenditures at the time of purchase:

- I. Paid foundation charges
- II. Paid 3 years fire insurance
- III. Paid transportation charges

The revenue expenditures paid by Anila would include

- A. I only.
- B. II only.
- C. I and III.
- D. II and III.

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28. A café buys cupcakes from a baker for Rs 100 and sells them for Rs 180 each. What will be their gross profit for a month in which they sold 1400 cupcakes?
- A. Rs 18,000
B. Rs 112,000
C. Rs 140,000
D. Rs 252,000
29. The accountant of a company has wrongly entered the value of ending inventory (stock) more than the actual value in the income statement.
- This will result in a/ an
- A. increase in net profit.
B. decrease in gross profit.
C. increase in cost of goods sold.
D. decrease in operating expenses.
30. The following details have been extracted from the books of Rukhsar Traders as on December 31, 2017.

| Particulars | Amount (Rs) |
|--------------------------------|-------------|
| Sales revenue | 700,000 |
| Purchases | 400,000 |
| Inventory on December 31, 2017 | 115,000 |
| Inventory on January 01, 2017 | 144,000 |

The amount of gross profit of Rukhsar Traders as on December 31, 2017 from the given information would have been

- A. Rs 271,000
B. Rs 329,000
C. Rs 371,000
D. Rs 429,000
31. Which of the following is shown in both income statement and statement of financial position (balance sheet)?
- A. Net profit
B. Drawings
C. Opening stock
D. Discount allowed

32. Ahmed's business is suffering an average loss of Rs 900,000 since last 3 years. Ahmed is now planning to discontinue his business.

Which accounting concept or principle will be followed to mention this in the financial statement?

- A. Cost concept
- B. Going concern
- C. Business entity
- D. Money measurement

33. Aleem, a marketing manager, has asked his assistant to submit a descriptive sales report highlighting details regarding discounts, allowances, payment period and credit term.

Which 'P' of marketing mix has been considered in the given case?

- A. Price
- B. Place
- C. Product
- D. Promotion

34. Saleem invented a new computer game. It will be sold on three different gaming zones only at a very high price.

The above pricing strategy is called

- A. price skimming.
- B. cost-plus pricing.
- C. penetration pricing.
- D. psychological pricing.

35. 'Channel of distribution' helps the manufacturer to

- A. control selling price.
- B. store manufactured goods.
- C. reduce its distribution costs.
- D. sell goods to the consumer quickly.

36. A person who sells goods to the public in relatively small quantities for use or consumption is a

- A. retailer.
- B. producer.
- C. distributor.
- D. wholesaler.

37. The CHEAPEST means of transportation for international trade, where possible, is

- A. airways.
- B. seaways.
- C. railways.
- D. highways.

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38. Al-Karam Studio, Junaid Jamshed (J.) and Ideas by Gul Ahmed are examples of
- A. super stores.
 - B. chain stores.
 - C. joint ventures.
 - D. discount stores.
39. Fahad bought a bed from a furniture shop because the manager guaranteed him 10-year service warranty. This type of promotion is called
- A. point of sale.
 - B. price reduction.
 - C. after sale service.
 - D. money off coupon.
40. Amber is a well-known publisher. She wishes to promote her publications in other countries. The MOST cost-effective mode of publication for Amber will be promotion by
- A. internet.
 - B. television.
 - C. newspapers.
 - D. mobile SMS.

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