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# **SOLVED PAST PAPERS**

## **PRINCIPLES OF COMMERCE**

**I.Com - I**

**Chapter Wise**

**Topic Wise**

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**QAZI SHAHZAD EHTESHAM**  
M.Com., D.C.M.A. (Pb.)

**MUHAMMAD IMRAN SARWAR**  
M.Com. (Pb.), M.Cs. (Comsat),  
MCSE. (Malaysia), FPA

**AZEEM ACADEMY**  
**PUBLISHERS & BOOKSELLERS**

**22-Urdu Bazar Lahore.**

**Ph: 042-37231448**

**042-37232129**

**Website: [www.azeemgroups.com](http://www.azeemgroups.com)**

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**CHAPTER - 1****CONCEPT OF BUSINESS****SECTION - I****MULTIPLE CHOICE QUESTIONS**

- Business includes which activities:** (FSD-17) (GRW-15, 18) (MTN-18)
  - Economic
  - Non-economic
  - Social
  - None
- The activities which are included in business are:** (RWP-17)
  - Economic
  - Non Economic
  - Ethical
  - Religious
- Economic activities include:** (LHR-18-I) (MTN-17) (SWL-16) (AJK-15,16)
  - Business
  - Business and Profession
  - Business, Profession and employment
  - None
- The basic objective of non-economic activities is:** (LHR-19)
  - To serve the society
  - To earn profit
  - To serve the society for spiritual satisfaction
  - None of these
- Business is that:** (RWP-19)
  - Which objective is earning profit
  - Which is carried on regularly
  - Which is according to law
  - All these
- The basic aim of business is:** (FSD-14, 15) (LHR-16-17-II, 14,18-I) (AJK-16) (GRW-14) (DGK-15, 16) (BWP-17) (RWP-15, 18) (SWL-15, 18) (MTN-15, 18) (SGD-14,19)
  - Exchange
  - To earn profit
  - Serving the society
  - To earn foreign exchange
- Income earned through business is called:** (AJK-17) (RWP-14, 16, 17) (LHR-15-I)
  - Profit
  - Interest
  - Utility
  - Satisfaction
- What is considered as blood in business:** (BWP-14,15) (SWL-17) (LHR-16-I)
  - Raw Material
  - Capital
  - Labour
  - Industrialist

- Every human activity undertaken to earn profit is called:** (LHR-14-I) (FSD-16)
  - Business
  - Trade
  - Human activities
  - Productive activities
- Which of the following is considered in determining the size of business:** (SWL-16)
  - Capital
  - Demand for Goods
  - Productive Capacity
  - All of these
- A businessman is a:** (LHR-16, 18-II)
  - Trader
  - Producer
  - Distributor
  - All of these
- If any person gets income on the basis of knowledge and skill then it is:** (AJK-18)
  - Business man
  - Merchant
  - Professional
  - Manufacturer
- The person engaged in economic activities for earning profit:** (FSD-18)
  - Businessman
  - Trader
  - Industrialist
  - All these
- Kinds of business organization include:** (RWP-18) (FSD-18)
  - Partnership
  - Soletradership
  - Joint Stock company
  - All of these

**ANSWERS**

1. a	2. a	3. c	4. c	5. d
6. b	7. a	8. b	9. a	10. d
11. d	12. c	13. d	14. d	

**SECTION - II****SHORT QUESTIONS ANSWERS**

- What is meant by human activities?** (SGD-16) (BWP-18) (RWP-19)  
**Ans:** The work done by human beings to satisfy their wants or needs is known as human activities.
- What is meant by Economic Activities?** (AJK-16) (SWL-19) (DGK-19)  
**Ans:** All commercial and industrial activities, which are connected with the production and acquisition of wealth are known as economic/productive activities.

**3. Define non-economic activities.**

(LHR-14-I) (SWL-16) (AJK-17, 14, 18)

**Ans:** These activities are done for personal satisfaction and not to earn profit or income. e.g.,

- (i) Religious activities
- (ii) Social welfare

**4. Name four non-economic activities.**

(LHR-15-II) (LHR-18-I)

**Ans:** (i) Religious activities  
(ii) Rights of the parents and relatives  
(iii) Patriotism  
(iv) Social welfare

**5. What is meant by Un-commanded human activities?** (BWP-17)

**Ans:** The activities on which man does not have any control e.g. working of heart and stomach are called un-commanded activities.

**6. What is Business?** (BWP-14, 15, 16, 17)

(LHR-17-II, 15, 14, 18-I, 19) (FSD-15) (RWP-15)

(MTN-16, 17) (SWL-15, 16) (DGK-15, 16)

(AJK-14, 16, 17, 18) (RWP-18) (GRW-19)

**Ans:** Any legal activity undertaken or performed for the purpose of earning profit is called business.

**7. Describe any two objects of business.**

(BWP-15) (FSD-17, 19) (SGD-18)

**Ans:** (i) To earn profit.  
(ii) Services for society.

**8. What are the characteristics of business?**

(SGD-16)

**Ans:** (i) Expert management.  
(ii) Large capital.  
(iii) Good planning.  
(iv) Sound organizational structure.  
(v) Ideal location.  
(vi) Trained staff.

**9. Define Profession.** (LHR-15-I, 17, 18-II, 19)

(AJK-15) (BWP-15) (SGD-16) (MTN-17, 19)

(DGK-17) (SWL-17, 18) (RWP-17, 18, 19)

**Ans:** When a person provides his services to society on the basis of his specialized knowledge and experience in a particular field, it is known as profession (e.g.) doctors, professors, engineers and accountants etc.

**10. What is meant by Employment? (AJK-16)**

**Ans:** When a person provides his services to another person or any institution on the basis of predetermined terms and conditions (fixed salary) is known as employment or service. This may be of three types:

- (a) Government Service
- (b) Semi Government Service
- (c) Private Service

**11. What is the difference between business and profession? (AJK-18)****Ans:**

<u>Business</u>	<u>Profession</u>
Any legal activity undertaken or performed for the purpose of earning profit is called business.	When a person provides his services to society on the basis of his specialized knowledge and experience in a particular field, it is known as profession (e.g.) doctors, professors, engineers and accountants etc.

**12. Name four stages to start business.**

(RWP-16) (LHR-18-II) (MTN-18) (SGD-19)

**Ans:** (i) Nature of business (ii) Size  
(iii) Management (iv) Capital

**SECTION – III****LONG QUESTIONS**

- Describe objects of business. (LHR-14-II) (SGD-14)
- Describe characteristics of business. (MTN-15) (DGK-16) (LHR-17-II)
- Write down elements necessary to start a business. (BWP-14) (RWP-16) (MTN-16)

**CHAPTER-2****CONCEPT AND SCOPE OF COMMERCE****SECTION – I****MULTIPLE CHOICE QUESTIONS**

- A business in which goods are produced: (BWP-16, 18)
  - (a) Trade
  - (b) Commerce
  - (c) Industry
  - (d) Business



2. A man who converts raw material in useful goods is: (FSD-15) (LHR-14-I) (SGD-18) (GRW-19)  
 (a) Trader (b) Industrialist  
 (c) Insurer (d) Banker
3. Industry is related to: (LHR-17-II)  
 (a) Production of goods  
 (b) Exchange of goods  
 (c) Trade  
 (d) Sale and purchase of goods
4. Industry is a component of: (LHR-14-I) (MTN-18) (BWP-19)  
 (a) Commerce (b) Trade  
 (c) Business (d) Government
5. Commerce is collection of: (RWP-19)  
 (a) Trade and Industry  
 (b) Business and Industry  
 (c) Trade and Auxiliaries to trade  
 (d) Business and Trade
6. Commerce is related to: (LHR-15, 17-I) (GRW-14) (SWL-16) (AJK-14,15)  
 (a) Production of goods  
 (b) Sale of goods  
 (c) Purchase of goods  
 (d) All
7. Scope of commerce is greater than: (MTN-14) (SWL-14)  
 (a) Trade (b) Industry  
 (c) Business (d) Agriculture
8. Commerce is a component of: (GRW-19) (RWP-14) (DGK-15) (SWL-16) (FSD-19)  
 (a) Industry (b) Trade  
 (c) Business (d) Agriculture
9. Literal meaning of trade: (BWP-14) (RWP-15) (FSD-17) (AJK-16,18)  
 (a) Exchange  
 (b) Sale and Purchase  
 (c) Removing human hurdle  
 (d) Business
10. Trade means: (AJK-17) (RWP-16) (GRW-15) (LHR-16-I,II) (SGD-16) (DGK-16, 19) (RWP-17)  
 (a) Whole selling (b) Retailing  
 (c) Import and Export (d) All
11. Trade is a component of: (LHR-15-I) (SWL-17, 18) (DGK-17) (RWP-16) (AJK-14)  
 (a) Industry (b) Agriculture  
 (c) Commerce (d) None

12. It is included in home land trade: (LHR-19)  
 (a) Manufacturer (b) Wholesaler  
 (c) Retailer (d) All of these
13. Exchange of things is called: (BWP-16) (AJK-18) (MTN-19)  
 (a) Finance (b) Business Transaction  
 (c) Barter System (d) Both (a) and (c)
14. Auxiliaries of trade is a branch of: (SGD-15)  
 (a) Trade (b) Commerce  
 (c) Industry (d) Agriculture
15. Internal trade includes: (LHR-16-II)  
 (a) Wholesale, Retail  
 (b) Retail, Partnership  
 (c) Partnership, Sole tradership  
 (d) None.
16. What is meant by trade: (FSD-14)  
 (a) Production (b) Import and Export  
 (c) Services (d) Advertisement
17. A person who deals in Readymade items is: (GRW-19) (BWP-15) (DGK-19)  
 (a) Distributor (b) Trader  
 (c) Worker (d) Manufacturer

### ANSWERS

1. c	2. b	3. a	4. c	5. c
6. b	7. a	8. c	9. a	10. d
11. c	12. d	13. c	14. b	15. a
16. b	17. b			

### SECTION – II

#### SHORT QUESTIONS ANSWERS

1. What are important components of business? (MTN-14, 15) (AJK-15) (FSD-18) (SWL-19)  
 Ans: There are two important components of business.  
 (a) Industry (b) Commerce
2. What is Industry. (BWP-16) (DGK-17) (SWL-17) (LHR-17-II) (AJK-18)  
 Ans: Industry is that part of business which is connected with the production of goods and services.

**3. Write down the kinds of foreign trade.**  
(GRW-19)

**Ans:** Following are the three kinds of foreign trade.

- (i) Import trade      (ii) Export trade
- (iii) Interport trade

**4. Define Primary industry.**  
(DGK-15) (SWL-16) (GRW-17) (FSD-18)  
(AJK-16) (BWP-18)

**Ans:** The industry related to production and extraction of raw material is called primary industry.

**5. What is meant by extractive industry?**  
(SWL-19) (AJK-16)

**Ans:** In this industry, hidden resources below the surface of the earth are extracted. All kinds of minerals are the examples of such industry. e.g. extraction of oil, gas and coal etc.

**6. How many types are of home trades? Write name.** (LHR-19)

**Ans:** There are following two types of home trade.

- (i) Wholesalling      (ii) Retailing

**7. What is meant by secondary industry?**  
(RWP-17) (DGK-19)

**Ans:** These industries use raw materials and make useful goods of another form. Raw material of these industries is obtained from primary industry.

**8. Define Commerce.** (GRW-14, 15, 17, 19)  
(MTN-16) (AJK-14, 15, 16, 17, 18) (SGD-15, 16, 18)  
(FSD-18) (BWP-16, 18) (LHR-16-I, II, 18-I)  
(SWL-17, 18) (RWP-17, 18)

**Ans:** The term "commerce" includes all activities, functions and institutions, which are involved in transferring goods from their place of production to the ultimate consumers. e.g., Transportation of goods, traders, agents, insurance companies, financial institutions, publicity, and warehousing etc.

**9. Define Trade.** (LHR-14, 15-II) (RWP-14, 18)  
(BWP-17) (FSD-14, 15, 16) (SGD-17, 18, 19)  
(MTN-17, 18, 19)

**Ans:** Trade is defined as the exchange of commodities and includes all the selling and buying activities to earn profit either with in a country or across the boundaries.

**10. Define national and international trade.**  
(MTN-15) (BWP-17) (FSD-16, 18) (LHR-16-I, II)  
(SWL-16) (GRW-16, 19)

**Ans: National Trade:** In such trade, exchange of goods or services is conducted within the boundaries of a particular country and both seller and buyer are related to the same country.

**International Trade:** Trade or exchange of goods and services between two or more independent countries is called foreign/international trade.

**11. What is Export?** (LHR-15-II, 17-I, II)  
(BWP-15, 18, 19) (RWP-19)

**Ans:** If the goods and services are sold to the trader of another country then it is called export trade.

**12. Define Import trade.** (LHR-14-I)  
(FSD-14, 15) (AJK-17) (MTN-18) (SGD-15, 19)

**Ans:** When goods are received in home country after purchasing them from other countries is called import trade.

**13. What is meant by interport trade?**  
(MTN-14)

**Ans:** The trade in which goods are imported in order to re-export them to other countries is called interport trade.

**14. Differentiate between Home Trade and Foreign Trade.** (GRW-19)

**Ans:**

Home Trade	Foreign Trade
In such trade, exchange of goods or business is conducted within the boundaries of a particular country and both seller and buyer are related to the same country.	Trade or exchange of goods and services between two or more independent countries is called foreign/international trade.

### 15. Differentiate between Commerce and Trade. (BWP-19)

Ans:

Commerce	Trade
The term "commerce" includes all activities, functions and institutions, which are involved in transferring goods from their place of production to the ultimate consumers. e.g., Transportation of goods, traders, agents, insurance companies, financial institutions, publicity, and warehousing etc.	Trade is defined as the exchange of commodities and includes all the selling and buying activities to earn profit either within a country or across the boundaries.

### 16. Write any two differences between Business and Commerce. (LHR-16-II) (FSD-16) (GRW-17)

Ans:

#### Commerce

#### 1. Nature:

It is sum/total of those activities which are directly or indirectly related to the exchange of goods.

#### 2. Classifications:

It is a branch of business.

#### Business

Business includes all those activities through which profit is earned.

It is a wider term and includes commerce and industry.

## SECTION - III

### LONG QUESTIONS

- Define Commerce. Describe its importance. (RWP-14) (GRW-15) (SWL-16) (DGK-19)
- Describe scope of Commerce. (AJK-14) (SGD-16) (LHR-15, 18-II)
- Describe the role of commerce in economic development of a country. (GRW-19) (FSD-19)
- Write down difference between
  - Commerce and Business
  - Commerce and Trade (LHR-14-I) (SGD-15)
- Write down difference between Commerce, Trade and Industry. (FSD-14)

## CHAPTER-3

### BUSINESS ORGANIZATION (I) — SOLE TRADERSHIP

#### SECTION - I

#### MULTIPLE CHOICE QUESTIONS

- A business carried on by the single person is called: (RWP-19)
  - Partnership
  - Company
  - Sole proprietorship
  - Society
- Who provides capital in sole proprietorship? (SGD-16)
  - Sole Owner
  - Bank
  - Workers
  - Relatives
- Members of sole tradership are: (FSD-14) (GRW-19) (AJK-15) (MTN-16) (BWP-17) (SGD-17) (RWP-18)
  - 2
  - 1
  - 3
  - 5
- Capital in sole tradership is: (AJK-16) (SGD-18)
  - Limited
  - Unlimited
  - Sources of owner
  - All
- Scale of sole tradership business is: (RWP-16) (AJK-16) (SWL-18)
  - Small
  - Medium
  - Large
  - None
- Decisions in sole tradership are done by: (DGK-15) (FSD-16) (AJK-16) (SWL-18)
  - Government
  - Public
  - Owner
  - All
- Sole tradership business is: (SWL-16) (GRW-18)
  - Elastic
  - Non-elastic
  - Durable
  - None
- What is not important for sole tradership: (MTN-14, 19) (RWP-14) (GRW-17) (SWL-17, 19) (LHR-15-I) (FSD-18) (SGD-19)
  - Capital
  - Worker
  - Interest of owner
  - Audit
- Secret of success of sole tradership is on: (LHR-14-I)
  - Ability of manager
  - Ability of employees
  - Ability of sole owner
  - Trust of customers

**10. Decisions in sole tradership business are:**

(RWP-15) (MTN-18) (LHR-18-I, 19)

- (a) delayed (b) urgently
- (c) done in meeting of management
- (d) by consultation of relatives

**11. Formation expenses in sole tradership are:**

(BWP-14) (AJK-15)

- (a) less (b) large
- (c) medium (d) average

**12. Liability of loss in sole tradership is on:**

(LHR-14,16-II)

- (a) Manager (b) Relatives
- (c) Sole owner (d) Employees

**13. Audit of sole tradership is:**

(LHR-17-I) (FSD-19)

- (a) will of owner (b) is not compulsory
- (c) necessary (d) None

**14. Duration of sole tradership is:**

(AJK-17) (FSD-17) (LHR-16, 17, 18 - II)

(SWL-15) (SGD-14,17,19)

- (a) Short (b) Long
- (c) Fixed period (d) None

**15. Liability of owner in sole tradership is:**

(MTN-15, 17) (FSD-16) (RWP-17)

(AJK-18) (LHR-15-II, 19)

- (a) Limited (b) Liability of Govt.
- (c) Unlimited (d) All

**16. In which form of business organization, the element of secrecy is maintained:**

(AJK-16)

- (a) Partnership (b) Company
- (c) Sole tradership (d) None of these

**17. Dissolution of sole tradership business is done by:**

(BWP-15, 16)

- (a) according to law (b) will of sole owner
- (c) will of employees (d) will of customers

**ANSWERS****SECTION – II****SHORT QUESTIONS ANSWERS****1. Define Sole tradership.** (AJK-14,17)

(BWP-15, 17) (LHR-14-I, II, 15-II, LHR-18-I)

(SWL-17, 19) (MTN-16, 19) (FSD-14, 15)

**Ans:** Sole proprietorship is a type of business organization in which one person owns and operates the business.

**2. State any five characteristics of sole tradership.** (BWP-19) (SGD-19)

- Ans:** (i) Sole ownership  
(ii) Easy formation  
(iii) Whole profit  
(iv) Secrecy  
(v) Easy transfer

**3. Write four advantages of Sole tradership.** (MTN-14) (RWP-14)

- Ans:** (a) Easy formation (b) Quick Decisions  
(c) Secrecy (d) Elastic  
(e) Easy Dissolution

**4. Write down two disadvantages of sole tradership.** (SGD-14) (BWP-15)

(RWP-17) (LHR-15-I)

- Ans:** (i) Shortage of capital  
(ii) Unlimited liabilities  
(iii) Management problems  
(iv) No legal protection  
(v) Not durable

**5. Write four examples of the sole tradership.** (AJK-16) (BWP-17)

**Ans:** Following businesses are the general examples of sole proprietorship:

- (i) Retailer (ii) Painters
- (iii) Carpenter (iv) Tourist Guide
- (v) Barber

**6. What is the legal status of sole tradership?** (FSD-18)

**Ans:** In sole proprietorship, the business has no separate legal entity apart from the sole trader because no permission or registration is required to run the business. In case of any dispute, a legal action can be taken against owner and not against business.

1. c	2. a	3. b	4. c	5. a
6. c	7. a	8. d	9. c	10. b
11. a	12. c	13. a	14. a	15. c
16. c	17. b			

**7. Why people have less confidence on sole tradership? (SWL-18) (SGD-17) (LHR-17-I)**

**Ans:** The owner of sole tradership does not publish his business accounts and there is no legal restriction to control or windup this type of business. Therefore general public shows less confidence on such type of business organization.

**8. Why the life of sole tradership is limited? (MTN-17) (FSD-17) (AJK-14)**

**Ans:** In Sole tradership business is conducted by one person and it depends on his good health, life and death. In case of his death the business comes to an end.

**9. What is meant by unlimited liability of owner in sole tradership? (GRW-14)**

(MTN-15) (SWL-15) (AJK-17) (FSD-18) (DGK-19)

**Ans:** In sole tradership the liability of owner is unlimited, it means in case of heavy loss personal assets of owner are also sold.

**LONG QUESTIONS**

- Write down qualities of Sole tradership. (GRW-14) (SWL-17, 19) (BWP-18) (RWP-15, 17, 18)
- Describe advantages of Sole tradership. (SWL-15) (BWP-15, 16) (LHR-15, 16-I) (FSD-17) (RWP-19)
- Write down disadvantages of Sole tradership. (SWL-15) (FSD-15) (DGK-17)



**CHAPTER-4**

**BUSINESS ORGANIZATION (II) —**

**PARTNERSHIP**

**SECTION — I**

**MULTIPLE CHOICE QUESTIONS**

- Partnership as compared to Sole Tradership is: (MTN-16) (BWP-17) (AJK-18)
  - More Flexible
  - Less Flexible
  - Not Flexible
  - All these
- The formation of sole tradership as compared to partnership is: (DGK-16)
  - Easy
  - Difficult
  - Same
  - All of the above

**3. Maximum number of members in partnership is: (LHR-14-II, 16-I, 19) (GRW-19)**

(AJK-14, 17) (SGD-16, 18) (BWP-17, 18, 19)

(SWL-15, 17) (MTN-16, 18)

- (a) 10 (b) 20 (c) 30 (d) 40

**4. Minimum number of members in partnership is: (LHR-15, 16-II, 19) (SGD-19)**

(FSD-16) (SWL-17) (DGK-15, 16, 17, 19) (RWP-14, 17)

(AJK-15, 18) (BWP-16, 19)

- (a) 2 (b) 6 (c) 4 (d) 10

**5. In Pakistan, under which law partnership business is working: OR**

**Partnership business is formed and the partnership act. (RWP-14, 15, 16, 19)**

(MTN-14, 15, ) (SWL-17) (LHR-16-II, 17-I)

(AJK-17) (SGD-16, 18) (BWP-18, 19)

- (a) 1932 (b) 1962 (c) 1979 (d) 1984

**6. Distribution of profit in partnership business (LHR-17-II)**

- (a) Equally (b) In proportion to capital  
(c) will of partners (d) both b and c

**7. In banking business, number of partners are: (FSD-14) (AJK-15, 16) (SWL-16) (MTN-16)**

(BWP-17) (RWP-15, 17, 18) (SGD-14, 19)

- (a) 40 (b) 50 (c) 10 (d) 20

**8. When partnership law was passed:**

(GRW-14) (MTN-18)

- (a) 1910 (b) 1923 (c) 1932 (d) 1931

**9. Registration of partnership business is:**

(LHR-18-I) (RWP-14) (AJK-16)

- (a) necessary  
(b) depend on will of partners  
(c) depend on will of registrar  
(d) none

**10. Limited partnership Act was passed in:**

(LHR-15-I) (SWL-16) (SGD-19)

- (a) 1897 (b) 1917 (c) 1907 (d) 1927

**11. The document that contains rules and regulations of partnership business:**

(LHR-14-I)

- (a) partnership law  
(b) partnership deed  
(c) partnership document  
(d) partnership customs



**12. Partnership for a particular purpose is called:** (FSD-18)

- (a) Limited partnership
- (b) Particular partnership
- (c) Partnership at will
- (d) All these

**13. Partnership deed can be:**

(SGD-16) (AJK-14, 17)

- (a) written
- (b) oral
- (c) written and registered
- (d) All

**14. Best form of partnership deed is:** (DGK-19)

(SGD-14) (FSD-15, 16) (MTN-16) (RWP-15, 18)

(SWL-18) (LHR-15-I)

- (a) oral
- (b) written
- (c) written and registered
- (d) None

**15. In absence of agreement, on additional capital of partner:** (BWP-14)

- (a) interest is paid
- (b) interest is not paid
- (c) increase in profit
- (d) is paid salary

**16. In absence of partnership deed rate of interest on additional capital is:** (DGK-15)

(FSD-16, 18) (MTN-17) (LHR-19)

- (a) 4%
- (b) 10%
- (c) 12%
- (d) 6%

**17. Age of minor partner is:** (FSD-14, 15, 19)

(BWP-16) (MTN-17, 19) (SWL-15, 17, 18) (SGD-17, 19)

- (a) less than 18 years
- (b) 28 years
- (c) more than 18 years
- (d) none

**18. Liability of members in partnership is:**

(MTN-14, 15) (RWP-15) (LHR-16-I)

(FSD-14, 18) (GRW-14, 15, 18)

- (a) limited
- (b) limited upto capital
- (c) unlimited
- (d) on will of partners

**19. In partnership if court declares a partner insolvent then:** (SWL-16) (GRW-17)

- (a) partnership becomes strong.
- (b) partnership becomes weak.
- (c) partnership is dissolved.
- (d) new partner is admitted.

## ANSWERS

1. b	2. a	3. b	4. a	5. a
6. d	7. c	8. d	9. b	10. c
11. b	12. b	13. d	14. c	15. a
16. d	17. a	18. c	19. c	

## SECTION – II

### SHORT QUESTIONS ANSWERS

**1. Define partnership.** (LHR-16-I, II) (SWL-18)

(DGK-15, 17, 19) (SGD-15, 16) (AJK-16, 15, 18)

(RWP-14, 18) (GRW-14, 15, 17, 19) (BWP-16, 17)

**Ans:** The relation between persons who have agreed to share the profits of a business carried on by all or any one of them acting for all.

**2. Write down four features of partnership.**

(LHR-14-II) (BWP-17)

**Ans:** There are following properties of the partnership business:

- (i) Un-limited liability
- (ii) No separate legal entity
- (iii) Mutual cooperation
- (iv) Partner as agent
- (v) Division of profit or loss

**3. What is meant by unlimited liability in partnership business?** (LHR-16-II, 18-I)

(RWP-16) (AJK-17) (DGK-17) (SWL-18) (FSD-19)

**Ans:** In partnership, the liability of each partner is unlimited. In case of loss, the private property of partners can also be used or sold to pay the business debts according to the provisions of partnership deed.

**4. Define partnership deed.** (AJK-17, 18)

(FSD-18, 19) (SGD-15, 16) (RWP-14, 16, 18, 19)

(LHR-14, 18-I, 16-II, 19) (DGK-15, 16, 19) (GRW-17)

(SWL-16, 17) (BWP-14, 15, 16, 18) (MTN-16, 17)

**Ans:** Partnership deed is a document, which contains all necessary rules and regulations required to run the partnership business.

**5. Define Shirakat-ul-wajoooh.** (LHR-18-II)

**Ans:** In this partnership, no partner brings capital. In such partnership, business is started by taking loan or purchasing goods on credit. Profit and loss is distributed according to loan taken by each partner.

**6. What is Shirakat-ul-Anan?** (LHR-17-I)

(SGD-17) (FSD-19)

**Ans:** (i) The share of partners in capital may be different.

(ii) The profit or loss of business shall be distributed according to the capital contributed by the partners.

(iii) The partners are allowed to contribute capital in form of cash only.

**7. Define an Adult partner. (LHR-14-II) (MTN-14, 16) (SWL-16) (DGK-17) (FSD-18)**

**Ans:** Adult / Major partner means a partner whose age is 18 years or more and he is admitted to share the profit or loss of the firm.

**8. Define minor partner. (LHR-18-I, 19) (FSD-16, 17, 19) (MTN-14) (SGD-18) (RWP-19) (SWL-19)**

**Ans:** A partner whose age is less than 18 years is called a minor partner. A minor partner is only admitted to benefits of the firm.

**9. What is meant by dissolution of partnership. (GRW-14) (SGD-15) (SWL-16)**

**Ans:** It means to legally wound up the existence of partnership business.

**10. Define compulsory dissolution of partnership. (FSD-14,15)**

**Ans:** Under following conditions a partnership business is to be compulsory dissolved.

- (i) If fixed period of partnership is expired.
- (ii) Death or insanity of a partner.
- (iii) If a partner is declared insolvent.
- (iv) On retirement of a partner.
- (v) Illegal business by the firm.

**11. What is meant by dissolution of partnership by notice? (AJK-18)**

**Ans:** According to section 43 of Partnership Act 1932 if the partnership is at will, the firm may be dissolved by any partner giving a 14 days notice in writing to all the other partners of his intention to dissolve the firm. The firm is dissolved as from the date mentioned in the notice. If no date is mentioned in the notice then the partnership is considered as dissolved from the date of communication of the notice.

### SECTION – III

#### LONG QUESTIONS

1. Describe qualities of partnership business. (LHR-16-II) (GRW-17) (DGK-15) (FSD-18)

2. Write down advantages of partnership business. (AJK-15) (MTN-16, 17, 18)
3. Explain kinds of partnership. (SGD-17)
4. Describe kinds of partners. (LHR-14-I) (RWP-15) (AJK-14, 16) (DGK-16)
5. Describe method of registration of partnership business. (MTN-15)
6. Write down advantages of registration of partnership. (LHR-19) (RWP-17) (SGD-19) (BWP-14)
7. Describe rights and duties of partners. (MTN-14) (SWL-16)
8. Write down different methods to dissolve a partnership business. (BWP-15) (AJK-14,17) (LHR-14-II) (GRW-15)
9. Write down the difference between sole tradership and partnership. (AJK-18)

### CHAPTER-5

#### BUSINESS ORGANIZATION (III) — JOINT STOCK COMPANY

#### SECTION – I

#### MULTIPLE CHOICE QUESTIONS

1. Joint Stock Company is a/an: (AJK-16-I)
  - (a) Artificial person (b) Real person
  - (c) Important person (d) None of these
2. The shares of joint stock company are: (DGK-16)
  - (a) Transferable
  - (b) Not for common person
  - (c) Of high value (d) All are correct
3. The owner of the company are: (DGK-15) (RWP-15) (MTN-16) (FSD-16) (AJK-16) (BWP-17, 18) (LHR-15, 17-I)
  - (a) Shareholders (b) Employees
  - (c) Creditors (d) Debenture holder
4. Registration of joint stock company is: (LHR-16-I) (GRW-14) (MTN-15) (BWP-15) (AJK-17)
  - (a) necessary (b) optional



- (c) depend on will of promoters  
(d) Depend on will of shareholders
5. **Management of joint stock company is entrusted to:** (LHR-16, 18 - I) (SWL-17) (BWP-15) (AJK-14, 18)  
(a) Shareholders (b) Directors  
(c) Debenture holder (d) Promotor
6. **The people who form a company are called:** (LHR-16, 18-II) (SWL-15) (RWP-15) (BWP-17) (SGD-14, 17) (MTN-15) (FSD-15) (AJK-18) (GRW-19) (DGK-19)  
(a) Shareholders (b) Promoters  
(c) Managers (d) Auditor
7. **Share holders of company are called:** (SGD-18) (LHR-17-II) (GRW-19) (BWP-19)  
(a) creditors (b) owners  
(c) agents (d) employees
8. **In Pakistan company is registered under the ordinance of:** (LHR-14-II) (SWL-16) (BWP-16) (MTN-18, 19) (GRW-19)  
(a) 1978 (b) 1982 (c) 1984 (d) 1990
9. **Modarba ordinance was issued in:** (LHR-14-I) (BWP-19)  
(a) 1980 (b) 1981 (c) 1979 (d) 1984
10. **Which business organisation can sell its shares to public:** (BWP-14) (AJK-17)  
(a) Partnership (b) Sole tradership  
(c) Private company (d) Public company
11. **What is to be purchased to become a shareholder of company:** (BWP-14) (MTN-16) (GRW-19)  
(a) Dividend (b) Debenture  
(c) Share (d) Bonus
12. **Maximum number of members in a public limited company are:** (SGD-16) (MTN-16, 17, 19) (BWP-18) (GRW-15) (AJK-14, 17) (FSD-18) (BWP-15, 19) (DGK-19)  
(a) 30 (b) 60  
(c) unlimited (d) none
13. **Maximum number of members in a multi member private company are:** (MTN-14) (AJK-16) (SGD-17) (SWL-15, 18) (LHR-18-II) (BWP-19)  
(a) 10 (b) 50 (c) 70 (d) 100
14. **The person who invests his capital in a modarba company is called:** (AJK-14) (GRW-14) (LHR-17)  
(a) Capitalist (b) Rab-ul-Maal  
(c) Modarib (d) All
15. **Minimum number of shareholders in public limited company are:** (FSD-15) (SGD-15)  
(a) 7 (b) 10 (c) 20 (d) 40
16. **Liability of share holders in a joint stock company is:** (FSD-18) (GRW-19)  
(a) Limited (b) Unlimited  
(c) None (d) All are correct
17. **For which company, it is mandatory to take the certificate of commencement of business:** (FSD-18) (LHR-19)  
(a) Public Limited Company  
(b) Private Limited Company  
(c) Chartered Company
18. **Company which use the word "Private" in the name:** (BWP-16)  
(a) Public Limited Company  
(b) Private Limited Company  
(c) Modarba Company  
(d) Govt. Company  
(e) All of these
19. **Minimum number of directors in public limited Co:** (LHR-15, 17, 18-I) (FSD-15, 17) (RWP-16) (DGK-16) (GRW-15, 17, 19)  
(a) 5 (b) 7 (c) 10 (d) 3
20. **The person who undertakes to sell shares of the company is called:** (LHR-15-I) (AJK-17) (DGK-15) (MTN-16)  
(a) Director (b) Agent  
(c) Underwriter (d) Promotor
21. **Which company can issue its shares to public:** (LHR-16, 17, 18-I) (FSD-17) (SGD-16) (BWP-15) (AJK-14)  
(a) Charted company  
(b) Public limited company  
(c) Private limited company  
(d) All
22. **Audit is necessary for:** (LHR-16, 18-II) (GRW-18) (SGD-18)  
(a) Private limited Co.  
(b) Public limited company  
(c) Partnership business  
(d) All
23. **Profit that a company pays to shareholder is called:** (LHR-16-II) (GRW-17) (SGD-19) (AJK-16) (SWL-17)

- (a) Dividend (b) Shares  
(c) Debentures (d) Bonus
- 24. A company can sell its shares at: (RWP-16)**  
(a) par (b) premium  
(c) discount (d) all
- 25. A company whose shares are transferred:**  
(GRW-18)  
(a) Satutory company (b) Chartered company  
(c) Public company (d) Private company
- 26. Public limited company is listed in:**  
(LHR-15-II) (DGK-17) (BWP-15) (RWP-17) (MTN-19)  
(a) Central bank (b) Stock Exchange  
(c) Customs (d) Chamber of Commerce
- 27. Most important document of company is:**  
(LHR-16-II) (RWP-14) (GRW-17)  
(SGD-18) (BWP-18)  
(a) Memorandum of company  
(b) Article of company  
(c) Prospectus  
(d) Certificate of incorporation
- 28. Company issues \_\_\_\_\_ to raise loan:**  
(SWL-18) (FSD-14) (AJK-16,17) (LHR-18-II)  
(a) Shares (b) Debentures  
(c) Dividend (d) All
- 29. Memorandum of company is prepared by:**  
(DGK-15) (SGD-16) (AJK-17) (SWL-18) (MTN-18)  
(FSD-14, 18) (LHR-14-II, 19) (RWP-14, 15, 19)  
(a) Experts (b) Employees  
(c) Promotor (d) Registrar
- 30. The capital written in memorandum of association is called:** (LHR-17-II)  
(a) registered capital (b) paid up capital  
(c) called up capital (d) subscribed capital
- 31. Under which ordinance a modarba company is registered:** (LHR-16, 18-II)  
(AJK-14) (BWP-19)  
(a) 1980 (b) 1984 (c) 1990 (d) 1996
- 32. What a company gets through prospectus:**  
(RWP-14) (DGK-16) (GRW-18) (AJK-17)  
(FSD-17) (LHR-16-II) (SGD-19)  
(a) Capital (b) Fame  
(c) Registration (d) All
- 33. A company that is formed by a royal order is called:** (FSD-15) (GRW-18) (MTN-18)  
(DGK-17) (AJK-18)  
(a) Satutory company  
(b) Chartered company  
(c) Registered company  
(d) None
- 34. A company formed by the order of president is called:** (FSD-14)  
(a) Modarba company  
(b) Private company  
(c) Satutory company  
(d) Public company
- 35. A company which possesses 51% shares of another company is called:** (FSD-18) (RWP-19)  
(a) Subsidiary Company  
(b) Government Company  
(c) Holding Company  
(d) Foreign Company
- 36. Is not necessary for a private company:** (MTN-18) (LHR-18-I, 19)  
(a) Satutory meeting (b) Satutory report  
(c) both a, b (d) all
- 37. The persons who manage the affairs of company are called:** (MTN-18) (DGK-18)  
(a) Share holders (b) Debenture holders  
(c) Promoters (d) Directors
- 38. Whose signatures are necessary on satutory report of company:** (BWP-14) (FSD-18)  
(a) Shareholders (b) Promotor  
(c) Auditor (d) Directors
- 39. Shares issued to promotors are called:** (LHR-18-I, 19)  
(a) Ordinary shares (b) Preference shares  
(c) Differed shares (d) None
- 40. Debenture holder receives:** (BWP-19)  
(a) Salary (b) Interest  
(c) Profit (d) Commission
- 41. Debenture holders are called \_\_\_\_\_ of company:** (LHR-14-I) (FSD-15, 16, 18, 19)  
(MTN-17) (RWP-16) (AJK-17, 18)  
(a) Creditors (b) Debtors  
(c) Directors (d) Employees
- 42. Directors are elected by:** (SGD-14) (FSD-14, 18)  
(a) Debtors (b) Shareholders  
(c) Creditors (d) Govt.
- 43. Part of profit which is distributed among shareholders is called:** (LHR-14-I) (BWP-18)  
(SWL-19)

- (a) Dividend (b) Profit  
(c) Interest (d) Bonus

**44. A company is wound up under the process:** (LHR-14-I) (FSD-15) (SWL-19)

- (a) by court  
(b) will of shareholders  
(c) under supervision of court  
(d) all are true

### ANSWERS

1. a	2. a	3. a	4. a	5. b
6. b	7. b	8. c	9. a	10. d
11. c	12. c	13. b	14. b	15. a
16. a	17. a	18. b	19. b	20. c
21. b	22. b	23. a	24. d	25. c
26. b	27. a	28. b	29. a	30. a
31. a	32. a	33. b	34. c	35. c
36. d	37. d	38. c	39. c	40. b
41. a	42. b	43. a	44. d	

### SECTION – II

#### SHORT QUESTIONS ANSWERS

- 1. Define Joint Stock Company.** (GRW-15)  
(LHR-14, 15, 16, 18-I) (SWL-17) (DGK-15, 19)  
(AJK-17, 18) (BWP-18) (MTN-19)

**Ans:** It is an incorporated association enjoys the advantage of having a large number of members who contribute money to a common pool for running large undertakings. The interest or share of each member can be purchased, sold and transferred without the consent of other members. (*Companies Ordinance 1984*)

- 2. What is meant by separate legal entity of joint stock company.** (SGD-14) (FSD-17)

**Ans:** A company as an artificial person has separate legal entity from its members. A company can sue or can be sued under its name.

- 3. Write four advantages of company.** (LHR-14-II)

**Ans:** (1) Larger capital  
(2) Limited liability  
(3) Experts services  
(4) Long life  
(5) Large scale production

- 4. State four demerits of company.** (AJK-16)

- Ans:** (i) Monopoly  
(ii) Late decisions  
(iii) Difficulty in formation  
(iv) Lack of secrecy  
(v) Double taxation

- 5. State the number of share holders in a company?** (AJK-16) (BWP-17)

**Ans:** In case of a multi-members private limited company minimum number of members should be two and maximum fifty whilst in a listed public limited company minimum members should be seven but there is no limit on maximum number of members.

- 6. Write the kinds of Company.** (RWP-17)

- Ans:** (1) Chartered Company  
(2) Statutory Company  
(3) Registered Company  
(4) Pakistani Company  
(5) Foreign Company

- 7. Define Public limited company.** (GRW-14)  
(LHR-18-II) (RWP-14) (FSD-16) (MTN-15, 18)  
(SGD-18) (SGD-19)

**Ans:** A company having at least seven members but there is no restriction on maximum number of members. This company is listed in stock exchange. It can easily transfer its shares to general public.

- 8. Define Registered Company.**  
(SWL-15, 19) (RWP-15) (MTN-16) (AJK-17)  
(DGK-17) (FSD-17) (SGD-18) (GRW-19)

**Ans:** A company which is registered under companies act 2017 is called a registered company.

- 9. Define Subsidiary company.** (LHR-17-II)  
(SGD-15) (MTN-16) (BWP-15)

- Ans:** ☐ It is company whose more than 50 % shares are held by another company (Holding Company).  
☐ Its more than 50 % directors may be selected by the holding company.  
☐ For example, Nishat Power Limited is the subsidiary company of Nishat Mills Limited and PICIC growth fund is the subsidiary of PSO in Pakistan.

- 10. What is chartered company?** (LHR-19)  
(GRW-15) (BWP-16) (SGD-17) (MTN-17, 19)

**Ans:** A company which is formed by the royal order is called chartered company. Word limited is not used with its name.

- 11. What is Satutory company? (RWP-16) (SGD-14) (BWP-15) (DGK-16)**

**Ans:** A company formed by the order of president or through a special act of parliament is called satutory company. The basic aim of this company is the welfare of public.

- 12. What is meant by promotion of company. (LHR-17-II) (RWP-16) (BWP-14) (AJK-17) (DGK-15) (SGD-16) (MTN-16) (DGK-18)**

**Ans:** It is a stage when concerned people (promoters) take various steps to form a company.

- 13. What is certificate of incorporation? (LHR-18-II) (GRW-17) (FSD-16) (MTN-17) (SWL-18) (RWP-19)**

**Ans:** If the registrar of the company is satisfied with the information provided by the promoters, he issues certificate of incorporation after which a private company can start its operations.

- 14. Define memorandum of association. (LHR-18-I, 19) (BWP-14, 15, 16) (FSD-14, 17, 19) (RWP-14, 17) (MTN-16, 17) (AJK-17) (DGK-15) (SWL-16)**

**Ans:** A document which determines the rights, powers and objects of company is called memorandum of association.

- 15. Define Article of Association. (MTN-14, 16) (LHR-14-I, 15-II) (FSD-16) (DGK-16) (DGK-17) (AJK-14, 15, 16) (SGD-14, 15, 16, 18-II) (BWP-18)**

**Ans:** It is second important document of the company, which includes the rules and regulations necessary to run the company and to govern the internal organization.

- 16. Define Prospectus. (LHR-14-II, 17-I, 19) (SWL-16) (BWP-16) (FSD-15) (AJK-15, 18) (MTN-18) (SGD-15, 19)**

**Ans:** This document is advertised for raising the capital. In this the general public is invited to purchase the shares. An attested copy of prospectus should be submitted to registrar's office. It also contains the date of issue.

- 17. Define shares. (BWP-18) (LHR-19) (MTN-19)**

**Ans:** The total authorized capital of a company is divided into small units and each unit is individually called "Share".

- 18. Define ordinary shares. (GRW-15) (FSD-15) (LHR-16-17-I, 17-18-II) (MTN-17) (AJK-17)**

**Ans:** The shares on which the dividend is paid out of profit earned by the company after the payment of dividend on preference shares.

- 19. Define Deferred shares. (FSD-17) (SGD-18) (SWL-15) (RWP-15) (AJK-16) (MTN-19)**

**Ans:** The shares issued to promoters of the company are called deferred shares.

- 20. Name four kinds of capital. (GRW-15) (LHR-14-I, 15-II)**

- Ans:**
- (i) Authorized capital
  - (ii) Issued capital
  - (iii) Subscribed capital
  - (iv) Called up capital
  - (v) Uncalled capital
  - (vi) Paid up capital
  - (vii) Unpaid capital
  - (viii) Advance paid up capital
  - (ix) Unissued capital
  - (x) Reserve capital

- 21. What is Authorised capital of company? (MTN-14) (DGK-15) (BWP-16) (AJK-15, 18)**

**Ans:** The maximum amount of capital with which a company is registered is called authorised capital.

- 22. What is meant by reserve capital of company? (MTN-14) (GRW-14)**

**Ans:** A part of un-called up capital of company which is reserved for emergency needs is called reserved capital.

- 23. Differentiate between Nominal / Authorised capital and subscribed capital. (BWP-19)**

**Ans:**

Nominal / Authorised Capital	Subscribed Capital
------------------------------	--------------------

It is the total amount of capital which a company is authorized to raise to general public.	Subscribed capital is that portion of the issued capital, which has been subscribed or taken up by the public through shares.
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**24. Define Dividend. (LHR-15, 18-II) (RWP-17)**

(DGK-16)

**Ans:** Dividend is a distribution of earning made to shareholders by the company in proportion to the number of shares owned.

**25. Define Debentures. (GRW-14) (MTN-15)**

(LHR-14, 15, 16, 18-I, 15, 16, 17 - II) (SGD-15) (RWP-16) (SWL-17) (AJK-14, 17, 18) (RWP-19)

**Ans:** The document, which a company issues as receipt of the borrowed amount to the lender, is known as Debenture.

**26. Define Mortgage debentures. (BWP-19)**

**Ans:** A mortgage debenture is one, which is secured by a mortgage of total or a portion of the property of company. If the company fails to repay the borrowed amount at the specified period of time, the debenture holder has legal right to sell the mortgaged property to recover the amount of loan.

**27. Who are Promoters? (LHR-14, 15-I, 15-II)**

(FSD-15) (BWP-15) (RWP-19)

**Ans:** They are the persons who work for the establishment of a company.

**28. Define debenture holder. (BWP-18)**

**Ans:** The people to whom company issues debentures as a security of loan are called debenture holder.

**29. Distinguish between Shareholder and debenture holder. (RWP-16) (SWL-16)**

(DGK-15) (BWP-14, 15) (MTN-15, 16)

**Ans:** The people who invest capital in company are called shareholders and the people to whom a company issues debenture certificate as a security of debt are called debenture holders.

**30. Define Directors of company. (LHR-19)**

(SGD-15) (SWL-16, 19) (MTN-14, 18) (BWP-18) (DGK-19)

**Ans:** Shareholders in meeting of company elect the management of company who individually are called director and are collectively known as board of directors.

**31. Who cannot become director of company? (RWP-16) (LHR-16-I)**

- Ans:** (1) a minor;  
 (2) person of unsound mind;  
 (3) a person convicted by a court of law for an offence involving moral turpitude;  
 (4) a person who does not give written declaration of becoming director.  
 (5) a person who is not a member of the company.

**32. Under which methods a company is wound up? (DGK-15) (MTN-16) (BWP-14, 19)**

**Ans:** A company is wound up under following methods mentioned in companies act 2017

- (i) by court  
 (ii) voluntarily winding up  
 (iii) under supervision of court.

**SECTION – III****LONG QUESTIONS**

- Describe main characteristics of joint stock company. (LHR-15-I, 16-II) (AJK-15, 17, 18) (BWP-14) (SGD-16) (FSD-17) (GRW-19) (SWL-17, 19)
- Write down advantages of joint stock company. (LHR-15-I) (FSD-15) (AJK-16) (BWP-15, 19)
- Write disadvantages of joint stock company. (MTN-15) (BWP-17) (DGK-16) (RWP-19)
- Write down advantages and disadvantages of joint stock company. (AJK-14) (FSD-14)
- Describe different kinds of company. (LHR-14-I) (DGK-15) (AJK-15) (RWP-18)
- Differentiate between public and private limited company. (LHR-14, 18-II, 17-I, 19) (GRW-17) (AJK-15, 16) (RWP-16) (SGD-14, 19)
- Write down detailed procedure of forming a company. (LHR-15-II) (SWL-15) (GRW-19) (MTN-14, 17)
- Write a note on memorandum and article of association. (SWL-16) (SGD-18)
- Write down contents of article of association. (GRW-14) (RWP-17)



10. Differentiate between shareholder and debenture holder. (AJK-16)
11. Write down different kinds of capital of joints stock company. (LHR-16-I)
12. Describe various methods to wind up a company. (FSD-16) (MTN-16) (AJK-17) (MTN-18, 19) (BWP-18)



## CHAPTER-6

### COOPERATIVE SOCIETY

#### SECTION – I

#### MULTIPLE CHOICE QUESTIONS

1. An organization which is formed for welfare of its members is called: (AJK-16-I)
  - (a) Sole Tradership
  - (b) Partnership
  - (c) Joint Stock Company
  - (d) Cooperative Society
2. The basic aim of cooperative society is: (SGD-15, 16) (AJK-16, 17) (GRW-18) (SWL-18) (MTN-19)
  - (a) store goods
  - (b) to earn profit
  - (c) welfare of members
  - (d) all
3. Membership of Cooperative Society is: (BWP-16)
  - (a) Compulsory
  - (b) Optional
  - (c) Unnecessary
  - (d) None of these
4. Who form a cooperative society: (GRW-15) (MTN-16)
  - (a) Govt. Institutions
  - (b) Capitalists
  - (c) Financially weak consumers
  - (d) All
5. Maximum number of members in a cooperative society is: (LHR-18-I, 19) (FSD-16, 17, 19) (AJK-18)
  - (a) 7
  - (b) 20
  - (c) 50
  - (d) unlimited
6. Minimum number of member in a cooperative society is: (FSD-15) (BWP-14, 18) (MTN-15, 17) (LHR-15, 16, 17 - I, 17, 18-II)
  - (a) 30
  - (b) 10
  - (c) 50
  - (d) 20

7. Who provides capital for cooperative society: (RWP-16) (DGK-16) (GRW-15, 19) (SGD-16, 19) (BWP-19)
  - (a) Government
  - (b) Members
  - (c) Bank
  - (d) None
8. Cooperative society was started in: (LHR-14-I) (DGK-15) (BWP-19) (RWP-19)
  - (a) 1840
  - (b) 1844
  - (c) 1845
  - (d) 1850
9. \_\_\_\_\_ provide capital for a cooperative society: (FSD-14) (AJK-17)
  - (a) Government
  - (b) Local body
  - (c) Bank
  - (d) Members
10. The shares of cooperative society: (GRW-14)
  - (a) can be sold
  - (b) cannot be sold
  - (c) can be used as security
  - (d) all
11. Cooperative society is formed under law of: (BWP-17) (SWL-18) (RWP-18) (AJK-16)
  - (a) 1925
  - (b) 1932
  - (c) 1984
  - (d) 1935
12. Liability of members of cooperative society is: (SGD-14, 18)
  - (a) limited
  - (b) unlimited
  - (c) limited up to shares
  - (d) will of members
13. Who cannot be a member of a society: (BWP-15) (MTN-16) (GRW-17)
  - (a) Govt. employees
  - (b) Illiterate person
  - (c) Minor
  - (d) Private employee
14. In cooperative society all matters are decided by: (LHR-14-I)
  - (a) by order of Govt.
  - (b) democratic style
  - (c) un-democratic style
  - (d) will of employees

#### ANSWERS

1. d	2. c	3. b	4. c	5. d
6. a	7. b	8. b	9. d	10. a
11. a	12. c	13. c	14. b	

#### SECTION – II

#### SHORT QUESTIONS ANSWERS

1. Define cooperative society. (GRW-15) (LHR-18-I, 17, 18-II) (FSD-14) (DGK-17)

(SGD-14, 18) (MTN-15, 19) (AJK-16)  
(RWP-15) (DGK-16) (SWL-18)

**Ans:** Cooperative society is formed for the promotion of thrift, self help and mutual aid among agriculturists and other persons with common economic needs so as to bring about better living, better business and better methods of production and for that purpose to consolidate sources.

**2. Write four features of cooperative society.** (FSD-17) (AJK-16, 18) (GRW-19)  
(RWP-15, 19)

**Ans:** (i) voluntarily membership  
(ii) voluntarily registration  
(iii) elected management  
(iv) specific objectives

**3. What are the number of members of a cooperative society.** (AJK-17) (LHR-19)

**Ans:** Minimum number of members are 30 and there is no limit of maximum members.

**4. How does the membership of cooperative society attained.** (FSD-18)

**Ans:** The membership of society is open for all adult persons. For this purpose, the purchase of one share is sufficient.

**5. How a cooperative society run its business affairs.** (GRW-14)

**Ans:** Its management is given to a managing committee. This committee is elected through a democratic setup. This committee works for the betterment of society.

**6. What are the sources of capital for a cooperative society.** (LHR-19) (RWP-17)  
(MTN-14)

**Ans:** A society gets its capital by following sources.

- Membership Fee
- By selling shares to the members

**7. Write down objects of cooperative society.** (LHR-17-I) (AJK-17) (MTN-18)  
(RWP-18) (DGK-19)

**Ans:** (1) Sale of goods at reasonable price  
(2) Elimination of middlemen  
(3) Welfare of low income people

- Increase in saving and capital
- Mutual cooperation
- Issuance of loan at low rate of interest

**8. Name four kinds of cooperative society.**  
(LHR-14, 16-I) (FSD-16) (RWP-16) (GRW-19)  
(AJK-18) (MTN-19)

**Ans:** (1) Producer's cooperative society  
(2) Consumer's cooperative society  
(3) Marketing cooperative society  
(4) Insurance cooperative society  
(5) Housing cooperative society

**9. Define credit cooperative society.**  
(LHR-15-I, 14-II, 19) (BWP-15) (MTN-16)  
(BWP-16) (AJK-18)

**Ans:** This society is formed to provide the facility of loans on favourable terms to the members in rural areas. The sources of funds of the society are as under:

- Deposits of members.
- Membership fee.
- Govt. loans.

**10. What is meant by producer's cooperative society.** (SGD-17, 19)  
(DGK-15) (MTN-16) (BWP-15, 19)

**Ans:** This society is formed by small members and industrialists to get rid of capitalistic system. Its membership is limited upto certain commodities. Members themselves perform all the activities.

## SECTION – III

### LONG QUESTIONS

- Describe characteristics of a cooperative society. (GRW-14) (BWP-16) (SGD-17)
- Write down various types of a cooperative society. (FSD-14) (RWP-14) (BWP-14, 15)  
(SGD-15) (AJK-18)



## CHAPTER-7

### HOME TRADE (WHOLESALE, RETAIL)

## SECTION – I

### MULTIPLE CHOICE QUESTIONS

- What is meant by trade: (LHR-16-II)  
(RWP-16) (AJK-17)  
(a) Whole selling (b) Retailing



- (c) Import and Export (d) All
2. Exchange of goods with goods is called:  
(LHR-15-I, 17-II) (MTN-14) (FSD-15) (BWP-17) (AJK-18)
- (a) Trade (b) Commerce  
(c) Industry (d) Barter system
3. A man who deals in ready made goods is:  
(LHR-16-I) (BWP-15) (SWL-15) (SGD-16, 17) (GRW-19)
- (a) Distributor (b) Trader  
(c) Worker (d) Producer
4. Kinds of Domestic Trade are:  
(BWP-16) (AJK-18)
- (a) 2 (b) 3  
(c) 4 (d) All these
5. It is included in home land trade: (LHR-19)
- (a) Manufacturer (b) Wholesaler  
(c) Retailer (d) All of these
6. Are not included in home trade: (LHR-18-I)  
(SGD-14) (DGK-15) (BWP-17) (MTN-17) (SWL-17) (FSD-17) (AJK-15, 17, 18)
- (a) Producers (b) Whole sellers  
(c) Retailers (d) Importer
7. Wholeseller sells goods to: (LHR-18-I, II) (DGK-15, 19) (SGD-16) (BWP-17) (AJK-17)
- (a) Consumers (b) Retailers  
(c) Producer (d) All
8. Wholesalers is related with market: (RWP-19)
- (a) Local (b) International  
(c) Home (d) All these
9. Whole seller purchases goods in: (LHR-14-I) (SGD-14) (AJK-16) (SWL-18) (RWP-18)
- (a) Reasonable Quantity  
(b) Large Quantity  
(c) Small Quantity  
(d) All
10. In chainstore goods are sold on: (RWP-18)
- (a) fixed price (b) different price  
(c) same price (d) all
11. Departmental stores are normally established: (MTN-16) (DGK-19)
- (a) Outside city  
(b) In main centres of city  
(c) In the mid city  
(d) All of these
12. A retailer sells goods to: (LHR-19)
- (a) Consumer (b) Wholesaler
- (c) Producer (d) Government
13. A person who buys in small quantity and sell it to consumers is: (LHR-14-II)
- (a) Wholeseller (b) Retailer  
(c) Producer (d) Agent
14. What are two types of internal trade:  
(GRW-14) (MTN-18)
- (a) Partnership and Wholeselling  
(b) Retailing and Sole tradership  
(c) a, b both  
(d) Whole selling and retailing
15. Hawker is an old form of: (BWP-14) (AJK-15)
- (a) Wholeselling (b) Retailing  
(c) Agency (d) All
16. A hawker works at: (LHR-18-I) (GRW-17)
- (a) a place (b) in streets  
(c) at medium scale (d) at large scale
17. A hawker sells goods to: (LHR-14-I) (DGK-16) (FSD-15, 17) (BWP-17, 18) (SGD-19)
- (a) Consumer (b) Whole seller  
(c) Producer (d) Govt.
18. In retailing goods are sold at: (GRW-18) (SGD-18)
- (a) large scale (b) small scale  
(c) fixed price (d) of same nature
19. In a departmental store, all departments are located at: (LHR-17-II) (BWP-16)
- (a) one place  
(b) different places  
(c) different branches  
(d) different branches in a city
20. Provide goods to consumers from wholesalers: (LHR-17-II)
- (a) Retailer (b) Commission Agent  
(c) Broker (d) Factor
21. From which market a retailer purchases goods: (GRW-15) (MTN-16) (RWP-18)
- (a) Domestic Market  
(b) Local Market  
(c) International Market  
(d) All
22. Informs about likes and dislikes of customers: (MTN-15)
- (a) Organiser (b) Wholeseller  
(c) Retailer (d) Producer

**23. Consumer has direct link with: (LHR-16-I)  
(BWP-15) (RWP-16) (SGD-16) (AJK-17)**

- (a) Retailer (b) Wholesaler  
(c) Industrialists (d) Agent

**24. The shops which are established with same name at different cities are: (SGD-18)**

- (a) Departmental stores  
(b) Auction House  
(c) Chain store  
(d) Special Store

**25. A document which contains details of goods sold is: (LHR-19) (BWP-15) (SWL-15)  
(SGD-17) (AJK-18) (GRW-19)**

- (a) Invoice (b) Payment voucher  
(c) Debit note (d) Inquiry letter

**26. Who writes Delivery order: (BWP-19)**

- (a) Owner of Goods (b) Government  
(c) Importer (d) Exporter

**27. Who is responsible of selling goods and receiving amount as well: (LHR-14,17-I)**

- (a) Broker (b) Del-Creder  
(c) Commission Agent (d) Special Agent

### ANSWERS

1. d	2. d	3. b	4. a	5. d
6. d	7. b	8. c	9. b	10. c
11. b	12. a	13. b	14. d	15. b
16. b	17. a	18. b	19. a	20. a
21. b	22. c	23. a	24. c	25. a
26. a	27. b			

### SECTION – II

#### SHORT QUESTIONS ANSWERS

**1. Define Trade. (DGK-17) (FSD-16) (GRW-17)  
(LHR-15) (RWP-14)**

**Ans:** Trade or exchange of goods and services for a price is called trade.

**2. What is Home Trade? (LHR-16-I) (FSD-15)  
(SGD-15) (RWP-16) (SWL-16) (AJK-17, 18)  
(MTN-19) (DGK-19)**

**Ans:** In home trade, exchange of goods or business is conducted within the boundaries of a particular country. Seller and buyer relate to a same country.

**3. Write down four advantages of home trade. (SGD-18) (RWP-15) (AJK-15, 16)**

- Ans:** (i) Increase in demand  
(ii) No restrictions  
(iii) Source of employment  
(iv) Free transfer of goods

**4. Define Producer. (LHR-18-I) (GRW-19)  
(SGD-15) (DGK-19)**

**Ans:** A person engaged in production of various goods is called a producer.

**5. Define a Trader. (BWP-15) (AJK-16)**

**Ans:** A person who buys goods to resell them at some profit is called a trader.

**6. Define Consumer. (LHR-16-18-I) (GRW-19)  
(RWP-16) (BWP-16) (MTN-16) (FSD-17)  
(SWL-18, 19) (SGD-15, 19) (SWL-19)**

**Ans:** A person or group of persons or an institution purchases a particular commodity to consume is known as consumer. His aim is to satisfy his desires and not a resale for making profit.

**7. What is a Wholeselling? (BWP-15, 16)  
(LHR-14, 16, 18 - I, 14-II) (MTN-15) (DGK-15)  
(SWL-16) (AJK-14, 15, 16)**

**Ans:** Wholesale trade means buying and selling of goods in large quantities. Wholesalers buy goods from producers in order to sell them in small quantities to the shopkeepers / retailers.

**8. Define Wholeseller. (LHR-14-I, 14, 15-II)  
(FSD-14) (SGD-14, 15) (MTN-15) (AJK-17)  
(SWL-17, 18) (RWP-18) (BWP-18) (DGK-19)**

**Ans:** Wholesale trade means buying and selling of goods in large quantities. Wholesalers buy goods from producers in order to sell them in small quantities to the shopkeepers/ retailers.

**9. Write four qualities of Wholeseller.  
(BWP-14-15) (GRW-14) (AJK-14) (LHR-15-I)**

**Ans: (Characteristics)**

- (1) Sale of goods in small quantity  
(2) Purchases of goods in large quantity  
(3) Less profit margin  
(4) Grading of goods

**10. Differentiate between wholeselling and retailing. (RWP-17)**

**Ans:**

Wholeselling	Retailing
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Wholesale trade means buying and selling of goods in large quantities. Wholesalers buy goods from producers in order to sell them in small quantities to the shopkeepers/retailers.	Retailing includes all activities related to the sale of goods or services directly to the ultimate consumers for personal and non-business use. The trader engaged in such activities is called a retailer.
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**11. What is meant by a merchant wholesaler? (FSD-18)**

**Ans:** These wholesalers purchase goods on large scale from manufacturer and sell them to consumer on retail basis on their own shops. In this method, they combine the functions of wholesaler and retailer and save retailer's commission.

**12. What is meant by a proper wholesaler? (SGD-19)**

**Ans:** These wholesalers are engaged only in the work of wholesale. They purchase goods in bulk from manufacturer and sell them to retailers.

**13. What is Chain Store? (LHR-16-I, II) (GRW-14, 15) (SGD-14, 16) (DGK-16) (RWP-16) (FSD-14, 18) (AJK-15, 18) (MTN-18)**

**Ans:** A chain store is one of a group of retail stores of the same type. It is centrally owned having some degree of uniformity in operation. i.e., sign boards, internal decoration or types, qualities and prices of good etc. These shops are scattered in various localities. For example, Bata Shoes, Nirala Sweets and Shezan Bakers etc.

**14. Write functions/services of a wholesaler. (AJK-18)**

- Ans:** (i) Middleman between producer and retailer  
 (ii) Storage facility  
 (iii) Advance order to producer  
 (iv) Stability in prices  
 (v) Grading of goods  
 (vi) Credit facility to retailers  
 (vii) Immediate delivery of goods

**15. What is a departmental store? (GRW-15)**

(LHR-15-I, 14, 16, 17-II) (MTN-14) (AJK-14) (FSD-15) (DGK-15) (BWP-14, 18) (SGD-19) (RWP-15, 17, 18, 19)

**Ans:** A departmental store is a large scale retail-shop. It has numerous departments. Each department deals in a particular kind of commodity. e.g., Al-Fateh Store, Gulberg Lahore etc.

**16. Write down four advantages of departmental store. (LHR-17-I) (FSD-16)**

- Ans:** (i) Large number of customers  
 (ii) Reasonable price  
 (iii) Less expenses  
 (iv) Standardization of goods

**17. Who is a Retailer? (LHR-15, 16, 17, 18 - II) (GRW-15) (DGK-16, 17) (AJK-17) (RWP-16, 18) (MTN-18) (BWP-16, 19)**

**Ans:** Retailing includes all activities related to the sale of goods or services directly to the ultimate consumers for personal and non-business use. The trader engaged in such activities is called a retailer.

**18. Who is a Seller? (LHR-15-II)**

**Ans:** The person who sells his goods and services for a price is called a seller.

**19. Write down two qualities of Hawkers. (LHR-17-I) (DGK-15) (SWL-16) (MTN-16) (AJK-16)**

**Ans:** The hawkers have no fixed shops for operating their business. They sell goods in the streets by carrying them on their heads and vehicles.

**20. Define a Hawker. (LHR-18-I,II) (GRW-17) (AJK-15) (SGD-15) (SWL-15) (MTN-14, 17) (BWP-17) (SWL-16, 17, 18)**

**Ans:** These are small retailers who do not have a permanent shop. They sell their goods by going through the streets. Their selling expenses are relatively low.

**21. Define Cooperative store. (LHR-17-I) (BWP-16)**

**Ans:** Cooperative stores are the stores, run by consumers cooperative societies on the principle of self and mutual help. They purchase goods directly from manufacturers and distribute them on retail basis to its members and outsiders. They

work on no profit basis and for the welfare of the members.

- 22. Define Credit note.** (MTN-16) (FSD-17)  
(BWP-16, 17)

**Ans:** If due to any reason a seller overwrite the amount of invoice or a buyer returns some goods due to damage at that time seller issues a credit note to buyer.

- 23. What are sky shops?** (GRW-17) (MTN-17)  
(BWP-16) (AJK-17, 14)

**Ans:** It is modern mean of selling goods. In this method goods are sold to public through electronic media. People willing to buy place orders online by sitting in home.

- 24. What is Tender?** (LHR-17-I, 19) (RWP-14)  
(SWL-15, 17) (MTN-17)

**Ans:** Most of the times a buyer demands an offer from seller. This demand from seller is called tender. It is normally published in newspapers.

- 25. Define Auction house.** (LHR-16-I) (RWP-16)  
(FSD-16)

**Ans:** In these shops, goods are sold by auction. An auctioneer sells goods of his principal through a public auction. All the information regarding time, place and variety of goods etc., are provided in advance through newspapers or pamphlets etc. The goods to be sold are displayed at the place of auction to facilitate the prospective buyers. The seller usually quotes the minimum price from where the auctioneer starts his sales. The goods are sold to that person who quotes the maximum price.

- 26. What is Delivery order?** (LHR-15-I)  
(AJK-14) (DGK-16)

**Ans:** If any person other than owner of goods wants to collect goods from warehouse of port warehouse then he has to present the delivery order endorsed by the importer of goods in his favour.

- 27. How many types are of home trades?**  
**Write name** (LHR-19)

**Ans:** There are following two types of home trade.

- (i) Wholesalling (ii) Retailing

## SECTION – III

### LONG QUESTIONS

- Describe advantages and disadvantages of home trade. (GRW-15) (AJK-16, 18)  
(MTN-17) (LHR-18-II) (MTN-15)
- Write detailed procedure of home trade. (LHR-16-II) (FSD-15)
- What services are performed by a wholeseller for producer? Also write characteristics of wholeselling. (FSD-17) (GRW-17) (LHR-17-I) (AJK-16)
- Write difference between wholeseller and retailer. (BWP-15, 17) (GRW-15) (AJK-16)  
(MTN-19)
- Describe the duties of wholesaler. (SGD-16) (FSD-18)
- Write difference between departmental and chain store. (AJK-15) (LHR-18-I) (LHR-17-II)  
(SWL-16-18) (SGD-19)
- Write down qualities of retail business. (MTN-14) (SWL-19)
- Describe functions of retailer. (LHR-14-II)  
(MTN-16) (SWL-17) (AJK-14, 17)
- Describe services of Retailer. (LHR-14-II)  
(AJK-14) (SWL-17)



## CHAPTER- 8

### FOREIGN TRADE (IMPORT & EXPORT)

## SECTION – I

### MULTIPLE CHOICE QUESTIONS

- Because of international trade \_\_\_\_\_ has increased: (LHR-16-I)  
(a) employment (b) public prosperity  
(c) progress of country (d) all
- International trade is: (MTN-15)  
(a) wholesale, retail  
(b) purchase of foreign goods  
(c) sale of foreign goods  
(d) import and export of goods
- Methods to sell goods in other countries are: (GRW-15)  
(a) advertisement (b) personal visit

- (c) traveling agents (d) all
- 4. International trade is because of: (RWP-19)**  
 (a) Agricultural development  
 (b) Industrial development  
 (c) Means of transportation  
 (d) Godown keeping
- 5. Due to import trade, demand for local goods: (LHR-18-I)**  
 (a) decreases (b) increases  
 (c) remain as usual (d) increases and decreases
- 6. Bill of lading shows \_\_\_\_\_ of goods: (LHR-15-I) (RWP-15) (SWL-19)**  
 (a) Legal Possession (b) Price  
 (c) Govt. Possession (d) None
- 7. How many copies are prepared of bill of lading: (AJK-15) (FSD-17) (RWP-16) (GRW-19)**  
 (a) 2 (b) 3 (c) 4 (d) 5
- 8. Bill of Lading is issued by: (BWP-16)**  
 (a) Shipping Company (b) Custom Office  
 (c) Importer Bank (d) Both (a) and (b)
- 9. Document through which importer receives the goods from shipping company is called: (BWP-18)**  
 (a) Bill of Sight (b) Bill of Lading  
 (c) Bill of Entry (d) Charter party
- 10. Exporter, after settlement of term prepares documents: (LHR-15-I)**  
 (a) Invoice (b) Consular Invoice  
 (c) Certificate of origin (d) All
- 11. The indent which contains complete details of goods is called: (LHR-15-I) (DGK-17) (RWP-15, 17)**  
 (a) open indent (b) close indent  
 (c) complete indent (d) none
- 12. Bill of entry contains \_\_\_\_\_ of goods: (LHR-18-II) (GRW-14) (SWL-15) (RWP-15) (SGD-14, 17) (DGK-19)**  
 (a) quantity and price (b) insurance premium  
 (c) quality (d) none
- 13. Who accepts an indent: (LHR-14-II) (RWP-14) (SWL-19)**  
 (a) Exporter (b) Importer  
 (c) Govt. (d) Auditor
- 14. If owner of goods do not want to take delivery of goods, he issues: (GRW-14)**  
 (a) bill of entry (b) bill of sight

- (c) delivery order (d) bill of lading
- 15. Letter of credit is opened at the request of: (LHR-18-I, 19) (DGK-15, 16) (BWP-19)**  
 (a) Importer (b) Exporter  
 (c) Govt. (d) None
- 16. Letter of credit is issued by: (BWP-17) (GRW-17)**  
 (a) Importer bank (b) Exporter bank  
 (c) Both a, b (d) None
- 17. If a letter of credit contains any condition, then it is known as: (BWP-14)**  
 (a) open letter of credit  
 (b) charter  
 (c) conditional letter of credit  
 (d) bill of sight
- 18. Who write a delivery order: (LHR-15-II) (RWP-14, 17) (SWL-19)**  
 (a) Owner of goods (b) Govt. Agent  
 (c) Exporter (d) Importer bank

### ANSWERS

1. d	2. d	3. d	4. b	5. a
6. a	7. b	8. a	9. b	10. b
11. a	12. a	13. a	14. c	15. b
16. a	17. c	18. a		

### SECTION – II

#### SHORT QUESTIONS ANSWERS

- 1. What is meant by foreign trade? (LHR-14, 17-I, 15, 17, 18-II, 19) (GRW-14, 15) (BWP-14) (SWL-15, 19) (RWP-14, 15) (MTN-15, 16) (FSD-14) (AJK-14, 16) (DGK-15, 16)**
- Ans:** When there is any dealing in goods or services between two or more countries, it is called Foreign Trade.
- 2. Define Import trade. (LHR-14, 15, 18-I) (FSD-15, 16) (BWP-16) (AJK-14, 17) (RWP-18) (SWL-18) (SGD-17, 19)**
- Ans:** When goods are received in home country after purchasing them from other countries is called import trade.



**3. What is meant by export trade? (FSD-15)**

(LHR-15-II) (GRW-17) (AJK-15, 16) (SWL-16, 17)  
(DGK-16, 17, 19) (BWP-15, 19) (RWP-18, 19)

**Ans:** If the goods and services are sold to the trader of another country then it is called export trade.

**4. What is Bill of lading? (LHR-15-II, 18-I)**

(GRW-14, 17) (AJK-17) (FSD-16, 17) (MTN-18)  
(SWL-16, 18) (SGD-15, 16, 17) (DGK-15, 17)

**Ans:** A bill of lading is a very important document used in the overseas merchandise transactions. It is a receipt issued by the steamship agent representing the title to the goods when they are on the high seas.

**5. What are the types of Bill of lading?**

(AJK-14) (LHR-2015-I) (MTN-16) (BWP-19)

**Ans:** There are two types of bill of lading:

**Clean Bill of Lading:**

If the captain of vessel is satisfied with the packing of goods then he signs bill of lading without writing any comment on it, it is called clean bill of lading.

**Foul bill of Lading:**

If the captain of vessel writes any comment on bill of lading regarding his dissatisfaction about packing of goods then it is called foul bill of lading.

**6. Define clean Bill of lading. (BWP-14)**

(MTN-19)

**Ans:** If captain of ship is satisfied with the packing of goods being sent. He issues a bill by signing on it, such a bill is called clean bill of lading.

**7. What is Bill of entry? (LHR-14-I) (RWP-16)**

(DGK-15, 16) (SWL-15, 16) (MTN-15, 16)  
(BWP-16, 17) (SGD-14, 15, 18, 19) (AJK-15)

**Ans:** The importer or agent provides information or detail of imported goods to custom authority to pay custom duty. This detail or information about imported goods is called Bill of Entry.

**8. What is a Bill of Sight? (LHR-16-I)**

(MTN-16, 17, 19) (BWP-16) (GRW-17) (SGD-14)  
(DGK-15) (RWP-15)

**Ans:** If the importer has not received the documents regarding the goods imported, then he requests the custom authorities to inspect the goods in their supervision. This request is known as Bill of Sight.

**9. Define charter party. (LHR-16-I) (DGK-17)**

(SGD-14) (MTN-16) (AJK-14, 17) (BWP-15, 17)  
(GRW-17)

**Ans:** It is an agreement according to which the whole ship or major part of it is reserved for exporter to carry his goods to a particular place at an agreed freight. A charter party may be:

- A voyage charter party for a particular voyage.
- A time charter party for a specific period.

**10. What is a letter of credit? (RWP-17, 19)**

(LHR-16-II, 17-I-II) (FSD-17) (AJK-14, 15, 17)  
(GRW-15) (SGD-14, 16) (DGK-16) (MTN-17)  
(BWP-18) (SWL-19)

**Ans:** Letter of credit is an instrument issued by the buyer's bank authorizing the seller to draw in accordance with certain terms and conditions.

**11. What is Freight Note? (LHR-17-I) (RWP-14)**

(DGK-15) (SGD-18)

**Ans:** After the issuance of bill of lading, the captain of the ship issues a freight note. It contains detail of charges payable to the shipping company. It is prepared in quadruplicate (4 copies). One is for the exporter two for the importer and the shipping company retains the fourth one.

**12. What is meant by invoice? (FSD-18)**

(LHR-14-I, 18-I, II) (SGD-18) (AJK-15, 16, 18)  
(GRW-19) (MTN-14, 15) (BWP-16) (SWL-18)

**Ans:** Invoice is an important business document which is made out by the seller containing full information about the description of goods, the date of sale, the terms on which the goods are sold and full address of the buyer and seller.

**13. What is Bill of Exchange? (AJK-17)**

**Ans:** It is an important document used in foreign trade. In a Bill of Exchange exporter orders

the importer to pay a certain amount of money at a fixed time only to or to the bearer of the bill.

**14. What is meant by certificate of origin?**

(BWP-17)

**Ans:** When there is an agreement between the countries for exempting their goods from import duties or imposing less import duty then it is necessary for exporter to secure a certificate called Certificate of Origin.

**15. What is meant by letter of indemnity?**

(SGD-19)

**Ans:** It is a document which insures a person or firm for the compensation of loss in case of happening of certain events. Sometimes, the goods reach to port before receiving bill of lading. In this case, the importer collects the goods by getting letter of indemnity in the favour of charter company.

**16. Define Indent.**

(LHR-14-I) (FSD-18)

(GRW-14) (DGK-15, 17) (MTN-17) (AJK-17)

(RWP-18)

**Ans:** If the trader cannot import goods due to any reason then he buys goods with the help of indent firm. The main purpose of indent firm is to assist for importing goods. This firm receives its remuneration in form of commission.

**17. What are the types of indent?**

(LHR-15-I) (AJK-14) (DGK-16) (SGD-19)

**Ans:** There are two types of an indent.

**Open Indent:**

If the exporter is made responsible for deciding the quality and price of goods, alongwith other factors then it is called open indent.

**Closed Indent:**

If the price and quality of goods alongwith other factors are decided before the execution of order then it is called closed indent.

**18. Define Ex-ship price.**

(LHR-18-II, 19)

(SWL-15) (AJK-15) (MTN-16, 17) (BWP-16)

(FSD-18) (SGD-19) (DGK-19)

**Ans:** It is a price which includes all expenses of sending goods, duty of customs, import duty, transportation expenses, and all other expenses incurred to reach the goods at port.

**19. Explain the types of foreign trade.**

(GRW-19)

**Ans:** Foreign trade has three types:

(a) **Import Trade:** When a country buys goods and services from other countries, it is known as Import Trade.

(b) **Export Trade:** When a country sells goods and services to other countries, it is known as Export Trade.

(c) **Entrepot Trade:** In Entrepot Trade, goods are imported from various countries with a view to re-export them to other countries.

**20. Differentiate between Home Trade and Foreign Trade.**

(GRW-19)

**Ans:**

**Home Trade**

In such trade, exchange of goods or business is conducted within the boundaries of a particular country and both seller and buyer are related to the same country.

**Foreign Trade**

Trade or exchange of goods and services between two or more independent countries is called foreign/ international trade.

**SECTION – III**

**LONG QUESTIONS**

1. Define foreign trade and discuss its advantages. (LHR-19)
2. Discuss advantages and disadvantages of foreign trade. (LHR-14-I) (BWP-15) (AJK-17)



(SGD-17) (SWL-18) (RWP-19)

3. What difficulties are faced in foreign trade?  
(BWP-16) (DGK-19)
4. Explain method to export goods. (GRW-14)
5. Explain method to import goods. (FSD-16)



AZEEM E-BOOKS

**Lahore Board 2019****(Session: 2015-2017 & 2018-2020)****Time: 20 min.****Marks: 15**

**Q1. Four possible answers A, B, C and D to each question are given. The choice which you think is correct, fill that circle in front of that question with Marker or Pen ink in the answer-book. Cutting or filling two or more circles will result in zero mark in that question.**

- 1. Maximum number of Co-operative Society's member is:**  
(a) Ten (b) Twenty (c) Fifty (d) None of these
- 2. In case of absence of agreement, a partner is entitled interest on his additional capital at the rate of:**  
(a) 4 % (b) 6 % (c) 10 % (d) 12 %
- 3. It is included in home land trade:**  
(a) Manufacturer (b) Wholesaler (c) Retailer (d) All of these
- 4. The liability of sole proprietor is:**  
(a) Limited (b) Un-limited  
(c) Limited and un-limited (d) All of these
- 5. The basic objective of non-economic activities is:**  
(a) To serve the society (b) To earn profit  
(c) To serve the society for spiritual satisfaction (d) None of these
- 6. The document which contains the detail of good sold:**  
(a) Invoice (b) Payment receipt (c) Debit note (d) Inquiry letter
- 7. In Pakistan the business of life insurance was nationalized in:**  
(a) 1970 (b) 1972 (c) 1973 (d) 1978
- 8. For which company, it is mandatory to take the certificate of commencement of business.**  
(a) Public limited company (b) Private limited company  
(c) Statutory Co. / Chartered Co. (d) All of above
- 9. A retailer sells goods to:**  
(a) Consumer (b) Wholesaler (c) Producer (d) Government
- 10. Letter of Credit is opened:**  
(a) On the request of importer (b) On the request of exporter  
(c) On the request of government (d) None of these
- 11. The minimum numbers of partners in partnership are:**  
(a) two (b) four (c) six (d) ten
- 12. The first meeting of company after incorporation.**  
(a) Statutory meeting (b) Statutory report  
(c) Statutory meeting and report (d) All of these
- 13. It is not mandatory for private limited company:**  
(a) Statutory meeting (b) Statutory report  
(c) Statutory meeting and report (d) All of these
- 14. In sole proprietorship decisions are made:**  
(a) Delayed (b) Not delayed / early  
(c) After management meeting (d) After counseling with relatives
- 15. The shares which are issued to promoters:**  
(a) Ordinary shares (b) Preference shares (c) Deferred shares (d) None of these

**Academic Session: 2014-2016 to 2017-2019****Paper I Subjective****Mark: 60****Time: 2.10 Hours****SECTION I****2. Write Short answer to any Six question:**

- (i) Define partnership deed.
- (ii) Define profession.
- (iii) Define minor partner.
- (iv) Define prospectus.
- (v) Define charter company.
- (vi) Define share.
- (vii) Define director.
- (viii) Define resolution.
- (ix) Define memorandum of association.

**3. Write Short answer to any Six question:**

- (i) Define co-operative society.
- (ii) How many are minimum and maximum number of members in co-operative society?
- (iii) What is source of capital in co-operative society.
- (iv) What is meant by modarba business.
- (v) How many types are of home trade? Write name?
- (vi) What do you mean by tender?
- (vii) Define ex-ship price.
- (viii) How many types are of international trade?
- (ix) What is meant by clearing agent?

**4. Write Short answer to any Six question:**

- (i) What is meant by circular letter?
- (ii) Define business finance.
- (iii) Define air transport.
- (iv) Define computer.
- (v) Define private warehouse.
- (vi) Define indexing.
- (vii) Define salesmanship.
- (viii) Define accidental insurance.
- (ix) What is meant by arch filing?

**Note: Attempt any Three questions:**

- 5. Write the advantages of registration of partnership.
- 6. Differentiate between public and private limited company.
- 7. Define foreign trade and discuss its advantages.
- 8. Define joint stock company. Write about its important documents.
- 9. Describe the function of an office.

**Gujranwala Board 2019****(Session: 2015-2017 & 2018-2020)****Time: 20 min.****Marks: 15**

**Q1. Four possible answers A, B, C and D to each question are given. The choice which you think is correct, fill that circle in front of that question with Marker or Pen ink in the answer-book. Cutting or filling two or more circles will result in zero mark in that question.**

1. A person who deals in ready made items is called:  
(a) manufacturer (b) worker (c) trader (d) distributor
2. The maximum number of partners in ordinary partnership is:  
(a) 10 (b) 20 (c) 30 (d) 40
3. The persons who work for the formation of a company are called:  
(a) owners (b) employees (c) promoters (d) directors
4. Joint stock company is formed under the ordinance of:  
(a) 1978 (b) 1982 (c) 1990 (d) 1984
5. The minimum number of directors in public limited company is:  
(a) 2 (b) 7 (c) 9 (d) 10
6. A document having the details of sold goods is called:  
(a) invoice (b) payment receipt (c) debit note (d) enquiry letter
7. \_\_\_\_\_ copies of bill of lading are prepared:  
(a) 2 (b) 3 (c) 4 (d) 5
8. Share holders of a company are called:  
(a) owners (b) creditors (c) agents (d) employees
9. A person who converts raw material into useable goods is called:  
(a) trader (b) industrialist (c) insurer (d) banker
10. The fun (art) to store the things carefully is called:  
(a) advertising (b) transportation (c) warehousing (d) insurance
11. Commerce is a component of:  
(a) industry (b) trade (c) business (d) government services
12. The participants in sole trader ship is/are:  
(a) 1 (b) 2 (c) 3 (d) 5
13. Liability of share holders in a joint stock company is:  
(a) limited (b) unlimited (c) none (d) all are correct
14. \_\_\_\_\_ have/has to buy in order to become a shareholder of a company.  
(a) shares (b) debenture (c) dividend (d) bonds
15. \_\_\_\_\_ provides/provide the capital for co-operative society:  
(a) government (b) members (c) bank (d) none of these

**Academic Session: 2014-2016 to 2017-2019****Paper I Subjective****Mark: 60****Time: 2.10 Hours****SECTION I****2. Write Short answer to any Six question:**

- (i) Define "business".
- (ii) Write down kinds of industry.
- (iii) Define "Commerce".
- (iv) Write down the kinds of foreign trade.
- (v) Define "Partnership".
- (vi) What is meant by "Term Partnership"?
- (vii) Which are the kinds of a registered company?
- (viii) Write down four characteristics of PVT. limited company.
- (ix) Write down four kinds of Co-operative Society.

**3. Write Short answer to any Six question:**

- (i) What is meant by "Invoice in Home Trade"?
- (ii) Write down four features of Co-operative society.
- (iii) Define "Consumer".
- (iv) Define the term "manufacture".
- (v) Differentiate between "Home Trade: and "Foreign Trade".
- (vi) Define "Travelling Agent".
- (vii) Define "Del Credere Agent".
- (viii) Define "Clearing Agent".
- (ix) Describe four features of modarabah.

**4. Write Short answer to any Six question:**

- (i) Write down any four advantages of advertisement.
- (ii) Write down the types of business Finances according to time period.
- (iii) Write down four merits of means of transportation.
- (iv) What is meant by "Marine Insurance"?
- (v) Define "Business Office".
- (vi) What is meant by "Chamber of Commerce and Industry"?
- (vii) Define "Warehousing".
- (viii) Define "Horizontal Filling".
- (ix) What is meant by "Visible indexing"?

**Note: Attempt any Three questions:**

5. Describe the role of commerce in economic development of a country.
6. Describe the essentials of a company.
7. Describe the stages involved in the formation of a "Joint Stock Company" in detail.
8. Describe the types of means of transportation.
9. Write down the qualities of a good filling system.

**Rawalpindi Board 2019****(Session: 2015-2017 & 2018-2020)****Time: 20 min.****Marks: 15**

**Q1. Four possible answers A, B, C and D to each question are given. The choice which you think is correct, fill that circle in front of that question with Marker or Pen ink in the answer-book. Cutting or filling two or more circles will result in zero mark in that question.**

- 1. Business is that:**  
(a) which objective is earning profit (b) which is carried on regularly  
(c) which is according to law (d) all these
- 2. Commerce is collection of:**  
(a) trade and industry (b) business and industry  
(c) trade and auxiliaries to trade (d) business and trade
- 3. A business carried on by the single person is called:**  
(a) partnership (b) company (c) sole proprietorship (d) society
- 4. Partnership is constituted under the partnership Act.**  
(a) 1932 A.D (b) 1923 A.D (c) 1832 A.D (d) 1984 A.D
- 5. A company which possesses 51% shares of another company is called:**  
(a) subsidy company (b) Government company  
(c) holding company (d) Foreign company
- 6. Who prepare the Memorandum of Association of the company?**  
(a) Registrar (b) Promoters (c) Directors (d) Experts
- 7. Company's first directors can remain director upto:**  
(a) extra ordinary meeting (b) statutory meeting  
(c) first annual general meeting (d) ordinary meeting
- 8. The very first co-operative society was started in:**  
(a) 1844 A.D (b) 1944 A.D (c) 1895 A.D (d) 1888 A.D
- 9. Registration of Moderabasis:**  
(a) compulsory (b) optional (c) illegal (d) Both A & B
- 10. Which agent is helpful in international trade?**  
(a) import agents (b) Export agent (c) Forwarding agents (d) all these
- 11. Wholesalers is related with \_\_\_\_\_ market.**  
(a) local (b) international (c) home (d) all these
- 12. Introducing goods in proper way is called:**  
(a) advertisement (b) selling (c) marketing (d) purchasing
- 13. The sources of Debt financing are:**  
(a) running finance / over draft (b) cash credit  
(c) leasing (d) all these
- 14. International trade is because of:**  
(a) agricultural development (b) industrial development  
(c) Means of transportation (d) Godown keeping
- 15. Insurance which is for whole life is called:**  
(a) whole life insurance (b) endowment policy  
(c) term policy (d) joint life policy

**Academic Session: 2014-2016 to 2017-2019****Paper I Subjective****Mark: 60****Time: 2.10 Hours****SECTION I****2. Write Short answer to any Six question:**

- (i) What is meant by human activities?
- (ii) Define services business.
- (iii) What is meant by profession?
- (iv) Define partnership deed.
- (v) What is meant by minor partner?
- (vi) Who are promoters?
- (vii) Who are promoters?
- (viii) What is meant by resolution?
- (ix) What is meant by certificate of incorporation?

**3. Write Short answer to any Six question:**

- (i) Write four characteristics of co-operative society.
- (ii) What is the importance of departmental stores in home trade?
- (iii) What is meant by export trade?
- (iv) Define the auctioneer.
- (v) What is meant by advertisement?
- (vi) Define middlemen.
- (vii) What is meant by short term finance?
- (viii) What is a letter of credit?
- (ix) What are the qualities of a good salesman?

**4. Write Short answer to any Six question:**

- (i) What is meant by group insurance?
- (ii) Define means of transportation.
- (iii) What is meant by bonded warehouse?
- (iv) What is meant by Chamber of Commerce and Industry?
- (v) What is meant by Intercom system?
- (vi) What is meant by horizontal filing?
- (vii) Define business letters.
- (viii) What is meant by circular letter?
- (ix) What is meant by an unofficial note?

**Note: Attempt any Three questions:**

- 5. Write important points of Partnership deed.
- 6. Describe the disadvantages of Joint Stock Company.
- 7. Highlight the advantages and disadvantages of international trade.
- 8. Describe the advantage of sole proprietorship.
- 9. Write in detail the features of a good Business letter.



**Sargodha Board 2019****(Session: 2015-2017 & 2018-2020)****Time: 20 min.****Marks: 15**

**Q1. Four possible answers A, B, C and D to each question are given. The choice which you think is correct, fill that circle in front of that question with Marker or Pen ink in the answer-book. Cutting or filling two or more circles will result in zero mark in that question.**

- 1. Which is not important of sole proprietorship.**  
(a) Capital (b) Workers (c) Interest of owner (d) Audit
- 2. Age of minor partner is:**  
(a) 18 years (b) More than 18 years (c) Less than 18 years (d) None of these
- 3. Paid premium is refundable in case of:**  
(a) Marine Insurance (b) Fire Insurance (c) Life Insurance (d) None of these
- 4. The profit which is given to shareholder by the company for his**  
(a) Shares (b) Dividend (c) Debentures (d) Bonus
- 5. The minimum number of partners in partnership.**  
(a) two (b) four (c) six (d) ten
- 6. What does a company get from the prospectus?**  
(a) Fame (b) Capital (c) Registration (d) All the these
- 7. Who provides the capital for cooperative society.**  
(a) Government (b) Banks (c) Members (d) None of these
- 8. Due to advertisement the sales of goods.**  
(a) Decrease (b) Increase (c) Remain same (d) None of these
- 9. Which one is the fastest mean of transport.**  
(a) Sea (b) Land (c) Air (d) All of these
- 10. The basic objective of business is:**  
(a) Exchange of goods (b) Fame (c) Service of society (d) Earning Profit
- 11. A retailer sends goods to**  
(a) Consumer (b) Wholesaler (c) Manufacturer (d) All of these
- 12. Limited partnership is form by partnership Act**  
(a) 1897 (b) 1907 (c) 1917 (d) 1927
- 13. Maximum number partners in baking business is**  
(a) 10 (b) 20 (c) 30 (d) 40
- 14. Due to correspondence a business**  
(a) Contract (b) Negatively affects (c) Expands (d) None of these
- 15. The life of Sole proprietorship**  
(a) Long (b) Short (c) Fixed (d) Short and Long

**Academic Session: 2014-2016 to 2017-2019****Paper II Subjective****Mark: 60****Time: 2.10 Hours****SECTION I****2. Write Short answer to any Six question:**

- (i) What is meant by trade?
- (ii) Name four stages of Commencing business.
- (iii) Describe two characteristics of Sole Proprietorship.
- (iv) What is meant by Public Limited Company?
- (v) Define prospectus of a company.
- (vi) Define Active Partner.
- (vii) Define resolution.
- (viii) What is meant by Partnership at Will?
- (ix) What is meant by dissolution of Partnership by notice?

**3. Write Short answer to any Six question:**

- (i) What is meant by Producers Co-Operative society.
- (ii) Define Consumer.
- (iii) What is meant by Proper whole saler.
- (iv) Define a departmental Store.
- (v) What is meant by letter of indemnity.
- (vi) What is meant by Bill of entry.
- (vii) What is meant by ex-ship price.
- (viii) Define Indent.
- (ix) Define import trade.

**4. Write Short answer to any Six question:**

- (i) Define life insurance.
- (ii) Define short term loan.
- (iii) Define warehouse.
- (iv) Define indexing.
- (v) Define office.
- (vi) What is air Transport.
- (vii) Define filing.
- (viii) Define marketing.
- (ix) Define finance.

**Note: Attempt any Three questions:**

- 5. How many a firm be registered? And also write down the advantages of the registration of firm.
- 6. Differentiate between public limited and private limited company.
- 7. Differentiate between at least four differences in Chain Store and departmental store.
- 8. Explain various modes of advertisement.
- 9. Discuss the various function of an office.

**Bahawalpur Board 2019**  
**(Session: 2015-2017 & 2018-2020)****Time: 20 min.****Marks: 15**

**Q1. Four possible answers A, B, C and D to each question are given. The choice which you think is correct, fill that circle in front of that question with Marker or Pen ink in the answer-book. Cutting or filling two or more circles will result in zero mark in that question.**

**1. Industry is the component of:**

- (a) Commerce (b) Trade (c) Agriculture (d) Business

**2. Partnership Act:**

- (a) 1947 (b) 1932 (c) 1832 (d) 2017

**3. Maximum members in Partnership:**

- (a) 02 (b) 07 (c) 20 (d) 50

**4. Debenture Holder receives**

- (a) Salary (b) Interest (c) Profit (d) Commission

**5. Shareholders are:**

- (a) Owner (b) Servant (c) Creditor (d) Debtor

**6. Maximum members in Private Company**

- (a) 02 (b) 07 (c) 20 (d) 50

**7. Maximum Members in Public Company**

- (a) 02 (b) 07 (c) 50 (d) Unlimited

**8. Modarba Ordinance:**

- (a) 1980 (b) 1981 (c) 1984 (d) 1985

**9. In Cooperative Society, capital is provided by:**

- (a) Members (b) Creditor (c) Debtors (d) Government

**10. Cooperative Society started in:**

- (a) 1844 (b) 1900 (c) 1947 (d) 2018

**11. Who writes Delivery Order:**

- (a) Owner of Good (b) Government (c) Importer (d) Exporter

**12. Request to Open Letter of Credit is from:**

- (a) Government (b) Importer (c) Exporter (d) Bank

**13. Remuneration of Agen:**

- (a) Wages (b) Salary (c) Commission (d) Profit

**14. Insurance Company is called:**

- (a) Insured (b) Government (c) Insurer (d) Acceptor

**15. Fastest Means of Transport is:**

- (a) Air (b) Road (c) Railway (d) Marine

**Academic Session: 2014-2016 to 2017-2019****Paper I Subjective****Mark: 60****Time: 2.10 Hours****SECTION I****2. Write Short answer to any Six question:**

- (i) Differentiate between Commerce and Trade.
- (ii) Write down any four obstacles in Trade with reference to Pakistan.
- (iii) Write down four characteristics of Sole Proprietorship.
- (iv) Differentiate between Sleeping Partner and Nominal Partner.
- (v) Differentiate between Nominal Capital and Subscribed Capital.
- (vi) Write kinds of Shares which are issued by a company.
- (vii) Explain the term Mortgage Debentures.
- (viii) Write down the different method of Winding Up a Company.
- (ix) Write down the Resolution according to Company Law.

**3. Write Short answer to any Six question:**

- (i) Write the types of Bill of Lading.
- (ii) What is meant by Producer's Cooperative Society?
- (iii) What is meant by Musharika?
- (iv) What is meant by Rab-ul-Mal?
- (v) What is meant by Factor?
- (vi) Define Close Indent.
- (vii) Define Export Trade.
- (viii) Define Retailing?
- (ix) Define Commission.

**4. Write Short answer to any Six question:**

- (i) What is the main objective of Advertisement?
- (ii) Define Marketing.
- (iii) Define Means of Transportation.
- (iv) What is Business Correspondence?
- (v) What is meant by Circular Letter?
- (vi) Define Life Insurance.
- (vii) Define Horizontal Filing.
- (viii) Define Letter.
- (ix) Define Cash Register.

**Note: Attempt any Three questions:**

5. Describe the important contents of Partnership Deed.
6. Describe the advantages of Joint Stock Company.
7. What should be the qualities of a good businessman?
8. Describe the importance of Business Finance.
9. Describe in detail the functions of business office.