



EXAMINATION MATERIAL ZUEB - 2022

PRINCIPLES OF COMMERCE - XI (COMMERCE)

CHAPTER 1 INTRODUCTION	SUB TOPICS <ul style="list-style-type: none">• Commerce/Business• Branches of Commerce• Industry• Trade• Marketing• Ecommerce• Finance• Warehousing• Transportation• Insurance• Qualities of a good business person
	MULTIPLE CHOICE QUESTIONS <ol style="list-style-type: none">Two components of business are<ol style="list-style-type: none">(a) Industry and trade(b) Profit and loss(c) Commerce and industry(d) Trade and commerceBasic objective of business is<ol style="list-style-type: none">(a) Exchange of goods(b) To earn profit(c) Service to society(d) Earn foreign exchange for governmentEconomic activities means<ol style="list-style-type: none">(a) Business(b) Business and profession(c) Business, profession and employment(d) CommerceLiteral meanings of trade are<ol style="list-style-type: none">(a) To exchange(b) Buying and selling(c) To remove hindrance of time(d) BusinessIndustry relates to<ol style="list-style-type: none">(a) Production of goods(b) Exchange of goods(c) Trade(d) Purchasing and selling of goodsBusiness covers which of the following activities:<ol style="list-style-type: none">(a) Social Service Activities(b) Economic Activities(c) Non-Economic Activities(d) All of the AboveWhich option is not a business activity?

		<p>(a) Production of goods (b) Transportation (c) Exchange of goods (d) Work in a factory for wages</p> <p>8. Which option is not a business activity?</p> <p>(a) Production of goods (b) Transportation (c) Exchange of goods (d) Work in a factory for wages</p> <p>9. In which occupation people get salary or wages in return for their work?</p> <p>(a) Employment (b) Business (c) Profession (d) None of the above</p> <p>10. Industry relates to:</p> <p>(a) Production of goods (b) Trade (c) Exchange of goods (d) The purchasing and selling of goods</p> <p>11. The business person has to gather, classify and analyze _____ to make sound decisions.</p> <p>(a) Finance (b) Information (c) Industry (d) Marketing</p> <p>12. _____ is the example of secondary information.</p> <p>(a) Books (b) Observation (c) Research (d) Study</p> <p>13. Iron and glass manufacturing is included in _____ industry.</p> <p>(a) Extracting (b) Analytical (c) Synthetic (d) Fabricating</p> <p>14. _____ is a broad term that describes activities associated with banking, leverage or debt, credit, capital markets, money, and investments.</p> <p>(a) Finance (b) Information (c) Industry (d) Marketing</p>
CHAPTER 2	SUB TOPICS	<ul style="list-style-type: none"> • Types of ownership • Definition, Advantages and Disadvantages Sole Proprietorship

FORMS OF BUSINESS ORGANIZATIONS		<ul style="list-style-type: none"> • Definition, Advantages, Disadvantages and Essentials of Partnership • Types of Partners • Dissolution of Firm and Partnership • Definition and Characteristics of Joint Stock Company • Steps in the formation of a Company • Memorandum of Association • Articles of Association • Prospectus • Definition of Co-operative Societies
	MULTIPLE CHOICE QUESTIONS	<p>15. Co-operative society is formed under Act (a) 1925 (b) 1912 (c) 1935 (d) 1984</p> <p>16. Most important document of the company is (a) Memorandum of association (b) Articles of association (c) Prospectus of the company (d) Accounts of the company</p> <p>17. Minimum number of Directors in Public Limited Company (a) Three (b) Five (c) Seven (d) Nine</p> <p>18. In sole-proprietorship, the capital is (a) Limited (b) Unlimited (c) Depends upon sources of the owner (d) Depends upon sources of the managers</p> <p>19. In partnership, the age of minor partner is (a) 20 years (b) 18 years (c) Below 22 years (d) Below 18 years</p> <p>20. Sole proprietorship is suitable for (a) Large scale business (b) Medium scale business (c) Small scale business (d) Less than 4 years</p> <p>21. Responsibilities of sole proprietor in sole proprietorship (a) Unlimited (b) Limited (c) On Government (d) On public</p> <p>22. Maximum number of partners in banking business (a) 40 (b) 30 (c) 20</p>

(d) 10

23. The persons who form the joint stock company

(a) Shareholders

(b) Promoters

(c) Mangers

(d) Auditors

24. In Sole Proprietorship, the liability of owner is
_____.

(a) Limited

(b) Unlimited

(c) On managers

(d) On sales persons

25. Today, how many types of business ownership exist?

(a) Two

(b) Three

(c) Four

(d) Five

26. In the eyes of law, Sole Proprietor and his business are
considered as_____.

(a) One

(b) Separate

(c) Two identities

(d) Two to three identities

27. A business association of two or more persons to
jointly carry on a business and share its profits and
losses is called_____.

(a) Partnership

(b) Sole Proprietorship

(c) Company

(d) Cooperative Society

28. In Pakistan, partnership business of governed under
_____.

(a) Banking Ordinance 1962

(b) Partnership Act of 1889

(c) Partnership Act of 1932

(d) Partnership Act of 1985

29. A partner who does not contribute capital nor
participate in the management but only lends his
name to the business is known as_____.

(a) Active Partner

(b) Secret Partner

(c) Nominal Partner

(d) Partner by estoppel holding out

30. A person who a partner in a firm but is not known to
the public is called_____.

(a) Active Partner

(b) Secret Partner

(c) Nominal Partner

(d) Partner by estoppel holding out

31. Perpetual Existence means_____.

(a) An artificial Person

- (b) Limited Liability
(c) **Long life of the company**
(d) Limited life of the company
- 32. Maximum number of shareholders in private company**
(a) 100
(b) **50**
(c) 20
(d) 10
- 33. In public limited company, there must be at least _____ members.**
(a) Two
(b) Five
(c) **Seven**
(d) Ten
- 34. In private limited company, there must be at least _____ members.**
(a) **Two**
(b) Five
(c) Seven
(d) Ten
- 35. In Pakistan, Cooperative Societies are governed under_____.**
(a) Cooperative Societies Act 1902
(b) **Cooperative Societies Act 1912**
(c) Cooperative Societies Act 1925
(d) Cooperative Societies Ordinance 1982
- 36. The main objective of the Cooperative Societies is to_____.**
(a) Provide Services to the Public
(b) **Provide Services to the members**
(c) Earn Profit
(d) Maximizes sales of goods
- 37. The oldest form of Business Organization is _____.**
(a) **Sole Proprietorship**
(b) Partnership
(c) Joint Stock Company
(d) Cooperative Society
- 38. Difference of opinion lead the partnership to**
(a) **Dissolve**
(b) Be strengthened
(b) Be more profitable
(d) Expulsion of a disputing partner
- 39. By law a company is**
(a) A real human
(b) In human
(c) **An artificial human**
(d) A computer aided organization
- 40. Members of a society are**
(a) Required to pay annual fee only

		<p>(b) Required to pay services charges only</p> <p>(c) Required to pay both annual fee and services charges</p> <p>(d) Required to make up losses, if any</p> <p>41. Joe and Jamel wish to form a new company, which of the following documents must be lodged with the Registrar of Companies?</p> <p>1) Memorandum of Association. 2) An application for registration.</p> <p>3) Articles of Association. 4) The appropriate fee.</p> <p>(a) 1, 2 and 4</p> <p>(b) 1,2,3, and 4</p> <p>(c) 1,3, and 4</p> <p>(d) 2 and 4</p> <p>42. Which one of the following is not a right of a shareholder?</p> <p>(a) To receive a dividend declared by the company</p> <p>(b) To attend and vote a meetings</p> <p>(c) To receive the company's accounts</p> <p>(d) To manage company affairs</p>
CHAPTER 3 MARKETING	SUB TOPICS	<ul style="list-style-type: none"> • Definition of Marketing • Functions of Marketing • Importance of Marketing • Definition and types of Channels of Distribution • Definition of Advertising • Purpose of Advertising • Salesmanship/Personal Selling • Definition of Publicity • Definition of Public Relations
	MULTIPLE CHOICE QUESTIONS	<p>43. Through advertisement, new goods are</p> <p>(a) Produced</p> <p>(b) Sold</p> <p>(c) Introduced</p> <p>(d) Spoiled</p> <p>44. The process by which companies create value for customers and build strong customer relationships in order to capture value from customer in return:</p> <p>(a) Business</p> <p>(b) Marketing</p> <p>(c) Advertising</p> <p>(d) Market</p> <p>45. Marketing is _____.</p> <p>(a) Science</p> <p>(b) Art</p> <p>(c) Both science and art</p> <p>(d) Not required</p> <p>46. Communications can be _____.</p> <p>(a) Upward</p> <p>(b) Downwards</p> <p>(c) Sideward</p>

(d) All of the above

47. Communications can be _____.

- (a) Oral only
- (b) Written only
- (c) Oral as well as written

(d) All of the above

48. Jabbar is a wholesaler of food grains. He categorizes his stock into different groups on the basis of their quality and also fixes up the prices accordingly. Identify the type of marketing function being mentioned in the given line.

- (a) Physical distribution
- (b) Transportation
- (c) Warehousing
- (d) Standardization and grading

49. Advertising expenses are met by:

- (a) Consumers
- (b) Wholesaler
- (c) Owner of the goods
- (d) Retailer

50. Bill board is used in:

- (a) Electronic Media
- (b) Non-Electronic Media
- (c) Video Media
- (d) Audio Media

51. Product advertising is carried out when:

- (a) Company is popular
- (b) Owners are popular
- (c) Particular good is popular
- (d) Products are not selling

52. Company practices the following to establish good market image:

- (a) Publicity
- (b) Public relations
- (c) Advertising
- (d) All of the above

53. Standardization of a product leads to the act of

- (a) Sizing
- (b) Weighing
- (c) Branding
- (d) All of the above

54. Every marketing activity involves

- (a) Production
- (b) Risk
- (c) Consumption
- (d) Middleman

55. The free of cost promotion of product is

- (a) Advertising
- (b) Salesman
- (c) Publicity
- (d) Middleman

		<p>56. A method of sales promotion</p> <p>(a) Buying retail outlets (b) Bonus scheme (c) Publicity (d) Middleman</p> <p>57. Advertising is the paid form of _____ presentation</p> <p>(a) Personal (b) Non personal (c) Publicity (d) Legal</p> <p>58. Nestle mineral water is displaying during press conference of President of Pakistan. It is</p> <p>(a) Advertising (b) Salesmanship (c) Publicity (d) Bonus scheme</p> <p>59. The language used in the ad should be</p> <p>(a) Easy to understand (b) Uncommon (c) Difficult (d) Bonus scheme</p> <p>60. Print ad should be</p> <p>(a) Carry minimum words (b) Be congested (c) Advertising song (d) Bonus scheme</p> <p>61. Jingles are the</p> <p>(a) Picture (b) Advertising song (c) Information about product (d) Bonus scheme</p> <p>62. The action or business of promoting and selling products or services, including market research and advertising is:</p> <p>(a) Finance (b) Information (c) Industry (d) Marketing</p> <p>63. Dawood and Asad wants to expand their sales in the upcoming fiscal year, they should try to increase their:</p> <p>(a) Finance (b) Information (c) Warehousing (d) Marketing</p>
<p>CHAPTER 4</p> <p>TRADE</p>	<p>SUB TOPICS</p>	<ul style="list-style-type: none"> • Definition of Wholesaling and Wholesaler • Services of Wholesaler to Producer • Services of Wholesaler to Retailer • Definition of Retailing

		<ul style="list-style-type: none"> • Supermarket, Department Store, Discount House, Mail Order House • Definition and Procedure of Export • Definition and Procedure of Import • Definition of Invoice • Correction of Invoice • Definition of Export Promotion Bureau • Objectives of Export Promotion Bureau • Definition of Chamber of Commerce • Functions of Chamber of Commerce • Modes of Buying • Steps in Placing an Order (Purchasing) • Difference between Marketing and Selling • Procedure of Selling
	MULTIPLE CHOICE QUESTIONS	<p>64. Foreign trade is</p> <p>(a) Wholesaler and retailer</p> <p>(b) To purchase foreign goods</p> <p>(c) To sale foreign goods</p> <p>(d) To import and export goods</p> <p>65. Wholesaler purchases in</p> <p>(a) Suitable quantities</p> <p>(b) Bulk quantities</p> <p>(c) Small quantities</p> <p>(d) No buying and selling</p> <p>66. Retailer sells goods to</p> <p>(a) Consumers</p> <p>(b) Hawkers</p> <p>(c) Industrialist</p> <p>(d) Wholesaler</p> <p>67. FOB stands for _____.</p> <p>(a) Foreign Oil Board</p> <p>(b) Free on Board</p> <p>(c) Foreign Order Board</p> <p>(d) First on Board</p> <p>68. A letter of credit (L/C) is issued on behalf of _____.</p> <p>(a) An exporter</p> <p>(b) Custom Authorities</p> <p>(c) An importer</p> <p>(d) Shipping Company</p> <p>69. Time utility is created by</p> <p>(a) Transportation</p> <p>(b) Banking</p> <p>(c) Warehousing</p> <p>(d) Communication</p> <p>70. Which is considered as the cheapest means of transportation?</p> <p>(a) Air</p> <p>(b) Road</p> <p>(c) Water</p> <p>(d) Railway</p>

		<p>71. Identify the activity which does not support trade?</p> <p>(a) Banking</p> <p>(b) Warehousing</p> <p>(c) Insurance</p> <p>(d) Mining</p> <p>72. Which of the following is not a basic objective of documentation in foreign trade?</p> <p>(a) to assure that the exporter will receive the payment</p> <p>(b) to assure that the importer will receive the goods</p> <p>(c) to eliminate risk of non-completion</p> <p>(d) to reduce foreign exchange risk</p> <p>73. Which of the following is not true of a letter of credit?</p> <p>(a) it is a document</p> <p>(b) issued by a bank</p> <p>(c) at the request of the exporter</p> <p>(d) the bank agrees to honor a draft drawn on the importer</p> <p>74. Which is NOT an advantage of international trade?</p> <p>(a) Export of surplus production</p> <p>(b) Import of defense material</p> <p>(c) Dependence on foreign countries</p> <p>(d) Availability of cheap raw materials</p> <p>75. Net exports equal:</p> <p>(a) Exports x Imports</p> <p>(b) Exports + Imports</p> <p>(c) Exports – Imports</p> <p>(d) Exports of services only</p> <p>76. A tariff is:</p> <p>(a) A restriction on the number of export firms</p> <p>(b) Limit on the amount of imported goods</p> <p>(c) Tax and imports</p> <p>(d) Exports of services only</p> <p>77. Which of the following is NOT a middleman?</p> <p>(a) Retailer</p> <p>(b) Wholesaler</p> <p>(c) Broker</p> <p>(d) Producer</p> <p>78. Retailer sells in _____ quantities.</p> <p>(a) Huge</p> <p>(b) Small</p> <p>(c) Average</p> <p>(d) Medium</p> <p>79. Discount house sells goods at:</p> <p>(a) Premium</p> <p>(b) Discount</p> <p>(c) Retail</p> <p>(d) Wholesale</p> <p>80. Export Promotion Bureau explores:</p> <p>(a) Domestic markets</p> <p>(b) Local markets</p> <p>(c) Foreign markets</p> <p>(d) Provincial markets</p>
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		<p>81. Chamber of Commerce was established in Pakistan in:</p> <p>(a) 1984 (b) 1950 (c) 1948 (d) 1947</p> <p>82. Chamber of Commerce issues:</p> <p>(a) Certificate of Origin (b) Certificate of Incorporation (c) Memorandum (d) Articles</p> <p>83. Organizations choose buying over manufacturing because:</p> <p>(a) Market supplies are uncertain (b) Cost of manufacturing is high (c) Technical know-how is available (d) Manufacturing process is confidential</p> <p>84. Cheapest means of transport is:</p> <p>(a) Airplane (b) Trains (c) Truck (d) Ship</p> <p>85. Transportation creates</p> <p>(a) Time utility (b) Place utility (c) Possession utility (d) Form utility</p> <p>86. Buying creates ----- utility</p> <p>(a) Form (b) Place (c) Possession (d) Design</p> <p>87. Wholesaler provides producers</p> <p>(a) Functional aid (b) Market information (c) Storage facility (d) All of the above</p> <p>88. Wholesaler concentrate on</p> <p>(a) Variety (b) Quality (c) Quantity (d) Ability</p> <p>89. In the simplest indirect channel of distribution, producer is connected with the</p> <p>(a) Retailer (b) Wholesaler (c) Consumer (d) Manufacturer</p> <p>90. The ----- can sell the smallest possible quantity of a product</p> <p>(a) Wholesaler</p>
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- (b) **Retailer**
(c) Manufacturer
(d) Consumer
- 91. The ----- sales volume is greater with low profit per unit**
(a) **Wholesaler**
(b) Manufacturer
(c) Retailer
(d) Consumer
- 92. Utility store is a kind of**
(a) Manufacturing
(b) **Wholesaling**
(c) Retailing
(d) Utility services
- 93. Home delivery of goods is made by:**
(a) Chain store
(b) Department stores
(c) **Mail order house**
(d) Super markets
- 94. Low selling price is a characteristic of**
(a) Super market
(b) Chain store
(c) **Discount houses**
(d) Mail order houses
- 95. Postage cost is involved in selling by -----**
(a) **Mail order houses**
(b) Chain store
(c) Super market
(d) Discount houses
- 96. Packing cost is high in selling by -----**
(a) **Mail order houses**
(b) Chain store
(c) Department
(d) Market
- 97. Credit sales are not allowed by -----**
(a) Wholesaler
(b) Retailer
(c) **Supermarket**
(d) Discount houses
- 98. When there is only one middleman in the distribution channel it must be -----**
(a) Wholesaler
(b) **Retailer**
(c) Distributor
(d) Discount houses
- 99. Blanket advertising is possible by -----**
(a) **Chain store**
(b) Department store
(c) Super market
(d) Discount houses
- 100. Bill of lading is issued by**

		<p>(a) Shipping company</p> <p>(b) Exporting firm</p> <p>(c) Custom authorities</p> <p>(d) Discount houses</p> <p>101. This is not an uninsurable risk:</p> <p>(a) Theft</p> <p>(b) Demand</p> <p>(c) Fashion</p> <p>(d) Competition</p> <p>102. Aliza realized that purchasing laptops from USA and selling it in South Asian countries has become quite profitable for her, she is performing the function of:</p> <p>(a) Marketing</p> <p>(b) Finance</p> <p>(c) Trade</p> <p>(d) Insurance</p> <p>103. Air conditioners are manufactured in the winter season in Pakistan, then these are _____ for the season of sale.</p> <p>(a) Financed</p> <p>(b) Informed</p> <p>(c) Warehoused</p> <p>(d) Marketed</p>
<p>CHAPTER 5</p> <p>AUXILIARIES TO COMMERCE</p>	<p>SUB TOPICS</p>	<ul style="list-style-type: none"> • Business Risks • Essentials of Insurable Risks • Advantages of Transportation • Advantages and Functions of Warehousing • Sources of Short-term Finance • Sources of Long-term Finance • Capital and Kinds of Capital • Shares and Kinds of Shares • Bonds and Kinds of Bonds
	<p>MULTIPLE CHOICE QUESTIONS</p>	<p>104. In order to obtain loan from the public, company issues</p> <p>(a) Shares</p> <p>(b) Debentures</p> <p>(c) Dividend</p> <p>(d) Bonds</p> <p>105. It is not a type of general insurance:</p> <p>(a) Marine Insurance</p> <p>(b) Fidelity Insurance</p> <p>(c) Fire Insurance</p> <p>(d) Life Insurance</p> <p>106. Equity shareholders are called</p> <p>(a) Owners of the company</p> <p>(b) Partners of the company</p> <p>(c) Executives of the company</p> <p>(d) Guardian of the company</p> <p>107. The cheapest source of finance is:</p>

		<p>(a) Debenture (b) Equity share capital (c) Preference share (d) Retained earning</p> <p>108. Current assets of a business firm should be financed through:</p> <p>(a) Current liability only (b) Long-term liability only (c) Both types (i.e. long and short-term liabilities) (d) Non-current liabilities</p> <p>109. This is an uninsurable risk.</p> <p>(a) Demand of product (b) Motor Van (c) Inventory (d) Supply of product</p> <p>110. The income distributed to the shareholder in a company is referred to as _____</p> <p>(a) Profit (b) Dividend (c) Cash (d) Sales</p> <p>111. A company can bring about any changes in the memorandum of association by _____</p> <p>(a) Its own will (b) Board of directors (c) Getting approval from the shareholder (d) Managers</p> <p>112. Name clause is a part of _____</p> <p>(a) Article of association (b) Memorandum of association (c) Prospectus (d) Invitation to Prospectus</p> <p>113. A _____ company must get its shares printed to distribute them to the shareholder</p> <p>(a) Private (b) Public (c) Chartered (d) Registered</p> <p>114. The objective of any business is to maximize and create _____ for the investors.</p> <p>(a) Shares (b) Wealth (c) Wants (d) Wisdom</p>
<p>CHAPTER 6</p> <p>BUSINESS CORRESPONDENCE</p>	<p>SUB TOPICS</p>	<ul style="list-style-type: none"> • Uses of Business Letters • Job Letter • Inquiry Letter • Order Letter • Reminder Letter • Complaint Letter

	MULTIPLE CHOICE QUESTIONS	
		<p>115. The important function of an office is</p> <p>(a) To provide information (b) To sell the goods (c) To purchase the goods (d) To improve the efficiency of the management</p> <p>116. Business letter should contain _____ language.</p> <p>(a) Formal (b) Informal (c) Slang (d) Both formal and informal</p> <p>117. The sender in business letter should be addressed by:</p> <p>(a) First name (b) Last name (c) Middle name (d) Previous name</p> <p>118. The business letter contains the name of:</p> <p>(a) Sender (b) Receiver (c) Maker (d) All of the above</p> <p>119. Which of these must be avoided in business letters?</p> <p>(a) Polite words (b) Formal words (c) Abbreviations (d) Clear details</p> <p>120. Which of these must not be mentioned in a business letter?</p> <p>(a) Information of the quality of the order (b) Name of the firm (c) The mode of payment (d) With regards</p>