

FORMAN CHRISTIAN COLLEGE, LAHORE
(A CHARTERED UNIVERSITY)

Class I.COM-I

Subject:
Principles of Commerce

Updated Notes

Book and Past Papers



Estd 1864

FORMAN CHRISTIAN COLLEGE, LAHORE

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DEPARTMENT OF COMMERCE

Subject: Principles of Commerce

Class I.COM-I

Chapter No. 01 Concept of Business

Qno.01 What are Human Activities?

Ans. The work done by human beings to satisfy their wants or needs is known as human activities.

Qno.02 What is meant by Economic Activities / Productive Activities?

Ans. All Commercial and Industrialized activities which relate to the production and acquisition of wealth are known as Economic / Productive Activities.

Qno.03 Define Business.

Ans. All Economic activities connected with the production and exchange of goods and services to earn profit or as a source of income are called Business.

OR

Any legal activity done for the purpose of earning profit is called Business.

Qno.04 Define Profession.

Ans. When a person provides his services to society based on his specialized knowledge and experience in a particular field it is known as Profession. Etc. Doctors, Engineers, Lawyers, Teachers.

Qno.05 Define Employment.

Ans. When a person / institution provides services to another person / institution on the basis of predetermined terms and conditions is known as employment or services

Qno.06 What is Un-commanded human activities?

Ans. Un-commanded activities include all those activities taking place in the body where we have no control of our own. E.g., working of Brain

Qno.07 What are Non-Economic Activities?

Ans. The activities are done for personal satisfaction and not to earn profit or income. They don't involve creation of wealth therefore these are also known as non-productive activities.

Etc. Religious, Parental, Social and Patriotic.

Qno.08 What are Commanded activities?

Ans. The activities in which human desire play an important part i.e., speaking, walking, thinking, and listening activities.

Qno.09 Explain the objective of Business Management.

Ans. Management is the backbone of a business. Every business, irrespective of its size and nature, has management to manage and control the various factors of production.

Qno.10 How can a business serve the society?

Ans. Beside earning profit, a business also provides many social services.

Production of quality goods at lower prices, Availability of goods in all the areas, Promotion and assistance in the cultural activities.

Qno.11 What is meant by Favorable Balance of Payment?

Ans. The function and object of business is to make balance of payment favorable when your exports are greater than imports. It will lead your business better position all over the world.

Qno.12 Describe any two objects of Business.

Ans. Profit Objective, Employment Objective, Investment Objective

Qno.13 What are the characteristics of Business?

Ans. Goods and Services, Profit Motive, Element of Risk, Management

Qno.14 What is the difference between Business and Profession?

Ans. Business:

All Economic activities connected with the production and exchange of goods and services to earn profit or as a source of income are called Business.

OR

Any legal activity done for the purpose of earning profit is called Business.

Profession:

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. Etc. Doctors, Engineers, Lawyers, Teachers.

Qno.15 Name four stages to start Business.

Ans. Nature of Business, Size of Business, Management of Business, Capital of Business

Qno.16 Define Good Businessman.

Ans. Businessman is a person who is engaged in buying and selling or in production of goods and services to earn profit.

Qno.17 How can a Good Business serve the society?

Ans. Business benefits society by providing then large number of services. Business use modern techniques to produce the quality of goods at lower cost as well as

Chapter No. 02 Nature and Scope of Commerce

Qno.01 What is the important component of Business?

Ans. There are two important components of Business.

- ❖ Industry
- ❖ Commerce

Qno.02 What is Industry?

Ans. Industry is a part of business which relates to the production of goods and services.

Qno.03 Define Primary Industry.

Ans. Primary Industry is engaged in the production or extraction of raw materials, which are used in secondary Industry.

Qno.04 What is meant by Extractive Industry?

Ans. In this Industry, hidden resources below or beneath the surface of the earth are extracted. All kinds of mining are examples of such industry. E.g., extraction of oil, gas, coal etc.

Qno.05 What is meant by Genetic Industry?

Ans. Genetics Industry is an Industry engaged in the production or multiplication of certain species of plants and animals. Plant nurseries, poultry, farms and cattle breeding farms (animal Husbandry) are the main examples of Genetics Industry

Qno.06 How many types of Home Trade? Write their names.

Ans. There are two types of Home Trade

1. Wholesale Trade.
2. Retail Trade.

Qno.07 What is meant by Secondary Industry?

Ans. These are industries that use raw materials to make useful goods of another form. This industry also contributes by making goods more profitable and useful by completing semi-finished and incomplete goods or by changing their former design. Raw material for this industry is obtained from Primary Industry.

Qno.08 Define Manufacturing Industry.

Ans. This industry is concerned with the processing or transformation of raw materials and semi-finished products into finished products. Such industries change the shape and form of materials produced by genetics and extractive industries.

Qno.09 Define Constructive Industry.

Ans. This industry is engaged in the construction of buildings, bridges, roads, dams etc. it utilizes the products of manufacturing industries such as bricks, steel and cement etc.

Qno.10 Define Commerce.

Ans. Commerce embraces all those processes, which help to break the barriers between producer and consumers.

Qno.11 What is the Function of Commerce?

Ans. The exchange of goods is a complex process beset with several types of hindrances or obstacles. Thus, the main function of commerce is to remove the following hindrances or obstacles in the exchange of commodities.

Qno.12 What is the Human Obstacle function of Commerce?

Ans. Producer and Consumer are both human beings. If a person (owner of the goods) does not hand over the goods to the other buyer, then it will be termed as human obstacle which can be removed with the help of TRADE. TRADE emerges when a person (owner) agrees to change the ownership or title to the goods.

Qno.13 What is the Time Obstacle function of Commerce?

- Ans.** If the goods produced cannot be sold immediately due to certain reasons such as off-season, no demand, surplus production etc. then suitable time and condition are to be awaited. This situation is called Obstacle of Time, which can be removed with the help of WAREHOUSING.
- Qno.14 What is the Place Obstacle function of Commerce?**
- Ans.** If certain commodity is available or produced in one place of city and is to be sold in another place or city then the obstacle of place or distance is involved, which can be removed with the help of suitable MEANS OF TRANSPORTATION.
- Qno.15 What is the Financial Obstacle function of Commerce?**
- Ans.** Sometimes a person wants to buy certain goods or services for their personal or commercial use but no money in his pocket. The lack of finance is termed as financial obstacle. This obstacle can be removed with the help of BANKS OR OTHER FINANCIAL INSTITUTION.
- Qno.16 What is the Danger Obstacle function of Commerce?**
- Ans.** While transferring or storing goods, there are always chances of theft, fire, accident and breakage etc. These uncertainties are termed as Obstacle of Danger which can be removed by getting the goods insured from an INSURANCE COMPANY.
- Qno.17 Define Scope of Commerce.**
- Ans.** Scope of Commerce is based on Trade and Aids to Trade (Auxiliaries)
- Qno.18 Define Trade.**
- Ans.** Trade is an activity of buying and selling goods and services for money or other goods and services.
- Qno.19 Define Home Trade / National Trade.**
- Ans.** In Home Trade, exchange of goods or trade is conducted within the boundaries of a particular country. Seller or buyer belongs to same country. It is also known as domestic, local and internal trade.
- Qno.20 Define Retail Trade.**
- Ans.** Retailing means selling goods in small quantities to the ultimate consumers. Retailers are middlemen who purchase goods from manufacturer or wholesaler and provide these goods to consumer near their houses.
- Qno.21 Define Foreign Trade / International Trade.**
- Ans.** Foreign Trade is a trade or exchange of goods and services between two or more independent countries for their mutual advantages. Foreign or International trade is integral part of economy and plays a vital role in economic growth and social welfare of a country.
- Qno.22 Define Import Trade.**
- Ans.** When a country buys goods and services from other countries, it is known as import trade. For instance, Pakistan mainly buys petrol from Saudi Arabia.
- Qno.23 Define Export Trade.**
- Ans.** When a country sells goods and services to other countries, it is known as export trade. E.g., Pakistan sells Rice to European countries.
- Qno.24 Define Entrepot Trade.**
- Ans.** In Entrepot Trade, goods are imported from various countries with a view to re-exporting them to other countries. In this type of trade, goods are kept in Bonded Warehouse till they are re-exported. No import duty is charged on the goods. Crude petroleum and petroleum products are examples of entrepot trade.
- Qno.25 What is meant by Auxiliaries / Aids to Trade?**
- Ans.** It is the framework of attaining certain objectives. These objectives of commerce are to provide series of services or activities which can facilitate the exchange of goods until they are reached in the hands of ultimate and proper consumer.
- Qno.26 What are different Auxiliaries / Aids to Trade?**
- Ans.** Banking, Transportation, Means of Communication, Insurance, Publicity / Advertising, Warehousing, Middlemen, Packing
- Qno.27 How Commerce improves the business activities?**
- Ans.** Commerce is second component of business. It includes all those activities which help in transferring goods produced in various industries from their place of production to ultimate consumers. Commerce facilitates business activities and business makes progress.
- Qno.28 How Commerce removes obstacle?**
- Ans.** The exchange of goods is a complex process beset with several types of hindrance or obstacles. Thus, the main function of commerce is to remove all hindrances and obstacles in the exchange of commodities.
- Qno.29 How has Commerce helped in raising standard of living of people?**
- Ans.** By facilitating the exchange of goods, services, and ideas, commerce has significantly raised the standard of living for people around the world.
- Increased access to goods and services.

- Economic growth.
- Specialization and efficiency.
- Improved communication and transportation.
- Innovation and technological advancements.
- Increase trade and cooperation.
- Higher incomes and purchasing power.
- Access to healthcare and education.
- Urbanization and infrastructure development.
- Global connectivity.

Chapter No. 03 Sole Tradership / Sole Proprietor

Qno.01 Define Sole Trader.

Ans. It is the simplest form of business which is owned and controlled by one man.

Qno.02 State any Five characteristics of sole proprietorship.

Ans. Sole Proprietorship, Easy Formation, Whole Profit, Secrecy, Easy Transfer

Qno.03 Write four advantages of sole tradership.

Ans. Easy Formation, Quick Decision, Business Secrecy, Easy Dissolution, Flexibility

Qno.04 Write four examples of sole tradership.

Ans. Retailor, Painter, Carpenter, Tourist Guide, Barber

Qno.05 What is the legal status of sole tradership?

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, legal action can be taken against the owner, not against the business.

Qno.06 Why do people have less confidence on sole tradership?

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.

Qno.07 Why is the life of sole tradership limited?

Ans. The existence and survival of sole proprietorship based on good health, active participation or shrewdness (Sharpness/ Smartness) of the sole owner. Sometimes the wrong decision or sudden death of owner may stop activities of sole tradership.

Qno.08 What is meant by unlimited liability of owner of sole tradership?

Ans. The sole proprietor has unlimited liability. In case of insolvency of the business or non-payment of business debts, he will be responsible for the payments of the liabilities from his personal assets.

Qno.09 What is secrecy meant in sole tradership?

Ans. Secrecy is an important factor for the success of every business. A sole proprietor can easily maintain the secrecy of his business. He makes all the decision himself, and his business is free from the formalities like audit or publication of its accounts.

Qno.10 List out five disadvantages of Sole tradership.

Ans. Shortage of Capital, Unlimited Liabilities, Management Problems, No legal Protection, Not Durable.

Chapter No. 04 Partnership

Qno.01 Define Partnership.

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.

Qno.02 Define Firm.

Ans. The persons who form the partnership are individually called are partner and collectively known as Firm.

Qno.03 Write down the four features of Partnership.

Ans. There are following features of the partnership business
Unlimited liabilities, No separate legal entity, Mutual cooperation, Partner as agent

Qno.04 State four merits of Partnership.

Ans. Larger Capital, Mutual Consultation, Division of work, Credit facility

Qno.05 State four demerits of Partnership.

Ans. Unlimited liability, Uncertainty, delay in decision, personal disputes

Qno.06 What is meant by unlimited liability in Partnership Business?

Ans. In partnership business, the liability of partners is limited, and personal property of the partners can be sold for the payment of the firm's debts. Due to this partner always try to avoid innovative and risky business

Qno.07 Define Partnership Deed.

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

Qno.08 What is the best form of Partnership Deed?

Ans. The best form of partnership deed is written & registered and signed by all the partners so the partners can know their rights, duties and liabilities and any dispute or misunderstanding among the partners may be removed in the light of written partnership deed.

Qno.09 What is Partnership at Will?

Ans. When no provision is made in partnership agreement for the duration of partnership then the partnership is called partnership-at- will. This partnership may continue till the mutual consent and trust prevail among the partners.

Qno.10 What is meant by Term Partnership?

Ans. When the partnership is formed for a definite period of time then it is called partnership for time / partnership for fixed period. At the expiry of such period, partnership automatically comes to an end.

Qno.11 Define Limited Partnership.

Ans. In Pakistan, Limited Partnership is formed under limited liability partnership act 2017 which consists 55 sections, 13 parts and 3 schedules. The registration of limited partnership is compulsory by law. The name of limited liability partnership shall appear in legible letters on its seal, all business letters and statement of account etc.

Qno.12 Define Shirakat-ul-wajoooh.

Ans. In this partnership, no partner brings capital.

This partnership may be started by taking loan or purchasing goods on credit.

Profit or loss of the business is distributed among the partners on the basis of their loans taken for the business.

Qno.13 Define Shirakat-ul-anan.

Ans. The share of partners in capital may be different.

The profit or loss of business shall be distributed according to the capital contributed by the partners. The partners are allowed to contribute capital in form of cash only.

Qno.14 Define Registration of Partnership.

Ans. Registration means proof of a existence of partnership business or firm. The process of recording the name of firm with the registrar of firm is called the registration of firm.

Qno.15 Define Adult Partner.

Ans. Adult partner means a partner whose age is 18 years or more and he is admitted sharing the profit or loss of the firm.

Qno.16 Define Minor Partner.

Ans. Minor partner means a partner whose age is less than 18 years. A minor may become a partner of the partnership business with the consent of all the other partners to the benefits of partnership.

Qno.17 Define Senior Partner.

Ans. Senior partner means a partner who has invested large amount of capital and is playing an important role in management according to his ability and experience. His ratio of profit or loss is also more than other partners.

Qno.18 Define Junior Partner.

Ans. Junior partner means a person who has invested small capital and has limited experience of business. His ratio of profit or loss is also less as compared to other partners.

Qno.19 Define Limited Partner.

Ans. Limited partner is a partner whose responsibility of loss is restricted to his share of capital. He cannot take active part in the management of firm.

Qno.20 Define Unlimited Partner.

Ans. Unlimited partner is a partner whose liability of loss is unlimited. It means the personal property of the partner can be sold to pay the debts of the firm.

Qno.21 What is Active Partner?

Ans. The partner who fully participates in the daily functioning business is called active or managing partner and the success business is very much dependent on the abilities of these partners.

Qno.22 Define Secret Partner.

Ans. A partner secret invests his share of capital and takes active part in business activities, but public does not know him as partner of firm.

Qno.23 Define Non-Active / Sleeping / Dormant / Sleeping Partner.

Ans. If any person invests his capital in the business and is responsible for its profit and loss but does not participate in the working of the business, he is called non-active or sleeping or dormant partner.

Qno.24 Define Nominal / Quasi partner.

Ans. Nominal partner is a partner who neither invests capital nor shares the profit or loss of the firm. He also does not participate in the management of a firm. A firm only uses the name and good reputation of this partner.

Qno.25 Define Insolvent partner.

Ans. The person who is unable to pay business debts is called insolvent partner. The loss of insolvent partner is to be shared by the solvent partners in the ratio of their capital.

Qno.26 Define Deceased partner.

Ans. The partner whose life has expired is known as deceased partner. The share of capital and profit of such partners is paid to his legal heirs in lump sum or in installments.

Qno.27 Define Dissolution of Partnership.

Ans. Any change in the agreement among partners dissolves the partnership but does not the firm. In this situation, firm may continue its business under the same name and style according to new agreement.

Qno.28 Define Dissolution of Firm.

Ans. According to section 39 of partnership act 1932, the dissolution of partnership among all the partners of firm is called dissolution of Firm. In other words, dissolution of firm implies stopping the activities of partnership business completely realization of assets and payment of business liabilities.

Qno.29 Define Compulsory Dissolution of Partnership?

Ans. According to section 41 and 42 of partnership act 1932, a firm may compulsory dissolved due to the following reasons

Insolvency, Unlawful Business, Death of Partner, Completion of work, Expiry of Period, Retirement of Partner, Business with enemy country.

Qno.30 What is meant by dissolution of Partnership by Notice?

Ans. According to section 43 of partnership act 1932, if the partnership at will, the firm may be dissolved by any partner giving 14 days' notice in writing to all 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.

Qno.31 Define dissolution by Agreement.

Ans. According to section 40 of partnership act 1932, a firm may be dissolved with the consent of all the partners in accordance with the partnership agreement.

Qno.32 Define Breach of Partnership deed.

Ans. If any partner willfully or persistently commits the breach of partnership deed or agreement, then the other partners may dissolve the partnership.

Chapter No.05, 06, 07—Joint Stock Company-I-II-III

Qno.01 Define Joint Stock Company.

Ans. A company is an artificial person created by law for profit with capital divided into transferable shares of limited liability. It has legal entity separate from the persons composing it.

Qno.02 What is meant by Separate Legal Entity of Joint Stock Company?

Ans. Joint stock company is an artificial person and has separate legal entity from its shareholder. In this capacity, company can sue or can be sued by other parties. Everybody knows only the name of company and its address. Nobody knows about shareholders of the company.

Qno.03 What is meant by Common Seal of Joint Stock Company?

Ans. A joint stock company is an artificial person, so it cannot sign itself. A common seal with the name of company is used as the substitute of its signature.

Qno.04 Write four advantages of Joint Stock Company.

- Ans.** Larger Capital, Limited Liability, Low cost of Production, Employment opportunities.
- Qno.05 State four demerits of Joint Stock Company.**
- Ans.** Monopoly, Lack of Secrecy, Speculation, Double Taxation.
- Qno.06 State the number of shareholders in Joint Stock Company.**
- Ans.** In case of a multi-members private limited company minimum number of members should be two and maximum fifty whilst in a public limited company there should be seven members but there is no limit on maximum number of members.
- Qno.07 Write the kinds of company.**
- Ans.** Chartered Company, Statutory Company, Registered Company, Pakistani Company, Foreign Company
- Qno.08 What is chartered Company?**
- Ans.** The companies are formed by the Royal Order or Charter. The word "Limited" is not used with the name of company. The Management of company is run according to the provisions of charter. The members are not liable for the debts of company.
- Qno.09 What is Statutory Company?**
- Ans.** These companies are formed by the order of president or by the special act of parliament. The main purpose of these companies is the welfare of public and is not so important it is not essential for these companies to use word "Limited". These companies have monopoly in their respective fields. The liability of shareholders is limited to the value of shares purchased.
- Qno.10 Define Registered Company.**
- Ans.** Registered company is formed under Companies Act 2017. It also includes an existing company defined in section 2(17) of said act.
- Qno.11 Define Public Limited Company.**
- Ans.** According to section 2(52) of the companies act 2017, the company in which liability of the shareholders is limited and its share can be easily sold and transferred. Moreover, there is no restriction on the maximum number of shareholders.
- Qno.12 Define Private Limited Company. / Define Multi Members Private Company.**
- Ans.** According to section 2(49) of the companies act 2017, the company, which is prohibited to invite public for the subscription of shares and its shares, are not transferable. Moreover, the maximum number of shareholders is fifty.
- Qno.13 Define Single Member Company.**
- Ans.** The Securities and Exchange Commission of Pakistan introduced the concept of Single Member of Company and amended Ordinance 2002 (SMC rules 2003) in Pakistan. The objective of the concept of the SMC is to provide an opportunity to single or sole owner to enjoy the benefits of limited liability.
- Qno.14 Define Govt. Company.**
- Ans.** The company is owned by Federal or Provincial Govt. The company's shares are held by the government, or the government has the power to nominate its directors more than 50%. The Govt. company may be Private or Public.
- Qno.15 Define Holding Company.**
- Ans.** It is a company which holds more than 50% shares of another company. The company may have the powers to appoint more than 50% of directors of another company.
- Qno.16 Define Subsidiary Company.**
- Ans.** It is company whose more than 50% shares are held by another company (Holding Company). It's more than 50% directors may be selected by Holding company.
- Qno.17 Define Company Limited by Shares.**
- Ans.** It is a company which collects its capital by selling shares. The liability of shareholder is limited up to the value of purchased shares.
- Qno.18 Define Company Limited by Guarantee.**
- Ans.** In this company, every member gives guarantee to contribute a specified amount of money at the winding up of company. The liability of the members is limited up to the amount guaranteed. It may be formed with or without capital. The main project of the company is not to earn profit. The company uses the word "Guarantee Limited" with its name.
- Qno.19 Define Unlimited Company.**
- Ans.** In this company, the liability of shareholder is unlimited. The private property of the member is also liable to pay company's debts. This company is established under section 15(2)(c) of companies act. The shares of this company can be transferred.
- Qno.20 Define Association not for Profit (u/s 42).**

- Ans.** It is established to promote Commerce, Art, Science or Religious activities. In this organization, the word limited is not used its name.
It enjoys all the privileges of a limited company. It require license from Federal Government for its formation as a company.
- Qno.21** **Define Modaraba Company.**
Ans. This company is formed under the Modaraba Ordinance 1980 applicable w.e.f 26-06-1980. In this company one party contribute capital whereas other party participates with his skill and experience. The contributor of capital is "RAB-UL-MAL" and the person who manages the business affairs is called "MODARIB"
- Qno.22** **What is meant by Promotion of Company?**
Ans. It is a stage where concerned people (promoters) take initiative for the formation of joint stock company.
- Qno.23** **What is Certificate of Incorporation?**
Ans. If the registrar finds all the documents right and thinks that all the formalities have been done, then he issues the certificate of incorporation to promoters. After this the private company can start its business.
- Qno.24** **What is meant by Certificate of Commencement?**
Ans. After getting the certificate of incorporation, every public company has to obtain the certificate of commencement to start business activities.
- Qno.25** **Define Memorandum of Association.**
Ans. It is a document, which determines the rights, powers and objects of a company.
- Qno.26** **Define Article of Association.**
Ans. It is a document which contains rules and regulations regarding the operations of business.
- Qno.27** **Define Prospectus.**
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 office. It also contains the date of issue.
- Qno.28** **Define Statement In Lieu of Prospectus.**
Ans. If the company is not in a position to submit prospectus at the time of registration, then another statement containing all necessary information is sent to registrar's office. This statement known as "Statement In Lieu of Prospectus".
- Qno.29** **Define Shares.**
Ans. The total authorized capital of the company is divided into small units, and each unit is individually called Share.
- Qno.30** **Define Ordinary Shares.**
Ans. Ordinary Shares are the shares on which dividend is not paid at fixed rate. Ordinary shareholders receive the dividend proportionally out of profit earned by the company after the payment of fixed dividends on preference shares.
- Qno.31** **Define Deferred Shares.**
Ans. The shares issued to promoters of the company are called Deferred Shares or Founders Shares. The dividend on these shares is paid after the payment of dividend on all other kinds of shares.
- Qno.32** **Define Preference Shares.**
Ans. These are the shares whose holders have preferential rights in respect of the payment of dividends and repayment of capital in the event of winding up. The rate of dividend on these shares is fixed.
- Qno.33** **Define the term "AT PAR".**
Ans. If the company sells its shares at Face or Nominal value, then it is called issuance of shares at Par.
- Qno.34** **Define the term "AT DISCOUNT"**
Ans. When the shares are issued at a price, which is less than its face value, then it is called issue of shares at discount.
- Qno.35** **Define the term "AT PREMIUM".**
Ans. Issue of shares at premium means that the shares are being issued at a price higher than the face value of shares.
- Qno.36** **Define Debentures.**
Ans. The document which a company issue a receipt of the borrowed amount to the lender is known as Debenture.
- Qno.37** **Define Ordinary Debenture.**
Ans. The debentures issued without any security of repayment (loan and interest) are known as Ordinary Debentures. The company issues these debentures to well-known persons and institutions.

- Qno.38**
Ans. **Define Mortgage Debentures.**
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 debentures holder has legal right to sell the mortgaged property to recover the amount of loan.
- Qno.39**
Ans. **Define Bearer Debentures.**
In case of Bearer Debentures (Unregistered) debentures the name and address of debentures are not written in the books of company. the holders or bearer of such debentures are entitled to receive the interest and principal amount on due dates. Moreover, these debentures are freely transferable.
- Qno.40**
Ans. **Define Redeemable Debentures.**
These are the debentures which are repayable at a specified time in future are known as Redeemable Debentures.
- Qno.41**
Ans. **Define Irredeemable Debentures.**
These debentures which are not payable during the life of issuing company and only repayable at the time of winding up of company are known as Irredeemable Debentures.
- Qno.42**
Ans. **Define the term Convertible Debentures.**
These are the debentures which allow the debentures holders to convert their debentures into the ordinary or preference shares of the company. If investors avail themselves of this opportunity, then they become the shareholder of the company.
- Qno.43**
Ans. **Does Company use "Saving Method" to raise its capital?**
According to this method, the company requires a long period to raise the capital. Sometimes, the company earns more profit as compared to previous years then specified portion of excess profit is transferred to Reserve Fund instead of distribution among shareholders.
- Qno.44**
Ans. **From which source does a Joint Stock Company get Capital to start its Business?**
A joint stock company mobilizes a large portion of its capital by issuing shares. For this purpose, a public company can issue its prospectus to general public whilst private company cannot issue shares to general public.
- Qno.45**
Ans. **Write the types of Shares of Company.**
There are two kinds of Shares of company
Ordinary Shares, Preference Shares, Deferred Shares.
- Qno.46**
Ans. **Name Four Kinds pf Capital.**
Authorized Capital, Issued Capital, Subscribed Capital, Paid up Capital
- Qno.47**
Ans. **What is Authorized Capital?**
It is the maximum amount of capital which a company is authorized to raise.
- Qno.48**
Ans. **Define issued Capital.**
It is the part of authorized capital, which has been issued or offered to public for subscription.
- Qno.49**
Ans. **Define Subscribed Capital.**
Subscribed Capital is that portion of the issued capital which has been subscribed or taken up by the people through shares.
- Qno.50**
Ans. **What is meant by Reserve Capital of Company?**
Reserve Capital is that part of capital which the company, which the company has decided by special resolution, shall not be called up unless there is particular event or the company is being wound up.
Note: According to Companies Act 2017, joint stock companies can only issue fully paid shares.
- Qno.51**
Ans. **Differentiate between Authorized/Nominal and Subscribed Capital.**
Authorized Capital:
It is the maximum amount of capital which a company is authorized to raise.
Subscribed Capital:
Subscribed Capital is that portion of the issued capital, which has been subscribed or taken up by the people through shares.
- Qno.52**
Ans. **Define Dividend.**
Dividend is the distribution of earning made to shareholders by the company in proportion to the number of shares owned.
- Qno.53**
Ans. **Define Interim dividend.**
A dividend paid by the company to the shareholders while its financial year. Normal practice is for a company to pay one interim dividend about halfway through the year. However, a company may pay several interim dividends.
- Qno.54**
Ans. **Define Final Dividend.**
The dividend paid by the company to the shareholders after the payment of interim dividends or dividends at the end of year.

- Qno.55** Define the term **Proposed Dividend**.
Ans. The dividend announced by the company to the shareholders at the end of the year on the basis of current year's profit or earning of the company.
- Qno.56** Define **Cash Dividend**.
Ans. When the company pays the dividend in form of cash it is called cash dividend.
- Qno.57** Define **Stock Dividend**.
Ans. If the distribution of the company's earnings or profit is paid to shareholders in the form of additional shares, then it is called stock dividend.
- Qno.58** Define the term **Board of Directors**.
Ans. The representative elected by many shareholders are called Directors of the company and elected directors are collectively known as Board of Directors.
- Qno.59** Who can appoint the directors?
Ans. **By Promoters:**
Promoters elect the first directors of the company, but their appointment cannot be valid unless they submit the following two documents 1. Written consent to act as directors 2. A written agreement to buy their qualification shares.
By Subscribers:
If there is no provision in the article regarding the first directors, then the subscribers (who sign MOA) of memorandum are to be deemed as first directors till the shareholders in general meeting elect the subsequent directors.
By Shareholders:
The first directors of the company have to retire on the occasion of first annual general meeting and required number of new directors is elected in same meeting.
Note: the new directors may be retiring directors, or first directors can be elected as new directors.
By Directors:
A casual vacancy of any director may be filled by the board of directors (if article authorizes) without prior consent the shareholders.
By Creditors:
The creditors of the company may also nominate any person as the director of company in addition to the creditors elected by Promoters, Shareholders and Directors.
- Qno.60** Define **Meeting**.
Ans. When two or more persons sit together by a previous notice to solve any problem then it is called meeting.
- Qno.61** Define **Company's Meeting**.
Ans. When the members of a company gather at certain time and place to discuss business and managing affairs it is called meeting of the company.
- Qno.62** Define **Directors Meeting**.
Ans. All the business affairs of a company are settled with the mutual consultation of its directors. So, the meeting called directors to discuss the policies or to take the decisions is called Directors Meeting. Director Meeting, once in each quarter, is mandatory and quorum of directors must be complete otherwise meeting declared as void.
- Qno.63** Define **Shareholders' Meeting**.
Ans. The meeting which is called to discuss the affairs of company with the shareholders are called shareholders meeting.
- Qno.64** Define **Statutory Meeting**.
Ans. Statutory meeting is the first meeting of the company's shareholders. The object of the statutory meeting is to inform the shareholders about the affairs of the company. notice must be given 21 days before for the meeting.
- Qno.65** Define **Statutory Report**.
Ans. A report which contains information regarding affairs of the company is called statutory report.
- Qno.66** Define **Annual General Meeting**.
Ans. The meeting which it is necessary to call every year after getting certificate of incorporation is called Annual General Meeting. notice must be given 21 days before for the meeting.
- Qno.67** Define **Extra Ordinary General Meeting**.
Ans. All meetings other than the Statutory Meeting and Annual General Meetings are called Extra Ordinary General Meetings. notice must be given 21 days before for the meeting.
- Qno.68** Define **Resolution**.

- Ans.** The formal expression of opinion or desire in any meeting or assembly obtained by the majority votes of members is called Resolution. notice must be given 21 days before for this resolution.
- Qno.69 Define Ordinary Resolution.**
- Ans.** A resolution, which is passed by the simple majority of members in any kind of general meeting of the company. notice must be given 21 days before for this resolution.
- Qno.70 Define Special Resolution.**
- Ans.** The resolution which is passed by the three fourth majority of the shareholders is called special resolution.
- Qno.71 Define Extra Ordinary Resolution.**
- Ans.** An extra ordinary resolution (Resolution requiring special notice) is one which is also passed by three fourth majority of shareholders. For extra ordinary resolution, a 14 days' notice must be sent to each member along with the detail of resolution to explain its nature.
- Qno.72 Define Winding up of Joint Stock Company.**
- Ans.** Law creates the company and when the legal existence of the company comes to an end then it is called winding up or liquidation of the company.
- Qno.73 Under which methods are a company wound up?**
- Ans.** By Court, 2. Voluntarily Winding Up, 3. Under the Supervision of Court.
- Qno.74 How is a Joint Stock Company governed?**
- Ans.** Joint Stock Company is governed and run by the directors who are elected by shareholders. Shareholders themselves do not participate in business affairs.
- Qno.75 Who cannot become the director of company?**
- Ans.** A minor, A unsound mind person, An Insolvent Person, A person not given consent to become director, A person who is not the member of the company,
- Qno.76 Who are Promoters?**
- Ans.** They are the persons who work for the establishment of a company.
- Qno.77 Distinguish between Shareholder and Debenture holder.**
- Ans.** The people who invest capital in company are called shareholders.

OR.

The people to whom a company issue debentures certificates as a security of debt is called debenture holder.

Chapter No. 08 Cooperative Society

- Qno.01 Define Cooperative Society.**
- Ans.** Cooperative Society is formed for the promotion of thrift, self-help and mutual aid among agriculturalists 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.
- Qno.02 From where and when was cooperative society started?**
- Ans.** Cooperative Society was started in 1844 from England.
- Qno.03 Write four features of Cooperative Society.**
- Ans.** Voluntarily Membership, Voluntarily Registration, Elected Management, Specific Objective
- Qno.04 Describe the four merits of Cooperative Society.**
- Ans.** Elimination of Middleman, Better Living Standards, Equal Distribution of Wealth, Increase in Savings
- Qno.05 What is minimum number of members of Cooperative Society?**
- Ans.** Minimum Number of Members are 30 (For Producers and Housing Society) and 50 for Other Society.
- Qno.06 How does the membership of Cooperative Society attain?**
- Ans.** The membership of society is open for all adult persons. For this purpose, the purchase of one share is sufficient.
- Qno.07 How does a Cooperative Society run its business affairs?**
- Ans.** Its management is given to a managing committee. This committee is selected through a democratic setup. This committee works for the betterment of society.
- Qno.08 What are the sources of capital of Cooperative Society?**
- Ans.** A cooperative society gets its capital by following sources.
Membership Fee and Selling shares to the members.
- Qno.09 Write down the objects of Cooperative Society.**
- Ans.** Elimination of Middleman, Welfare of low-income People, increase in saving and capital, Mutual Cooperation

- Qno.10** **Name four kinds of Cooperative Society.**
Ans. Producers Cooperative Society, Consumers Cooperative Society, Marketing Cooperative Society, Insurance Cooperative Society, Housing Cooperative Society.
- Qno.11** **What is meant by Consumer Cooperative Society?**
Ans. Low- or middle-income people form this society for their welfare. Anyone can become member by purchasing one share of society. The managers elected by the members conduct the business of the society.
- Qno.12** **Define Credit Cooperative Society.**
Ans. This Society is formed to provide the facility of loans on favorable terms to the members in rural areas. The sources of funds of the society are as under 1- Deposits of members, 2- Membership Fee, 3- Govt. Loans
- Qno.13** **What is meant by Producer Cooperative Society?**
Ans. This Society is formed by small members and industrialists to get rid of capitalistic system. Its membership is limited up to certain commodities. Membership themselves perform all the activities.
- Qno.14** **What is Marketing Cooperative Society?**
Ans. This society is formed to help the producers for selling their goods at profit without the help of wholesalers and retailers.
- Qno.15** **Define Housing Cooperative Society?**
Ans. This society is formed to provide finance to its members for the purchased of land or house or construction of house. It has usually three forms 1- House Building Society, 2- Finance Society, 3- Land Society
- Qno.16** **Define Insurance Cooperative Society.**
Ans. This society makes contract with the renowned insurance companies on collective terms and conditions to provide insurance facilities to its members.
- Qno.17** **Define Farming Cooperative Society.**
Ans. Small Farmers to get the benefit of large-scale farming form this society. The ownership of land remains with the members. But for the purpose of farming, the whole land treated as one unit.
- Qno.18** **Define Transport Cooperative Society.**
Ans. This Society is formed to provide the services of transport to its members at concessional rates. Welfare Bus Scheme is one example of this society.
A Pass is given to the regular passengers to travel on permitted routes of the government.
- Qno.19** **Define Storage Cooperative Society.**
Ans. This Society provides storage facility to the members for perishable and non-perishable goods. Grading and distribution services are also provided by this society.
- Qno.20** **Define Labor Cooperative Society.**
Ans. The unskilled laborers set up this society to sell their services jointly for various projects at favorable rates.

Chapter No.09, 10, 11---Home Trade, Wholesale Trade, Retail Trade

- Qno.01** **Define Trade.**
Ans. Trade is an activity of buying and selling of goods for money or other goods
- Qno.02** **Define Home Trade.**
Ans. In home trade, exchange of goods or purchase or sale is conducted within the boundaries of a particular country. Seller and buyer relate to the same country.
- Qno.03** **Define Wholesale Trade.**
Ans. Selling of goods in large quantities to shopkeepers for resale to the consumers. Wholesalers have specialized dealing in particular items. He purchases in bulk form the production place or factories.
- Qno.04** **Define Retail Trade.**
Ans. Retailing means to sell the goods in small quantities to the ultimate consumers. Retailers is middleman who purchase goods from manufacturers or wholesalers and provide these goods to the consumers near their houses.
- Qno.05** **Define Foreign Trade.**
Ans. Trade or exchange of goods and services between two or more independent countries for their mutual advantages is described as foreign trade.
- Qno.06** **Define Import Trade**
Ans. When a country buys goods and services from other countries, it is known as Import Trade.
- Qno.07** **Define Export Trade.**

- Ans.** When a country sells goods and services to other countries, it is known as Export Trade.
- Qno.08 Define Entrepot Trade.**
- Ans.** In Entrepot Trade goods are imported from various countries with a view to re-exporting them to other countries. In this type of trade goods are kept in bonded warehouse till they are re-exported. No import Duty is charged on these goods.
- Qno.09 Write down four advantages of Home Trade.**
- Ans.** 1-Increase in demand, 2-No restrictions, 3-Source of Employment, 4-Free transfer of Goods
- Qno.10 Write three Disadvantages of Home Trade.**
- Ans.** 1-Hoarding, 2-Monopoly, 3-Bad Debts
- Qno.11 Define Producer.**
- Ans.** A person engaged in production of various goods is called a Producer.
- Qno.12 Define Trader.**
- Ans.** A person who buys goods to resell them at some specific price for attaining profit is called trader.
- Qno.13 Define Consumer.**
- Ans.** A person or group of persons or an institution purchases a particular commodity to consume is known as consumer. Consumer aims to satisfy his or her desire not a resale for making profit.
- Qno.14 Define Enquiry Letter.**
- Ans.** This letter develops a link between buyers and Sellers. When a trader wants to buy the goods then he gets necessary information with the help of this letter.
- Qno.15 Define Quotations.**
- Ans.** The reply of enquiry letter by the seller is known as quotation. It includes all necessary information, terms and conditions regarding the sale of goods required by the buyer.
- Qno.16 Define Tender.**
- Ans.** Sometimes buyers call tenders from many suppliers by advertising in magazines and newspapers. In response to this call anybody interested in supplying goods can submit his tender.
- Qno.17 Define Proforma Invoice.**
- Ans.** It can be said "Rough Invoice" to show the purchaser that how an actual invoice will be prepared if he decides to buy goods. However, it cannot be used in place of original place.
- Qno.18 Debit Note.**
- Ans.** If goods bought on credit are returned to seller due to any reason, the buyer debits the seller account and informs the seller through a note. This note is called Debit Note.
- Qno.19 Credit Note.**
- Ans.** If goods sold on credit are returned by the buyer due to any reason, the seller credits the buyer account and informs the buyer through a note. This note is called Credit Note.
- Qno.20 Define Invoice.**
- Ans.** It is an important document of internal trade, which includes quantity, price and total value of goods sold. It is sent to the buyer, and payment is made according to the amount written on it.
- Qno.21 What are the different Services of Wholesaler to Producer/Manufacturer?**
- Ans.** 1-Middleman, 2-Information, 3-Storage Facility, 4-Financial Assistance, 5-Professional Suggestions
- Qno.22 What are the different Services of Wholesaler to Retailers?**
- Ans.** 1-Reasonable Price, 2-Credit facility, 3-Storage Facility, 4-New Product, 5-Business Information
- Qno.23 What are the different Services of Wholesaler to Society?**
- Ans.** 1-Availability of Goods, 2-Employment Opportunities, 3-Market Research, 4-Economic Growth, 5-Supplying Information
- Qno.24 Define Manufacturer Wholesaler.**
- Ans.** These wholesalers manufacture goods and also distribute them to retailers. Thus, they combine the functions of manufacturer and wholesaler. By combining both the functions they reduce their overhead expenses.
- Qno.25 Define Merchant Wholesaler.**
- Ans.** These wholesalers purchase goods on large scale from manufacturer and sell them to consumers on retail basis from their own shops.
- Qno.26 Define Proper Wholesaler.**
- Ans.** These wholesalers are engaged only in the work of wholesale. They purchase goods in bulk from manufacturers and sell them to retailers. They use their own warehouses to keep goods collected from different manufacturer.
- Qno.27 Define General Wholesaler.**
- Ans.** These wholesalers deal in variety of goods like furniture, sports, cosmetics and drugs.
- Qno.28 Define Specialized Wholesaler.**

- Ans.** The wholesalers who deal in only one commodity like Medicines, Garments etc.
- Qno.29 Define Exporter Wholesaler.**
- Ans.** These wholesalers are engaged in exporting the goods of different manufacturers. They established trade links with foreign countries to export goods which causes to increase the profit both wholesaler and producer.
- Qno.30 Define Importer Wholesaler.**
- Ans.** Some wholesaler imports raw materials and other goods from abroad and supply them to various manufacturers or institutions of their country. Therefore, they are known as importer wholesalers.
- Qno.31 Define Rack Jobbers.**
- Ans.** These, wholesaler deal in the goods of lasting nature. E.g., Garments, Crockery and Stationery etc.
- Qno.32 Define Drop Shippers/Desk Jobbers.**
- Ans.** They do not handle or store the goods. They only collect orders from retailers and pass them to manufacturer who delivers the goods to retailers directly.
- Qno.33 Define Truck Jobbers.**
- Ans.** They usually deal in food and eatables like bakery, dairy items and sweets etc.
- Qno.34 Define Mobile Retailers.**
- Ans.** These retailers have no fixed shops for operating their business.
- Qno.35 Define Peddlers.**
- Ans.** They sell them of daily use, i.e. vegetables, fruits and milk etc.
- Qno.36 Define Street Hawkers.**
- Ans.** They use any conveyance like bicycle, motorcycle, handcart and van etc. for carrying goods
- Qno.37 Define Street Stallholders.**
- Ans.** These are also small retailers, but they do not move like mobile retailers. They have permanent small shops in the street or sometimes in their own house.
- Qno.38 Define Auction House.**
- 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. provided in advance through newspapers or pamphlets etc.
- Qno.39 Define Wending Machines.**
- Ans.** The automatic coin operated is installed at various public points e.g., airports, railway stations, bus stands and busy markets to sell various things to consumers.
- Qno.40 Define Departmental Store.**
- Ans.** A departmental store is a large-scale retail store. It has numerous departments. Each department deals in a particular kind of commodity. All the department are under one roof and supervised by single management. Al-Fateh etc.
- Qno.41 Define Chain Store / Multiple Shops.**
- Ans.** A chain store is one of a group of retail store of the same type. It is centrally owned and has some degree of uniformity in operations. E.g., sign boards, internal and external decoration, quality and price etc. Bata Shoe, Bundu Khan etc.
- Qno.42 Write down four advantages of department store.**
- Ans.** 1-Large number of customers, 2-Reasonable Price, 3- Less Expenses, 4- Quality of Goods
- Qno.43 Who is Seller?**
- Ans.** The person who sells his goods and services for a price is called s seller.
- Qno.44 Write down the two qualities of Hawkers.**
- 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.
- Qno.45 Define Cooperative Stores.**
- Ans.** Consumers cooperative society are associations of members engaged in retail trade. They supply of Capital and Management. Cooperative stores are the stores run by consumers cooperative societies on the principles of self and mutual help. They purchased goods directly from manufacturers and distribute them on retail basis to its member and outsiders. They work on no profit basis and for the welfare of the members.
- Qno.46 What are Sky Shops?**
- Ans.** It is modern means of selling goods. In this method goods are sold to public through electronic media. People are willing to buy place orders online by sitting in home.
- Qno.47 What is Delivery Order?**
- Ans.** If any person other than owner of goods wants to collect goods from warehouse of port then he presents the delivery order endorsed by the importer of goods in his favor.

Qno.48 **How many types are home trade? Write its name.**

Ans. There are following two types of Home Trade
1-Wholesalling, 2-Retailing

Chapter No.12, 13, 14---Foreign Trade, Import Trade, Export Trade

Qno.01 **What is meant by Foreign Trade?**

Ans. When there is any dealing in goods and services between two or more countries, it is Foreign Trade.

Qno.02 **Write Five Advantages of Foreign Trade.**

Ans. 1-Availability of Goods, 2-Employment Opportunities, 3-Stability in Price, World Peace, 4-Best Quality at minimum cost, 5-Economic Development

Qno.03 **Write Five Disadvantages of Foreign Trade.**

Ans. 1-Dependence, 2-Danger for home Industry, 3-Unemployment, 4-Inflation, 5-Economic Crisis.

Qno.04 **What is Import trade?**

Ans. When goods are received in home country after purchasing them from other countries it is called Import Trade.

Qno.05 **What is Export Trade?**

Ans. If the goods and services are sold to the trader of another country, then it is called Export Trade.

Qno.06 **What is Bill of Lading?**

Ans. If the goods are dispatched by ship from one place to another the receipt issued by shipping company is called bill of lading. Bill of Lading represents the title to the Goods.

Qno.07 **What are the types of Bills of Lading?**

Ans. There are two types of Bills of Lading.

Qno.08 **Define Clean Bill of Lading.**

Ans. If Captain 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.

Qno.09 **Define Foul Bill of Lading.**

Ans. 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.

Qno.10 **Define Receipt of Mate.**

Ans. After receiving the goods on ship, the mate of the captain counts the goods and checks the packing of goods and issues a receipt is called "Receipt of Mate".

Qno.11 **Define Freight Note.**

Ans. After the issuance of bill of lading the captain of the ship issues freight note. It contains details of charges payable to the shipping company.

Qno.12 **Define Invoice.**

Ans. Invoice is an important business document which is made 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.

Qno.13 **Define Consular invoice.**

Ans. Consular Invoice is a certificate which shows that the value of the exported goods mentioned therein is correct. This certificate is issued by Consular Office situated in Exporting Country.

Qno.14 **Define Bill of exchange.**

Ans. The Bill is drawn an order to importer by exporter for the payment of goods at particular fixed date to or to a specified person or to bearer.

Qno.15 **Define Certificate of Origin.**

Ans. Certificate of origin means the exemption of Import duty or imposed less duty, and this certificate is issued by the Exporting country Chamber of Commerce and Industry.

Qno.16 **Define Letter of Credit.**

Ans. The letter of Credit is a written instrument issued by the buyer's bank authorizing the seller to draw accordance with the certain terms and conditions.

Qno.17 **Define Bill of Entry.**

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.

Qno.18 **Define Bill of Sight.**

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 and to prepare necessary list thereof. This request is known as Bill of Sight.

Qno.19 Define Charter Party.

Ans. It is an agreement according to which the whole ship or a 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 and A TIME CHARTER PARTY.

Qno.20 What is meant by Letter of Hypothecation?

Ans. If importer has no money to pay custom duty at the port for goods imported, he may approach his bank for a loan. Letter of Hypothecation is a document through which goods are hypothecated with the banker for obtaining loan. If the loan is not returned according to the terms and conditions mentioned therein the banker might take possession of hypothecated goods. The banker has a right to sell them for compensation.

Qno.21 Define Dock Warrant.

Ans. It is a transferable document issued by warehouse-keepers to represent the rights of ownership of goods. The holder or presenter of dock warrant only can receive the goods from warehouse.

Qno.22 What is meant by Letter of Indemnity?

Ans. It is a document in which a person issues another person or firm for the compensation of loss of happening of specific 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 favor shipping company.

Qno.23 Define Delivery order.

Ans. It is a document containing an order issued by the owner of goods in the name of port officer to hand over the goods to the holder of this order. Only the holder of this document has right of receiving goods from the port.

Qno.24 Define Proforma Invoice.

Ans. It can be said "Rough Invoice" because it shows the purchaser how the actual invoice will be prepared if he decides to purchase goods. It is normally used by the importer to get the necessary permission from the central bank to open a letter of credit.

Qno.25 Define FREE ALONG SHIP (F.A.S).

Ans. F.A.S is a price which includes cost of goods plus expenses to deliver the goods on the vessels e.g. freight charges, packing charges and dock charges etc.

Qno.26 Define Free on Board (F.O.B).

Ans. This includes cost of goods sold and all the charges on goods up to the placement of goods on ship including railway freight and cost of loading on ship etc.

Qno.27 Define Ex-ship Price.

Ans. Ex-ship price includes cost of goods plus delivery charges, dock charges, ship freight, export duty and loading charges etc.

Qno.28 Define In Bond Price.

Ans. In bond price includes cost of goods and all expenses which are for transporting the goods to importer's warehouse.

Qno.29 Define the term Cost and Freight (C & F).

Ans. It includes cost of goods sold and all charges to the port of destination and freight of the ship.

Qno.30 Define Cost, Insurance and Freight (C.I.F).

Ans. It includes cost of goods sold and all the expenses mentioned in Cost, Insurance and Freight.

Qno.31 Define Franco / Free Price.

Ans. It is also known as free price. It includes all the expenses up to the buyer's godown, which means all expenses and duties are included in it. It means free delivery to importers.

Qno.32 Define Custom Duty.

Ans. Almost in all the countries, government of the country imposes certain duties on its imports and exports. These duties are known as custom duties.

Qno.33 Define Excise Duty.

Ans. These duties are imposed on goods produced in the country for their own consumption. They are also imposed to discourage the consumption of certain goods. That is why luxury goods are charged with a higher excise duty than essential goods.

Qno.34 Define Fee on Rail (F.O.L).

Ans. The price includes all the expenses from factory including boarding but does not include railway freight.

Qno.35 Define Indent.

Ans. Indents contain the features of both inquiry and order letter. Indent is the first step for exporting goods is to receive order from an importer. The indent must contain the particulars like quality, quantity, price, time of delivery and means of transportation etc.

Qno.36 Define Open Indent.

- Ans.** If the exporter is made responsible for deciding the quality and price of goods, along with other factors, then it is called open Indent.
- Qno.37 Define Close Indent.**
- Ans.** If the price and quality along with other factors are decided before the execution of order, then it is called closed Indent.
- Qno.38 What is Exchange Rate?**
- Ans.** The rate at which currency of one country is exchanged by currency of other country is called exchange rate.
- Qno.39 What are Important Sources of Importing Goods?**
- Ans.**
1. Manufacturers: Directly from producers or suppliers.
 2. Wholesalers: Bulk purchases from wholesale distributors.
 3. Online Marketplaces: Platforms like Alibaba, Amazon, or eBay.
 4. Trade Shows and Exhibitions: Sourcing products from industry events.
 5. Import Agents or Brokers: Specialized intermediaries facilitating imports.
- These sources provide access to a wide range of goods and products.

Chapter No.15---Middlemen

- Qno.01 Define Middlemen.**
- Ans.** The term middlemen include all firms and individuals who directly or indirectly participate in buying and selling of goods from the producer to final consumer.
- Qno.02 State the kinds of middlemen.**
- Ans.** There are two kinds of middlemen 1-Merchant Middlemen 2-Agent Middlemen
- Qno.03 Define Agent / Business Agent.**
- Ans.** The persons appointed by businessmen to represent them or to act on their behalf in business matters.
- Qno.04 Define Principal.**
- Ans.** The person from whom such act is done or who is so represented is called the principal.
- Qno.05 What types of agents help in buying and selling?**
- Ans.** 1-Brokers, 2-Factors, 3-Commission Agent, 4- Del-credere Agent, 5-Auctioneer
- Qno.06 List out the types of agents who help in the transportation.**
- Ans.** 1- Exporting Agents, 2- Importing Agents, 3- Forwarding Agents, 4- Clearing Agents, 5- Warehouse Agent
- Qno.07 Define Broker.**
- Ans.** Broker is an agent who buys and sells the shares of different companies on behalf of his principal.
- Qno.08 Define Underwriters.**
- Ans.** These are the agents who enter into agreements with the promoters of newly started companies to take up the remaining shares of the new companies which have not been taken up by the public.
- Qno.09 Define Factor.**
- Ans.** A factor is an agent who sells goods after taking them in his possession or under his control on behalf of his principal.
- Qno.10 State three characteristics of factor.**
- Ans.**
- He is given the possession of goods by the principal.
 - He sells the goods in his own name.
 - He receives payment from the purchaser.
- Qno.11 Define the Broker.**
- Ans.** A broker is an agent who represents a buyer or a seller in negotiating a purchase or sale without physically handling the goods involved. He is the only concerned with making bargains and contacts between other parties.
- Qno.12 State any three characteristics of broker.**
- Ans.**
- He is not given the possession of goods by the principal.
 - He simply conducts negotiations for sale of goods.
 - He cannot enter a trade agreement.
- Qno.13 Define Commission Agent.**
- Ans.** Commission Agent is an agent that receives orders from buyers by showing samples. Commission agents cannot transact the goods in their own name.
- Qno.14 State three characteristics of a Commission Agent.**
- Ans.**
- Commission agents are appointed for the sale and purchase of goods.

- Sometimes, the principal transfers the possession of goods to commission agent.
- A commission agent cannot transact the goods with own name.

Qno.15 How many kinds of Commission Agent?

Ans. There are three kinds of Commission Agent.

- Travelling Agent
- Common Agent
- Sole / Special Agent

Qno.16 Define Travelling Agent.

Ans. Sometimes wholesalers appoint a number of agents who go from place to place, show catalogues, pricelist etc. to wholesalers and retailers, book orders and forward them to their principals who execute them. Such agents are called Travelling Agents.

Qno.17 Define Common Agents.

Ans. Sometimes wholesale traders and manufacturers appoint certain shopkeepers in different parts of country as their selling agents. The principal supplies the goods to his agents according to their requirements. They sell the goods and receive the commission as remuneration.

Qno.18 Define Sole / Special Agent.

Ans. Sole agent works only for particular traders or institution. He is appointed for a specific area. The advantage of Sole Agent is that the principal agrees not to supply the goods anyone else in that area.

Qno.19 Define Del-creder Agent.

Ans. A del-creder agent is a selling agent, who in consideration of high commission undertakes to indemnify the principal from bad debts which generally occur due to non-payment of prices of the goods sold to the customer.

Qno.20 Define Forwarding Agent.

Ans. He is appointed when goods are exported to the foreign countries. His principal function is to receive the goods at the docks, to arrange freight to perform custom formalities to process bills of lading and to insure the delivery of goods.

Qno.21 Define Clearing Agent.

Ans. A clearing agent is appointed when goods are imported. He performs the custom formalities, takes delivery of the goods from the steamship companies and serves the goods to the importer according to his instructions.

Qno.22 Define Agency.

Ans. The relationship between an agent and principal is known as agency.

Chapter No. 16--- Sales Promotion

Qno.01 What is meant by Advertisement?

Ans. Advertising means bringing the product into the notice of general public and motivating its sale.

Qno.02 Define Marketing.

Ans. Marketing is a management process for identifying, anticipating and satisfying customers' requirements profitably.

Qno.03 Describe the advantages of advertisement.

Ans. 1-Increase in Sales, 2-Knowledge of Goods, 3-Increase in Production, 4-Decrease in Cost of Production

Qno.04 Write down demerits of Advertisement.

Ans. 1-Economic Wastage, 2-High Prices, 3-Monopoly, 4-Promotion of Social Events, 5-Burden on Consumer, 6-No expected results.

Qno.05 State the three important objectives of advertising.

- Ans.**
- Retaining Loyal Customers.
 - Recruiting New Customers.
 - Reducing Lost Customers.

Qno.06 What are important Medias / methods of advertisement?

Ans. 1-Newspapers, 2-Magazines, 3-Journals, 4-Radio, 5-Television, 6-Cinema, 7-Neon Signs, 8-Hoardings, 9-Posters, 10-Station Display.

Qno.07 What is meant by the Channel of Distribution?

Ans. A channel of distribution (Sometimes called a trade channel) for a product is the route taken the goods as they move from the producer to the ultimate consumer or industrial user.

Qno.08 Define the Salesmanship.

Ans. Salesmanship is the art of presenting and offering when prospect appreciates the need for it and then a mutually sale follows.

Qno.09 Write down the qualities of salesmanship.

Ans. 1-Innovative, 2-Attractive Personality, 3-Perfect Knowledge, 4-Loyal, Honest and Intelligent, 5-Social etc.

Chapter No. 17--- Business Finance

Qno.01 Define Business Finance.

Ans. Finance consists of providing and utilizing the money, capital, rights, credit and funds which are employed in the operation of an enterprise.

Qno.02 State the type of Finance.

Ans. 1-Short Term Finance, 2-Medium Term Finance, 3-Long Term Finance

Qno.03 Define Musharika.

Ans. The word Musharika is derived from the word shirkat. Shirkat means sharing, Musharika is a business organization in which two or more than two parties contribute (invest) capital and skill. The profit and loss of the business is distributed among persons (Parties) according to their agreed ratio.

Qno.04 Define Modaraba.

Ans. Modaraba is an agreement whereby one party provides capital and the other transacts the business. Overall profit of the business is divided in agreed ratio.

Qno.05 Define Multipurpose Modaraba.

Ans. If a Modaraba company is formed for more than one objective, it is called multipurpose modaraba automatically.

Qno.06 Define Specific Modaraba.

Ans. Specific Modaraba is established for the specific purpose. After completion of task it will be dissolved automatically.

Qno.07 State the source of short-term finance.

Ans. 1-Public Sources:

Commercial Banks, Foreign Exchange Banks, Federal Government Agencies

2-Personal Sources / Private Sources:

Friends and Relatives, Public Deposits, Co-operative Societies.

3-Business Sources:

Trade Creditors, Customers, Factors, Commercial Paper Houses

Qno.08 State the source of medium-term finance.

Ans. Life Insurance Companies, Partial Payment Method, Finance Facility by Agent, Financial Institutions, TFC's, PTC's

Qno.09 State the source of long-term finance.

Ans. Underwriters, Bonds, Incorporate Savings, New Partners, Debentures, Mortgage, Musharika Investment, Modaraba Certificates.

Qno.10 What is meant by Long Term Finance?

Ans. Long term finance is generally required for more than 10 years. Some banking experts say that the period of long-term finance is 6 to 10 years. It is used for purchasing permanent assets or to start a big business.

Qno.11 Define Short term finance.

Ans. Short term finance is generally required 1 year or less. It is available at low rate of interest to meet the seasonal requirements of business.

Qno.12 What is meant by Rab-ul-mal?

Ans. The person who participates with his money is named Rab-ul-mal.

Chapter No.18---Insurance

Qno.01 Define Insurance.

Ans. Insurance means undertaking, by a company, society or the state to provide safeguard against loss, provision against sickness, death etc. in return of regular payments.

Qno.02 What are the Principles of Insurance?

Ans.	Insurable Interest	Utmost Good Faith
	The Principles of Indemnity	Doctrine of Contribute
	Proximate Cause	Attachment of Risk
	Mitigation of Loss	Doctrine of Subrogation
	Cancellation	Arbitration

Qno.03 Define Insurance Policy.

Ans. The documents used for writing the contract of insurance are called insurance policy.

Qno.04 How many parties in insurance policy has?

Ans. Generally, Insurance company or Insurer is called Proposer, and the Acceptor is called Insured.

Qno.05 What are different types of Insurance?

- Ans.**
- Marine Insurance
 - Fire Insurance
 - Life Insurance
 - Accidental Insurance

Qno.06 What are the advantages of insurance?

- Ans.**
- Habit of Savings
 - Profitable Business
 - Basis of Credit
 - Economic Development
 - Transfer of Risk
 - Investment

Qno.07 Define Marine Insurance.

Ans. A Marine Insurance Policy is a contract whereby the insurer undertakes to indemnify the insured, in manner and to extent thereby agreed, against the losses incidental to marine adventure.

Qno.08 Write Four types of Marine Insurance.

- Ans.**
- Voyage Policy
 - Time Policy
 - Mixed Policy
 - Valued Policy
 - Composite Policy
 - Floating Policy
 - Fleet Insurance Policy

Qno.09 Define Fire Insurance.

Ans. Fire Insurance is a contract between the insurance company and the insured for indemnifying the loss or damage caused to the insured by fire.

Qno.10 What are different types of Fire Insurance?

- Ans.**
- Specific Policy.
 - Valued Policy.
 - Floating Policy.
 - Average Policy.
 - Full Valued Policy.
 - Rent Policy.
 - Blanket Policy.
 - Consequential Policy / Loss of Profit Policy.

Qno.11 Define Life Insurance.

Ans. This is the most important and popular type of insurance. In Life Insurance, insurance companies promise to pay a specific sum of money to the insured on the expiry of the period of policy or on the death of insured, whichever is earlier, to his nominees.

Qno.12 What are different kinds / Types of Life Insurance Policy?

- Ans.**
- Whole Life Policy.
 - Endowment Life Policy.
 - Tripple Payment Policy.
 - Jiwan Sathi Policy.
 - Group Life Policy.
 - Rural Insurance.
 - Terms Insurance Policy.

Qno.13 Define Accidental Insurance.

Ans. Accidental Insurance is an agreement in which the insurance company promises to compensate or indemnify the loss of goods and life of the insured due to an accident.

Qno.14 What are different kinds / types of Accidental Insurance.

- Ans.**
- Accidental Insurance for Property.
 - Accidental Insurance for Vehicles.

- Accidental Insurance for a Person.

Qno.15 What is meant by Group Insurance Policy?

Ans. They are taken for the employees of a business. Employees pay premium monthly and the whole amount is sent to the insurance company by the employer. The sum is paid to the employee on the retirement. In case of death the nominee gets the value of the policy. This policy is renewed every year.

Qno.16 What do you mean by Insurable Interest?

Ans. Insurable interest may be defined as a financial interest in the subject matter of contract. No person can enter into a contract with an insurance company unless he has an insurable interest in the object.

Chapter No. 19---Means of Transportation

Qno.01 Define Means of Transportation also give examples.

Ans. Transport refers to physical means by which human beings and commodities are transferred from one place to another. It removes the hindrances in the movement of goods and persons. E.g., Road Transport, Railway Transport, Air Transport, Water Transport.

Qno.02 Write down the four merits of means of transportation.

Ans.

- Widens the Market
- Industrial and Agricultural Development
- Optimum use of resources
- Stabilizes Prices
- Labor Movement
- Employment Opportunities

Qno.03 Describe the four qualities of Road Transportation.

Ans.

- Reasonable Fare
- Door to Door facility
- Less Capital investment
- Services to difficult areas
- Less Risk of Damage

Qno.04 Define Road Transport.

Ans. Road Transport is very important and the oldest form of transport and is used to carry goods and passengers from one place to another. E.g., Trucks, tankers, Buses, cars, Scooters, Animals, Cycle, Rickshaws, Animal carts Coolies etc.

Qno.05 Define Rail Transport.

Ans. George Stephan started railway train in 1825. Railway Transport plays a crucial role for the social and economic development of a country. For truth to tell, Railway are the lifeline of the national economy

Qno.06 Define Rail-Road Coordination.

Ans. Railway transport and road transport are complementary to each other. The rail-road coordination plays an important role in the transportation of goods and human beings from one place to another.

Qno.07 Define Water Transport.

Ans. Water Transport is the cheapest means of transportation. Boats, steamers, ships etc. on rivers, canals and on oceans are used in this type of transport. France experimented the steamboat in 1615 and its regular use was started in 1775.

Qno.08 Define Inland Water Transport.

Ans. When goods and passengers are transported from one place to another place through rivers, canals etc. within the boundaries of a country, it is called water inland transport.

Qno.09 Define Ocean Water Transport.

Ans. When goods and passenger are transported from one place to another port through seas, it is known as ocean-water transport.

What is the Role of Railways/ Roadways / Water Transport and Airways in promotion of Business?

Chapter No. 20--- Warehousing

Qno.01 What is meant by Warehousing?

Ans. A place (Building or Rooms or Godown) in which goods or merchandise are stored for marketing is called a warehouse and the process of storing, assembling and grading etc. is called warehousing.

Qno.02 What is the importance of Warehousing?

Ans.

- Seasonal production.

- Seasonal Demand.
- Surplus Production.
- Raw materials.
- Re-export.

Qno.03 Write four qualities / Function of Warehouse.

- Ans.**
- Proper space.
 - Transport Facility.
 - Economy.
 - Protection to Goods.

Qno.04 Write kinds of Warehouses.

- Ans.**
- Private Warehouses.
 - Public warehouses.
 - Bonded warehouses.

Qno.05 Define Private Warehouses.

Ans. There are the properties of different business organizations. Owners of these warehouses store their own goods. They are very small in number because of heavy cost.

Qno.06 Define Public Warehouses.

Ans. A Public warehouse or a duty-paid warehouses operates to store goods owned by any person in return for a storage fee or charged. The government licenses it, regulates its method of operation and charges.

Qno.07 Define Bonded Warehouses.

Ans. Bonded warehouses are those licenses by the government to accept imported goods for storage before the payment of custom duty by the importers of such goods.

Chapter No.21---Chamber of Commerce and Industry

Qno.01 Define Chamber of Commerce.

Ans. A chamber of Commerce is voluntary association of businessmen, financiers, manufacturers and other traders in a particular city or area for promotion trade, business and protecting the members' business interest.

Qno.02 How many Chambers of Commerce were working at the time of partition?

Ans. At the time of birth of Pakistan, there was hardly any trade or industry worth of its name. There were only two chambers functioning in Pakistan at the time of partition one at Karachi, which was established in 1860 and other at Lahore founded in 1923. After the establishment of Pakistan, the Karachi Chamber of Commerce & Industry was recognized firstly.

Qno.03 How many members of Chamber of Commerce and Industry?

Ans. Chamber Members:
These are large industrial and commercial associations. The chamber itself offers membership to them. They contribute heavy amount as membership fee.
Associate Members:
The Small and Medium size industrial and commercial associations are named as associate members. They themselves apply for membership and pay comparatively less fee.
Group Members:
Small industrial and commercial groups which are licensed under Trading Organizations Ordinance 1961 can become such members.
Town Associations:
The Town Associations, which have been licensed under Trading Organizations Ordinance 1961 can affiliated with the Chamber of Commerce and Industry.

Qno.04 Which documents are required for the formation of Chamber of Commerce and Industry?

Ans. Memorandum of Chamber of Commerce and Industry
Article of Chamber of Commerce and Industry

Qno.05 How many Members are the part of Management Committee of Chamber?

Ans. A committee is formed for the conduct of daily matters of chambers. This committee is called Management Committee or Executive Committee. Management Committee consists of following persons:

- President.
- Senior Vice President.
- Vice President.

- Qno.06** • Members.
Ans. **List Five Functions of Chamber of Commerce.**
- Promotion of Trade and Commerce
 - Trade Restrictions
 - Latest Information
 - Expert Opinion
 - Arbitration

- Qno.07** **How Chamber of Commerce Plays a role in Economic Development of a Country?**
Ans. A Chamber of Commerce plays a role in economic development by:
- 1. Promoting trade and investment:** Facilitating business connections and opportunities.
 - 2. Advocating for business interests:** Representing the business community's needs to policymakers.
 - 3. Providing business support services:** Offering resources, training, and networking opportunities.
 - 4. Fostering entrepreneurship:** Encouraging innovation and startup growth.
- By doing so, Chambers of Commerce help create a favorable business environment, stimulate economic growth, and support national development.

Chapter No. 22--- Office Organization

- Qno.01** **What is meant by office?**
Ans. An office is the place where the central mechanisms for an enterprise are located, where records are initiated for communication, control and efficient operations of the enterprise.
- Qno.02** **What are the functions of an office?**
Ans.
- Receiving information
 - Recording information
 - Arranging information
 - Transmitting information
 - Filing the record
 - Supplying office requisites.
- Qno.03** **Define office organization and state its objectives.**
Ans. Organization refers to that group of people who work together under the supervision and guidance of their leader for the accomplishment of common objectives.
- Fixation of responsibility.
 - Secrecy.
 - Better performance.
- Qno.04** **State the importance of an office in the Development of Organization.**
Ans. The importance of an office can be explained with the help of following points:
- Perform the function of Information and Communication.
 - Making policies and Successful Implementation of Policies.
 - Necessary information for good decisions.
- Qno.05** **What are the three main qualities of an Office worker?**
Ans. The performance of an office is dependent to the abilities and capacity of its office workers. The qualities of an office worker can be divided as:
- Personal Qualities.
 - Physical Qualities.
 - Educational Qualities.

Chapter No. 23---Office Machines

- Qno.01** **Define office Machine.**
Ans. Office Machine is an automated device that improves efficiency, lowers cost and improvises the amount and quality of work that can be done.
- Qno.02** **What is the importance of Office Machine?**
Ans. Saving Time, Saving of Labor, Saving of Expenditure, Convenience of work, increase in efficiency, Elimination of Errors, Records Updated etc.
- Qno.03** **What is the type of copying machine?**

- Ans.** Typewriter, Photo state Machine, Duplicating Machine
- Qno.04** **What are the types of calculating machines?**
- Ans.** Calculator, Posting Machine, Invoice Machine, Time Recording Machine, Cash Register, Computer.
- Qno.05** **What are the types of Communication Machines?**
- Ans.** Telephone, Fax Machine, Mobile Phone, Dictating Machine, Computer (Internet).
- Qno.06** **What is meant by Typewriter?**
- Ans.** The typewriter is an important machine used for typing correspondence and reports. It is most used machine in the office which was introduced in 1873. Typewriters are of diversified nature.
- Qno.07** **Define Posting Machine.**
- Ans.** Posting Machine means transfer of accounts from original entries to the appropriate ledger accounts. Accuracy of entries and legibility (easy to read) are the two basic requirement of this function. These machines post total and print new balances automatically and maintain accuracy of sequence therein.
- Qno.08** **Define Cash Register.**
- Ans.** It is a machine which keeps a duplicate record of all cash memos. It is generally used in retail shops and supermarkets. It helps to check the misappropriations on the part of salesmen. These machines are useful for those concerns which receive cash regularly from many customers.
- Qno.09** **What is meant by Communication Machine?**
- Ans.** The machine used by the officers to pass instructions and message to their subordinates are called communicating machines.
- Qno.10** **What is meant by Intercom System?**
- Ans.** It is a separate telephone system controlled by central exchange of the office to make contact among different departments of the organization.
- Qno.11** **How does an invoice machine work?**
- Ans.** According to scope and expansion in business, an invoice machine is used to prepare invoices. This machine also prints the value of goods sold with their detail and nature. A few copies of invoices sold can also be prepared or printed easily.
- Qno.12** **Write three advantages of computer.**
- Ans.** Advantages of computer are as follows:
- Save time and labor.
 - Elimination of errors.
 - Increase in Efficiency.
- Qno.13** **Define Duplicating Machine.**
- Ans.** Duplicating Machine is used when a few copies of documents are required. The process of duplicating machine involved the use of a thin fibrous sheet, called stencil which is covered with a chemical coating through which ink cannot pass.

Chapter NO. 24---FILING & INDEXING

- Qno.01** **What is meant by Filing System?**
- Ans.** Filing is a process of classifying and arranging records so that they can be obtained without delay.
- OR
- Filing refers to systematic preservation of paper in a well-organized manner that in case of their need they can easily be made available or traced.
- Qno.02** **State the characteristics of a good filing system.**
- OR
- How does good Filing system affect office efficiency?**
- Ans.**
- Accessibility.
 - Safety.
 - Time Saving.
 - Economic.
 - Minimum Space.
 - Secrecy.
- Qno.03** **State the methods of Filing.**
- Ans.** **There are two methods of filing:**

Horizontal Filing:	Vertical Filing:
• Wire Filing.	• Alphabetical Filing.
• Cardboard Filing.	• Geographical Filing.

• Pilot Filing.	• Numerical Filing.
• Arch Filing.	• Chronological Filing.
• Shannon Filing.	• Subject Filing.
• Pigeon-hole Filing.	

Qno.04

Ans.

State the merits and demerits of Horizontal Filing.

Merits:	Demerits:
• Less Space	• Less Elastic
• Less Expensive	• Risk of Mixing
• Suitability	• Difficulty in finding
• Safety	• Excess letters
• Easy Method	• Risk of damage
• Simple Method	

Qno.05

Ans.

State the merits and demerits of Vertical Filing.

Merits:	Demerits:
• Safety	• Expensive
• Elastic	• Complicated
• Suitable	• More Space
• Easy Access	• Unsuitable
• Time Saving	• Chances of Losing
• Arrangement	
• Secrecy	

Qno.06

Ans.

What is meant by Indexing?

Indexing is a list names and topics written / recorded in one or more than one books with reference or page number.

Qno.07

Ans.

State the method of Indexing.

The following various methods of Indexing:

- Alphabetical Index.
- The Vowel Index.
- Card Index.
- Visible Index.
- Geographical / Subject Index.
- Open Paper Index.

Qno.08

Ans.

What is meant by Horizontal Filing System?

In Horizontal Filing, the files are kept within the drawers, racks or in the shelves in flat position or one is the top of another. They lie horizontally e.g., east to west.

Qno.09

Ans.

What is meant by Vertical Filing System?

This is the keeping of files within the drawers, racks or in shelves when they are standing up-right north to south. The titles are normally placed at the top edge of the files which are visible. Files are normally safe and secure as they are filing cabinets.

Qno.10

Ans.

What is meant by VOWEL indexing?

According to this method, each letter of the alphabet split up into six divisions on the basis of vowels. After the initial letter of the word indexed vowels: a, e, I, o, u or y is used. So instead of one division for letter M word Ma, Me, Mi, Mo, Mu or My can be used.

Qno.11

Ans.

What is meant by Card Indexing?

It consists of single drawer of cards or a few drawers. The basic information is stated on these cards. The cards may either be loose in the drawer and kept in that place by an adjustable block, or by threaded or rod is used which passes through the drawer.

Qno.12

Ans.

What is meant by ARCH filing System?

In this method, c cardboard is used on which there are two rods bent like arch. To insert the letters into this file, two holes are made with punching machine, and letters are threaded into the rods and rods are pressed. To get a paper out of the file the rods are pushed back.

- Qno.01**
Ans. **What is Business Correspondence?**
A businessman writes and receives letters in his day-to-day life. A correspondence between two organizations or within an organization comes under this category. A letter to a supplier, complaint letters, letter of inquiry, job application letters are some of its examples.
- Qno.02**
Ans. **Define Letter.**
When two persons get together or meet, they can talk to each other but if they cannot talk with each other due to the hindrance of distance then the message can be conveyed in writing.
- Qno.03**
Ans. **How many types of a letter has?**
Three types of Letters are: Personal Letter, Business Letters, Official Letters.
- Qno.04**
Ans. **Define Personal Letter.**
The Letters, which are sent or received for personal or domestic matters, called personal letter. Letters written to relatives and friends etc.
- Qno.05**
Ans. **What is Formal Letter?**
These letters include information regarding different meeting like pleasant or misery occasion and political invitations etc.
- Qno.06**
Ans. **State qualities of a Business Letter.**
Simple Language, Correctness, Conciseness, Cohesiveness.
- Qno.07**
Ans. **Write kinds of Business Letter.**
Letter of Enquiry, Letter of Quotation, Order Letter, Claim and Complaint Letter, Adjustment Letter, Collection Letter.
- Qno.08**
Ans. **What is Heading?**
The sender of letter writes the name and address of his firm, company or incorporation in the top middle part of the letter. This part of the letter is called heading.
- Qno.09**
Ans. **Name parts of Business Letter.**
Heading, Date, Inside Address, Salutation, Body of Letter, Complementary Close, Signature.
- Qno.10**
Ans. **What is the purpose of Post Script?**
Sometimes the extra message is added to the end of letter. It may be something important or personal comment by writing Postscript above the first line of postscript.
- Qno.11**
Ans. **Define Inquiry Letter.**
This letter develops a link between buyer and seller. When a trader wants to buy the goods and services then he gets necessary information with the help of this letter.
- Qno.12**
Ans. **What is Quotation Letter?**
The reply of enquiry letter by the seller is known as quotation. It includes all necessary information, terms and conditions regarding the sale of goods required by the buyer.
- Qno.13**
Ans. **What is Adjustment Letter?**
An Adjustment Letter is reply to complaint (claim) letter. Complaints or Claims should not be discouraged, otherwise, it is a risk of losing customers.
- Qno.14**
Ans. **Define Official Letter.**
Official letters are letters written by central or provincial government to its sub-ordinate or associated departments and government institutions. The policies, orders, and instructions of government are sent to different offices or persons through official letters.
- Qno.15**
Ans. **Name types of Official Letter.**
Officials Letters, Memorandum, Semi-officials Letters, Reminder Letter, Unofficial Note, Endorsement, Notifications, Circular, Press Note, Office Order.
- Qno.16**
Ans. **Write four qualities of Official Letter.**
Correctness, Conciseness, Courteous, Completeness
- Qno.17**
Ans. **What is semi-official letter?**
This letter is written to get the personal attention of addressee on an important official matter. The addressee is addressed in this letter by his name. The name and address of the sender is written at the end.
- Qno.18**
Ans. **What is meant by reference number in official letter?**
The reference number is written in middle top part of the paper sheet of an official letter.
- Qno.19**
Ans. **What is Government Memo?**
It is the type of an official letter which is written to higher officials or higher officials write it to their subordinates. In this letter salutation and complimentary close are not used.
- Qno.20**
Ans. **Define Press Note.**

Ans. A press note is a statement made by government officials, state department or other government organizations to media for publicizing or broadcasting. It contains information about the government steps taken for the general public under different circumstances.

Qno.21 What is meant by Unofficial Note?

Ans. Whenever an officer wants to discuss an official matter with another officer, he then sends the file after writing a note on it. This note is called unofficial note.

Qno.22 What is meant by Endorsement of Official Letter?

Ans. Endorsement means a concise statement written at the end of a letter. This statement consists of a few lines. The endorser always mentions his name and post after making endorsement.

Qno.23 Differentiate between Personal Letter and Official Letter.

Ans. Personal Letter:

The letters which are sent or received for personal or domestic matters are called personal letter written to relatives and friends etc.

Official Letter:

The letters are written by government and its offices or department to each other people called official letter.

Qno.24 What is Job Letter?

Ans. A letter written by a job seeker to government or private organizations to seek a job. This letter should be written very carefully. It should be written in such a way that it produces positive response.

Qno.25 Define Circular Note.

Ans. A circular letter is written and sent to several persons engaged in business. The nature and pattern of this letter is like an announcement to convey some definite message or information to the correspondents.

Qno.26 Briefly describe the importance of business correspondence.

Ans. In the present era of industrial and business improvement, the success of business depends upon pleasant and strong business relations. Although in this era of modern technology, there are many sources of contacts, yet in this connection importance of letter is admitted in all hands.

Qno.27 What is meant by the body of Business Letter?

Ans. The body of a business letter is the main content section, where the purpose, message, or request is clearly stated. It typically includes:

1. Introduction
2. Main message or purpose
3. Details or supporting information
4. Call to action (if applicable)

This section should be concise, clear, and professional.