

## Principle of Commerce (English Medium) - 11th Class Principle of Commerce Chapter 17 Short Questions Preparation

Q1. Write a personal sources

**Ans 1:** i- Friends and relatives ii- Indigenous bankers

**Ans 2:** iii- Public deposits iv- Personal loan companies

**Ans 3:** v- Co operative societies.

Q2. Expoin Types of Modaraba.

**Ans 1:** i- Multipurpose Modarba: If a moderaba company is formed for more than one objectives, it is called multipurpose modarba automatically.

**Ans 2:** ii- Specific Moderaba: Specific moderaba is established for the specific purpse. After completionof task, it will be dissovled automatically.

Q3. State the sources of long term finance.

**Ans 1:** i- Underwriters ii- bonds iii - incorporate savings.

**Ans 2:** iv- New partners v- Debentures vi. mortgage

**Ans 3:** vii- Musharika investment viii- Modaraba certificates.

Q4. State the sources of short term finance.

**Ans 1:** i- Commerical banks ii- Foreign exchange banks

**Ans 2:** iii- Federal government agencies.

Q5. State say three characteristics of Musharika.

**Ans 1:** i- Musharika is an agreement between bank and its client to participate in a business as temporary paartners.

**Ans 2:** ii- The parties contribute their capital according to agreement

**Ans 3:** iii- The total profit of Musharika is to be shared according to agreed ratio.

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Q6. What is meant by long term finance.

**Ans 1:** 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.

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Q7. Give a brief explanation of Musharika.

**Ans 1:** 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 capital and skill. The profit and loss of the business is distributed among persons according to their agreed ratio.

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Q8. Define Business finance and state the types of finance.

**Ans 1:** Finance consists of providing and utilizing the money capital, rights, credit and funds of any kind which are employed to the operating of an enterprise.

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Q9. State the sources of medium term finance.

**Ans 1:** i- Life insurance companies ii- Partial payment method

**Ans 2:** iii- Finance facility by agent iv- Financial institutions

**Ans 3:** v- TFC's vi- PTC's

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Q10. Define Business sources

**Ans 1:** i- Trade creditors ii- Customers iii- Factors  
iv- Commercial paper house.

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