

CHAPTER-2**Very Short Answer Question-**

1. Give the classification of partnership on the basis of liability.
2. What is a partnership deed?
3. List any two contents of a partnership deed.
4. Name the authority to whom an application has to be submitted for getting a partnership firm registered.
5. What is the minimum number of members to start a cooperative society?
6. Name the type of business organisation which is set up with the motive of welfare of members.
7. Name the Act under which a cooperative society is compulsorily required to be registered.
8. The cooperative society can enter into contract and hold property in its name. Identify the related feature.
9. What is the maximum liability that a member of a cooperative society can be asked to bear?
10. Who has the power to take decisions in a cooperative society?
11. Why is it said that there is equality in voting status in a cooperative society form of business organisation?
12. Name any two types of cooperative societies.
13. Why is a Joint Stock Company known as an artificial person?
14. 'Members may come and members may go but the company continues to exist'. Identify the related feature of a Joint Stock Company.
15. Who undertakes the management and control of the affairs of the company?
16. How is transfer of interest possible in case of a Joint Stock Company?
17. Explain the term 'oligarchic management'.
18. State the minimum and the maximum number of members with reference to a private company.
19. What is the minimum and the maximum number of members in a public company?
20. Name the stages in formation of a private company.
21. Name the stages in formation of a public company.
22. Who is the promoter?
23. What do you understand by the term 'promotion' in context of company?
24. Name any two parties who are authorised to sign a statutory declaration.
25. What is the minimum number of members required to sign Memorandum of Association in case of private company and public company?
26. Who is authorised to buy qualification shares in a company form of business organisation?
27. Name the document which is also known as the birth certificate of a company.
28. Give the full form of SEBI.
29. What is the amount of minimum subscription as per the guidelines of SEBI?
30. Name the document to be filed by a public company in case it decides to raise cap privately.

Short Answer Questions

1. State any three advantages of a sole proprietorship form of business organisation over partnership.
2. State any three advantages of partnership form of business over sole proprietorship.
3. Is registration of partnership firm compulsory? State the consequences of non registration of a partnership firm.
4. How is the status of a minor in a partnership firm different from that of a member of Joint Hindu Family Business?
5. Write a short note on minor as a partner.
6. How would you distinguish between an active and a sleeping partner?
7. Explain, partner by estoppel with the help of a suitable example.
8. Distinguish between general partnership and limited partnership.
9. State any six contents of a partnership deed.
10. Distinguish between sole proprietorship and partnership form of business organisation.
11. Distinguish between partnership and cooperative society form of business organisation.
12. Write a short note on one Person Company.
13. What are the advantages of a joint stock company over a partnership firm? State any four points.
14. Describe briefly the different kinds of feasibility studies undertaken by a promoter.
15. Promoters of a company enjoy a fiduciary position with the company. Explain.
16. Write a short note on preliminary contracts. &
17. What does DIN stand for?
18. What is a prospectus?
19. What is the role of Bankers in the process of raising funds from public by a company?
20. Why do companies appoint underwriters to the issue?
21. Why is appointment of brokers important in the capital subscription stage of formation of a company?
22. Can Memorandum of Association of two proposed companies be same? Why or why not?
23. When Articles of Association of two proposed companies be same? Why or why not? V.

Long Answer Questions

1. State the features of a sole proprietorship form of business organisation.
2. 'Sole proprietorship offers many advantages'. Explain by giving any five points.
3. Notwithstanding various advantages of sole proprietorship form of organisation is not free from limitations. Describe briefly any four limitations of sole proprietorship form of business organisation.
4. This form of business organisation is only found in India. Identify the type of business organisation and describe its features.
5. Describe briefly the characteristics of partnership form of business organisation?
6. What are the merits of a partnership form of business organisation?
7. This form of business organisation lacks public confidence. Identify the type of business organisation and also state its other limitations.
8. Discuss in brief, the different types of partnerships.

9. Name the form of organisation which is established with the motive of welfare of members. State its features in brief.
10. Describe briefly the merits of a cooperative society.
11. Interference in the functioning of this form of organisation through the control exercised by the state government negatively affects its freedom of operation. Identify the form of organisation being described in the above lines. Also state its other limitations.
12. Explain in brief, different types of cooperative societies.
13. The Board of directors is the chief managing body of this form of business organisation. Identify the form of business organisation and also describe its features.
14. The company form of organisation offers a multitude of advantages. State briefly any five of them.
15. Discuss the major limitations of a company form of organisation.
16. Distinguish between private company and public company.
17. State the privileges enjoyed by a private limited company as against a public limited company.
18. Describe briefly the important factors determining the choice of organisation.
19. Describe briefly the functions of a promoter.
20. State the documents required to be submitted for incorporation of a company.
21. Distinguish between Memorandum of Association and Articles of Association.
22. Describe briefly the various clauses of Memorandum of Association.
23. Describe briefly the steps involved in the capital subscription stage of formation of a company.

Case Study Based Questions

1. Mehul sent an email to his friend Rahul who resides in US asking for financial help. Mehul shared with him that due to a prolonged illness, his business suffered a lot. As a result, he was not able to repay the bank loan which he had taken for the expansion of his business. He also informed him that his warehouse has been confiscated by the bank authorities to settle his claims. Mehul also reminded Rahul of his good times in business when he had helped Rahul financially being the sole recipient of all the business profits. In context of the above case:
 - (a) Identify the related feature and liability of the form of business been described in the above paragraph.
 - (b) Explain in brief, any two merits of this form of business which have not been mentioned in the paragraph.
2. Aniket runs a coaching centre in a market near to the north campus in Delhi University. Over the years, his business has gained popularity among the students. He now plans to buy another property to set up a parallel Institute, keeping in view the growing demand. The property owner is giving him an option to induct him as a partner and convert his sole proprietorship form of business into partnership. This way Aniket, will be liable to pay him only half of the price of the property. In your opinion, should Aniket accept the offer of the property dealer and change his form of business or not. Justify your answer by giving any three suitable points.

3. Kajal, Kiran and Kavita have been involved in a partnership business for over a period of 5 years. Unfortunately, Kavita died in a road accident. Kajal and Kiran were very upset on the sudden lose of a resourceful partner. Knowing that Kavita's seventeen years sister, Namita is equally efficient in her work, they decided to have her as a partner in their business. Kajal shared her plans with her father Mr. Gulati, who is a lawyer. Mr. Gulati told Kajal that Namita cannot become a partner in their firm. However, Namita can be admitted to the benefits of the partnership firm. In context of the above case:
- (a) Why does law does not permit a minor to be admitted as a partner in a firm?
- (b) What are the terms and conditions under which Namita as a minor, may be admitted to the benefits of a partnership firm?
4. Rudra Communication Limited and Sutra Communication Limited entered into a partnership contract to produce a movie based on the social issue of female foeticide, to showcase the future of the country, if we keep killing the girl child. In context of the above case:
- (a) Identify and explain the type of partnership being described in the above lines.
- (b) Also, state the category of types of partnership to which it belongs.
- (c) Describe in brief, any other type of partnership belonging to the same category
5. Viju and Viru belonged to a small town in Bihar and aspired to be famous movie star. As the luck shined on Viju, he became a superstar in Bhojpuri cinemas. Whereas, after working in a few films as a supporting actor, Vim decided to you start an advertising agency in Patna. In order to give a boost to his business right from its inception he asked his friend Viju to become a partner in his business. Viju agreed to do so and allowed the use of his name by the firm. But he refused to participate in the management of the business.
- (a) Identify and explain the type of partners being mention in the given paragraph.
- (b) Also comment upon liability, capital contribution and shares in profit and loss with regard to the types of partners as identified in part (a) of the question.
6. Sudeep is pursuing a graphic designing course at a Technical Institute at Pune. In one of the class room discussion on 'career options' at the institute, he shares with his classmates that he is a member of a business by birth. Although, he does not have the right to take any decisions regarding the business. His uncle takes all decisions related to the business. In context of the given case:
- (a) Identify the form of business organisation being described in the above lines.
- (b) Mention the status enjoyed by Sudeep in this form of business organisation. .
- (c) State any three other features of this form business organisation which are not mentioned in the above lines.
7. Shivam is an expert graphic designer working with an Advertising company. During his free time he also takes up freelancing logo designing assignments for various organisations within the country and abroad. Over the years, the credibility for his work has built up. therefore, he feels it is the right time now to promote his own business. Keeping in view, certain constraints of a sole proprietorship form of business, he is reluctant to opt for this form of business organisation. At the same time he does not want

to start the business in partnership. Is there any other form of business organisation in which Shivam can promote his business as an individual? Name and briefly explain this form of business organisation.

8. Toffee Private Limited is a well-known company dealing in pet food and accessories. Keeping in view the growing demand for its products the company has decided to increase its production turnover. The expansion plan will necessitate setting up of a new factory. In order to meet, its increased financial needs the management of the company has decided to 'go public' that is to change the form of business from a private limited company to a public limited company.
- (a) Why do you think the management of the company has decided to convert the company into a public limited company?
- (b) State any four privileges that it now enjoys as a private limited company over public limited company.
9. Raj has identified a large opportunity for residents in India to generate their own power and save money by setting up solar equipment on their roofs or balconies, etc. Besides, conceiving a business ideas promotion involves taking an initiative to form a company so that practical shape can be given to it. Briefly outline the other functions which need to be performed by Raj as a promoter.
10. Piyush and Prateek have decided to convert their partnership form of business organisation into a Private Limited Company on the advice of their friend Prerak. Prerak advises them on certain documents which need to be attached with the application for registration of the company. He asks them to get a document prepared, which will define the relationship of the company with outsiders. In addition to this, a document containing the rules of internal management of the company should also be prepared, which will indicate how the objectives of the company are to be achieved. Furthermore, the directors of the proposed company have to give an undertaking to purchase the qualification shares. He asks them to first get these three documents prepared and then contact him for further information on the remaining documents.
- (a) Identify the various documents been described in the above lines.
- (b) Also, mention the remaining documents which needs to be filed with the Registrar of the companies for the registration.
11. Rohan is pursuing a course on financial market management from a premier institute in Delhi. He has been asked to give a presentation in the class on the topic 'Capital subscription stage in the formation of a company'. As he was travelling to attend his best friend's wedding at Mumbai, he asked his sister Reena to prepare the presentation for him. Reena prepared the presentation covering the various steps involved in raising.