

FOCUS AREA BASED ON PREVIOUS AND EXPECTED QUESTIONS ,
ANSWERS OF PLUS ONE BUSINESS STUDIES 2020-2021

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Chapter 2.

FORMS OF BUSINESS ORGANISATION

1.The business operations in a Joint Hindu Family business is controlled by

a. Partners. b. Kartha . c. Co- parceners. d. Shareholders.

Ans: **b. Kartha . (Out of focus area)**

2. Ram and Rahim decided to start a mob shop at Aluva.

Which form of business organisation is suitable to them ?

Ans: **Partnership**

3. Identify the form of business organisation related to the following statements.

a) An artificial person created by law.?

Ans: **Joint Stock Company.**

b) Association of persons with the motive of welfare of members.?

Ans: **Co-operative Society.**

4. Which among the following is the main characteristic of Hindu Undivided Family Business?

a) Single ownership. b) Transfer of membership. c) Membership by birth .d) Registration is compulsory . **(out of focus area)**

Ans: c) **Membership by birth.**

5. Match the following

Sl.No	A	B
1	Formed by an agreement	Joint Stock Companies
2	Not sharing profits	Cooperative Societies
3	One Man One Vote	Partnership Business
4	Transferability of shares	Sole proprietorship

Ans: **Formed by an agreement -Partnership Business**

Not sharing profits -Sole proprietorship

One Man One Vote -Cooperative Societies

Transferability of shares -Joint Stock Companies

6. The maximum number of members allowed in a private limited company is-----

Ans: **200.**

7. “ One man one vote “ is the principle of-----form of business organisation.

a. Joint Stock Companies b. Partnership c. Co-operative Society . d. Hindu Undivided Family Firm.

Ans: c. **Co-operative Society .**

8. Complete the series:

Partnership- Partners.

Company--?

Ans: **Shareholders.**

9.” Members may come and go but the company continue to exist”. Which features of Joint Stock Company is referred here?

a. Perpetual Succession b. Separate Legal Entity c. Risk bearing d. Formation.

Ans:a. **Perpetual Succession .**

10. Match the following

Sl.No	A	B
1	Partnership	Co- parceners
2	Joint Hindu Family business	Service Motive
3	Joint Stock Companies	Partners
4	Cooperative Societies	Shareholders

Ans: **Partnership** -Partners
Joint Hindu Family business -Co- parceners
Joint Stock Companies -Shareholders
Cooperative Societies -Service Motive.

11. "Profit need to be shared". This statement is not applicable to..

a. Joint Stock Companies b. Partner ship c. Co-operative societies d. Sole proprietor ship .

Ans: c. **Co-operative societies.**

12. Co-operative society follows-----principles.

Ans: **One Man One Vote.**

13. March the following.

Sl.No	A	B
1	Sole proprietorship	One Man One Vote.
2	Joint Hindu Family business	One man Business
3	Cooperative Societies	Common seal
4	Joint Stock Companies	Kartha

Ans: **Sole proprietorship** -One man Business
Joint Hindu Family business -Kartha
Cooperative Societies -One Man One Vote.
Joint Stock Companies -Common seal.

14.Mr. Mohammed and Mr. Sajan entered into an agreement to start a business to share profits.

Identify the form of business they decided to start. Explain its features?

Ans: **Partnership Business.**

Features

(i) Formation: The partnership form of business organisation is governed by the Indian Partnership Act, 1932.

(ii) Liability: The partners of a firm have unlimited liability.

(iii) Risk bearing: The partners bear the risks involved in running a business as a team.

(iv) Decision making and control: The partners share amongst themselves the responsibility of decision making and control of day to day activities. Decisions are generally taken with mutual consent.

(v) Continuity: Partnership is characterised by lack of continuity of business since the death, retirement, insolvency or insanity of any partner can bring an end to the business.

(vi) Membership – (2 to 50). Minimum number of members is 2. According to Section 464 of Companies Act 2013 maximum number of partners can be 100,

(vii) Mutual agency:Each partner is an agent of the other partners as well as the firm.

15.Cooperative society is a voluntary association of persons who join together with the motive of welfare of the members. State feature of a co-operative society.?

Ans:**Features**

(i) Voluntary membership: The membership of a cooperative society is voluntary. A person is free to join a cooperative society, and can also leave anytime as per his desire.

(ii) **Legal Status** : As the registration of a cooperative society is compulsory, it gets separate legal entity and continuous existence.

(iii) **Limited Liability** : The liability of the members is limited.

(iv) **Control**: In a cooperative society, the power to take decisions lies in the hands of an elected managing committee.

(v) **Service motive**: The main objective is to render services to its members rather than profit.

16. Write short note on partnership deed.?

It is the document which contains all the terms and conditions of partnership and it can be altered at any time with the consent of all the partners. This agreement may be either oral or written; however it will be better in writing itself to avoid disputes in future. It is also known as the “Articles of Partnership”.

17. Which among the following is not the feature of a co-operative society?

a) Huge financial resources. b) Limited Liability. c) Compulsory registration. d) Voluntary membership.

Ans: **a) Huge financial resources.**

18. Liability of co partners in Hindu Undivided family business is (*out of focus area*).

Ans: **Limited.**

19. Mr. Manoj is running a ladies store. As he has no business partners in the shop, he appointed two more ladies to assist him in trading activities for a salary of Rs. 2000 per month.

a) What form of organisation does Mr. Manoj own?

Ans: **Sole proprietorship concern.**

b) State any four advantages and three disadvantages of the organisations.

Ans: **Merits**

(i) Quick decision making: A sole proprietor enjoys considerable degree of freedom in making business decisions.

(ii) Confidentiality of information: Sole decision making authority enables the proprietor to keep all the information related to business operations confidential and maintain secrecy.

(iii) Direct incentive: A sole proprietor directly reaps the benefits of his/her efforts as he/she is the sole recipient of all the profit. This provides maximum incentive to the sole trader to work hard.

(iv) Sense of accomplishment: There is a personal satisfaction involved in working for oneself.

v) Ease of formation and closure: There is no separate law that governs sole proprietorship. There is ease in formation as well as closure of business.

Limitations

(i) Limited resources: Capital is limited and the size of business is small.

(ii) Limited life of a business concern: Since the business and owner are one and the same entity, his death, insanity etc. will affect the existence of the business.

(iii) Unlimited liability: Sole proprietors have unlimited liability.

(iv) Limited managerial ability: Sole proprietors have limited managerial ability.

20. Anu and his seven friends together decided to start a business. They are on a confusion whether it should be a partnership firm or a joint stock company. Help them to select the suitable form by explaining any 4 merits as well as demerits each of it.

Ans: **Joint Stock Company/ Partnership (merits and demerits).**

21. Jisha and Lekha jointly start a business on the basis of agreement. They contributed capital and sharing risk engaged in business jointly and severally.

a. Identify the form of business organisation mentioned above ?

Ans: **Partnership firm**

b. Describe its features?

Ans: **features of partnership firm.**

22. Name the form of business organisation found only in India? (**Out of focus Area**)

Ans: **Joint Hindu Family Business.**

23. Amal, Binu and Chandran decided to start a partnership business. They want to make a partnership deed. As a commerce student suggest the possible aspect to be included in their proposed partnership deed.?

Ans: **Contents of Partnership Deed**

- **Name of firm**
- **Nature of business and location of business**
- **Duration of business**
- **Investment made by each partner**
- **Distribution of profits and losses**
- **Duties and obligations of the partners**
- **Salaries and withdrawals of the partners**
- **Terms governing admission,retirement and expulsion of a partner**
- **Interest on capital and interest on drawings**
- **Procedure for dissolution of the firm**
- **Preparation of accounts and their auditing**
- **Method of solving disputes.**

24. The liabilities of Kartha(**out of focus Areas**)

Ans: **Unlimited**

25. Co-operative societies offers many benefits to its members. Explain its features ?

Ans: **Features of co-operative society.**

26. Write the difference between public company and private company ?

Basis	Public company	Private company
Members	Minimum – 7 Maximum – Unlimited	Minimum – 2 Maximum – 200
Minimum number of directors	Three	Two
Index of members	Compulsory	Not Compulsory
Transfer of shares	No restriction	Restriction on transfer
Invitation to public to subscribe to shares	Can invite	Cannot invite

27. State any 4 privileges enjoyed by a private company?

Ans:1. **Easy formation – only two members are required.**

2. **No need to issue prospectus.**

3. **Allotment of shares can be down without receiving the minimum subscription.**

4. **It can start the business as soon as it is incorporated.**

5. **Need to have only two directors minimum. (Maximum number of directors is 15 in private and public companies).**

6. **Not required to keep an index of members.**

28. Illustrate private company ?

Ans: A private company means a company which:

(a) restricts the right of members to transfer its shares;

(b) has a minimum of 2 and a maximum of 200 members, excluding the present and past employees;

(c) does not invite public to subscribe to its securities and. It is necessary for a private company to use the word private limited after its name.

29. Discuss public company ?

Ans: A public company means a company which is not a private company. As per The Companies Act, a public company is one which:

(a) has a minimum of 7 members and no limit on maximum members;

(b) has no restriction on transfer securities; and

(c) is not prohibited from inviting the public to subscribe to its securities.

However, a private company which is a subsidiary of a public company is also treated as a public company.

30. From the following hint given below. Complete the series.

Hint: Sole trader in a sole trading concern : Unlimited liabilities.

Partners in a partnership firm : ?

Shareholders in joint Stock companies: ?

Members in a co-operative society : ?

Ans: **Partners** - **Unlimited**

Shareholders in Joint Stock Companies - **Limited.**

Members in a co-operative society - **Limited.**

31. Partnership Act--?

Ans: **1932.**

32. Co-operative Societies Act- ?

Ans: **1912**

33. One Share one vote.....?

Ans: **Joint Stock Companies.**

34. A business which is owned , managed and controlled by a person is called.....

Ans: **Sole trader.**

35. The maximum number of person in a Public Limited company is.....

Ans: **Unlimited.**