

INTRODUCTION TO BUSINESS

Past paper 2020

Short Questions Answers

Q1) D/W Sole proprietorship and a partnership

Ans:

Sole proprietorship

1) It is a form of business that is owned and controlled by a single owner

2) Business can be based on the knowledge, skills and abilities of the owner

Partnership

1) It is also form of business that is owned and controlled by a two or more than two persons.

2) Business can be based on the knowledge, skills and abilities of its partners.

Q2: Which form of business organizations would be best suited for starting a small travel agency?

Ans: For starting a small travel agency, a sole proprietorship or a limited liability company (LLC) would be suitable options.

Q3: What are disadvantages of becoming a secret partner?

Ans: As a secret partner, you may have limited say in the decision-making process of the business since your involvement is not publically acknowledged. Your contributions to the business may go unnoticed by clients, suppliers or other stakeholders which can affect your reputation.

Q4: What are the advantages of a general partnership?

Ans: ① Easy to set-up

② Minimum legal formalities

③ Risk Sharing

④ Better decisions

⑤ Greater Financial Resources.

Q5: What are the main responsibilities of board of directors of a corporation?

Ans: ① Shall act in accordance with the articles of the company.

2) Shall act in good faith to promote the objectives of the company.

3) Should not go against the interests of the company.

4) Should not assign his office to anybody.

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Q6: Explain Unlimited liability.

Ans: Unlimited liability refers to a situation in which the owners of a business are personally responsible for all debts and obligations of the business, without limit.

Q7: Define Sales promotions.

Ans: Sales promotion refers to the activities or techniques used to stimulate the sale of a product or service. These activities are often temporary and aim to encourage customers to buy or try a product.

Q8: Differentiate marketing from selling.

Ans: Marketing focuses on understanding customer needs, creating products or services and building while selling is the process of persuading customers to buy those products or services.

Q9: Define separation of ownership of management.

Ans: Separation of ownership and management mean that the people who own a company don't necessarily run it themselves. Instead, they hire others to manage the business on their behalf.

Q10: Define business risk.

Ans: Anything that threatens a company's ability to achieve its objectives is considered a business risk.

Past paper 2019

Short Questions/Answers

Q1: What are objectives of business?

Ans: 1) Businesses aim to earn profits so they can keep running and grow.

2) They want to be the top choice for customers in their field.

3) Treating their workers well and helping them grow

Q2: Define Risk Management?

Ans: Risk management is the process of identifying, assessing and controlling threats to the achievement of organizational objectives.

Q3: Define Merger?

Ans: A merger is when two or more companies join together to become one bigger company. They

combine their resources, like money and employees, to work as a single entity.

Q4: How can the name of firm be chosen?

Ans: Choose a relevant, memorable, unique, available, meaningful and future-proof name for your firm, and seek feedback before finalizing.

Q5: Explain declaration of solvency.

Ans: A declaration of solvency is a statement by a company's directors confirming they believe the company can pay off its debts within a specified period, typically 12 months.

Q6: Explain Life Insurance.

Ans: Life insurance is a type of insurance where the human life is insured.

Q7: What do you mean by partnership at will?

Ans: A partnership at will is a business partnership without a fixed duration or specific agreement on when it will end, continuing until one or more partners decide to dissolve it.

Q8: Give five examples of housing societies?

Ans: ① Defence Housing Authority (DHA) ② Johar Town
③ Bahria Town ④ Wapda Town
⑤ Lake City Lahore.

Q9: Define the concept of artificial person?

Ans: An artificial person is a legal entity, like a corporation, that has rights and responsibilities similar to a real person under the law.

Q10: Give a list forms of combination.

Ans: 1) Association
2) Federations
3) Consolidations.