

UNIVERSITY OF THE PANJAB**2019****Q1 M.C.Q**

- 1 (B) In annual general meeting
- 2 (A) Autocratic
- 3 (B) Articles of association
- 4 (A) Marketing Mix
- 5 (B) Substitute product competition
- 6 (A) General reserves (doubt)
- 7 (C) Expiry of period
- 8 (D) Stock Certificate
- 9 (B) Industrial goods
- 10 (D) Limited liability

Q2 Give short answers**1 What are objectives of business?**

Ans: The objectives of a business may vary depending on the nature of the business, its size, and its stage of development.

However, some common objectives of a business include:

1. Profitability: One of the primary objectives of a business is to earn profits by generating revenue that exceeds its costs. Profitability allows a business to grow, invest in new products and services, and reward its owners and investors.
2. Growth: A business may also aim to grow its revenue, market share, or customer base over time. Growth can be achieved through expanding operations, introducing new products or services, or entering new markets.
3. Customer satisfaction: Another objective of a business is to satisfy its customers by providing high-quality products or services that meet their needs and expectations. Satisfied customers are more likely to become repeat customers and recommend the business to others.
4. Employee satisfaction: A business may also aim to provide a positive and supportive work environment that fosters employee satisfaction, engagement, and productivity. Satisfied employees are more likely to be loyal to the company, provide better customer service, and contribute to the company's success.

5. Social responsibility: Many businesses today also aim to be socially responsible by minimizing their negative impact on the environment, supporting their local communities, and treating their employees and suppliers fairly and ethically. Being socially responsible can enhance a business's reputation, attract customers and investors, and contribute to the greater good of society.

Overall, the objectives of a business should be aligned with its values, mission, and vision, and should be regularly reviewed and updated to reflect changes in the business environment and stakeholder needs.

2 Discuss risk management?

Ans: Risk management is the process of identifying, assessing, and mitigating potential risks that could impact a business's operations, reputation, or financial performance. Effective risk management helps businesses to make informed decisions, prioritize resources, and minimize the impact of negative events.

The following are some key steps involved in the risk management process:

1. Risk identification: The first step in risk management is to identify potential risks that could impact the business. This can involve reviewing past incidents, analyzing industry trends, and considering internal and external factors that could affect the business.
2. Risk assessment: Once potential risks have been identified, they need to be assessed in terms of their likelihood and potential impact. This can involve analyzing historical data, conducting surveys, and consulting with experts to gain a better understanding of the risks.
3. Risk mitigation: After risks have been identified and assessed, the next step is to develop strategies to mitigate the risks. This can involve implementing controls to prevent or minimize the likelihood of the risk occurring, transferring the risk to a third party through insurance or other means, or accepting the risk if it cannot be fully mitigated.
4. Risk monitoring and review: Risk management is an ongoing process, and businesses need to regularly monitor and review their risk management strategies to ensure they remain effective. This involves tracking changes in the business environment and adjusting risk management strategies as needed.

Effective risk management requires a systematic and proactive approach to identifying and mitigating potential risks. By prioritizing risk management and implementing effective strategies, businesses can reduce the likelihood and impact of negative events, protect their reputation, and improve their overall performance.

3 Define merger?

Ans: A merger is a type of corporate restructuring in which two or more companies combine into a single entity. This can be achieved through a variety of legal mechanisms, including a statutory merger, consolidation, or acquisition.

In a merger, the companies involved typically pool their resources, assets, and operations in order to create a stronger, more competitive entity. The merger can result in a variety of benefits, including

cost savings through economies of scale, increased market share, expanded customer base, and enhanced product or service offerings.

Mergers can be either friendly or hostile. In a friendly merger, the companies involved negotiate the terms of the merger and work together to ensure a smooth transition. In a hostile merger, the acquiring company may attempt to take control of the target company against its will, often through a hostile takeover bid.

Mergers can have a significant impact on the employees, customers, shareholders, and other stakeholders of the companies involved. It is important for companies to carefully consider the potential benefits and risks of a merger and to develop a comprehensive plan for managing the transition process.

4 How can the name of firm be chosen?

Ans: Choosing the name of a firm is an important decision that can have a significant impact on the success of the business.

The following are some factors to consider when choosing a name for a firm:

1. Brand identity: The name of a firm should reflect its brand identity and values. It should be memorable, distinctive, and easy to pronounce and spell.
2. Relevance: The name of the firm should be relevant to its industry, products, or services. This can help to establish credibility and build trust with customers and stakeholders.
3. Legal requirements: It is important to ensure that the name of the firm complies with legal requirements, such as trademark and intellectual property laws.
4. Availability: Before finalizing the name of the firm, it is important to conduct a search to ensure that the name is available and not already in use by another business.
5. Future growth: When choosing a name for a firm, it is important to consider future growth and expansion plans. The name should be flexible enough to accommodate future changes and additions to the business.
6. Cultural considerations: If the business operates in multiple countries or cultures, it is important to choose a name that is culturally sensitive and appropriate.
7. Feedback: It can be helpful to seek feedback from stakeholders, such as employees, customers, and partners, to ensure that the name of the firm resonates with the intended audience.

Overall, choosing the name of a firm requires careful consideration and planning. By selecting a name that is relevant, memorable, and legally compliant, businesses can establish a strong brand identity and set themselves up for success.

5 Explain declaration of solvency?

Ans: A declaration of solvency is a legal document that is prepared by the directors of a company when it is being wound up voluntarily. The purpose of the declaration is to certify that the company is solvent and able to pay its debts in full within a specified period, usually not exceeding twelve months from the date of the declaration.

The declaration of solvency must be made within five weeks immediately preceding the date of the passing of the resolution for winding up of the company. The declaration must be in writing and must be signed by all the directors of the company, stating that they have formed the opinion that the company will be able to pay its debts in full within the specified period.

The declaration of solvency must also be supported by a statement of the company's assets and liabilities, and it must be filed with the Registrar of Companies. Once the declaration of solvency is filed, the company can proceed with the voluntary winding up process.

It is important to note that making a false declaration of solvency is a criminal offence, and directors who are found guilty of doing so can face severe penalties, including fines and imprisonment. Therefore, it is important for directors to ensure that the company is genuinely solvent before making a declaration of solvency.

6 Explain life insurance?

Ans: Life insurance is a financial contract between an insurance policyholder and an insurance company, in which the insurance company agrees to pay a sum of money to the beneficiaries of the policyholder upon the policyholder's death.

The policyholder pays premiums to the insurance company, and in exchange, the insurance company provides a death benefit to the policyholder's beneficiaries if the policyholder dies during the term of the policy. Some life insurance policies also have an investment component, where a portion of the premiums paid are invested, allowing the policyholder to accumulate cash value over time.

Life insurance policies can be term policies or permanent policies. Term life insurance provides coverage for a specific period of time, usually ranging from one to thirty years. If the policyholder dies during the term of the policy, the beneficiaries receive the death benefit. If the policyholder outlives the term of the policy, the policy expires, and no death benefit is paid.

Permanent life insurance provides coverage for the policyholder's entire life, as long as the premiums are paid. Permanent life insurance policies can include whole life, universal life, and variable life policies. These policies typically have higher premiums than term life insurance policies, but they also have the potential for cash value accumulation.

The amount of life insurance coverage needed depends on the policyholder's financial situation and the needs of their beneficiaries. Factors to consider include the policyholder's income, debts, and the expected financial needs of their beneficiaries.

In summary, life insurance provides financial protection to the policyholder's beneficiaries in the event of the policyholder's death. It can be a valuable tool for estate planning and ensuring that loved ones are provided for after the policyholder's death.

7 What do you mean by partnership at will?

Ans: Under the Partnership Act 1932, a partnership at will is considered to be a partnership in which no fixed term has been specified for the partnership, or where the partnership was formed to carry out a specific project, but that project has been completed.

In a partnership at will, the partners have the right to dissolve the partnership at any time, with or without cause. If the partners do not have an agreement in place that specifies how the partnership should be dissolved, the partnership will be dissolved according to the provisions of the Partnership Act 1932.

When a partnership at will is dissolved, the partners are responsible for winding up the partnership's affairs, including paying off any outstanding debts or obligations. Any assets that remain after the partnership's debts have been paid are divided among the partners according to their share of the partnership.

It is important for partners in a partnership at will to have a partnership agreement in place that specifies the terms and conditions of the partnership, including how the partnership will be dissolved and how assets will be distributed. This can help to avoid disputes and ensure that the partnership is dissolved in a fair and orderly manner.

8 Give five examples of housing societies?

Ans: Here are five examples of housing societies in Pakistan along with a brief explanation of each:

1. Defence Housing Authority (DHA): DHA is a well-known and popular housing society in Pakistan. It is known for its high-end amenities, modern infrastructure, and secure living environment. DHA has multiple phases in different cities of Pakistan, and it is often considered as one of the most sought-after housing societies due to its prestige and reputation.
2. Bahria Town: Bahria Town is another popular housing society in Pakistan known for its modern facilities and luxurious lifestyle. It is one of the largest private real estate developers in Asia and has developed multiple housing projects in different cities of Pakistan. Bahria Town is known for its state-of-the-art infrastructure, high-end security, and modern lifestyle.
3. Gulberg Town: Gulberg Town is a well-established housing society located in Lahore, Pakistan. It is known for its prime location, modern amenities, and easy access to major commercial and business centers in Lahore. Gulberg Town is a popular choice for families and professionals due to its peaceful environment and modern facilities.
4. Askari Housing Society: Askari Housing Society is a gated community developed by the Pakistan Army. It is known for its high-end security, modern infrastructure, and well-maintained green areas. Askari Housing Society is often considered as one of the most secure and peaceful housing societies in Pakistan.
5. Wapda Town: Wapda Town is a popular housing society developed by the Water and Power Development Authority (WAPDA). It is known for its modern amenities, lush green environment, and well-planned infrastructure. Wapda Town is a popular choice for families and professionals who are looking for a peaceful and secure living environment.

9 Define the concept of artificial person?

Ans: The concept of an artificial person refers to an entity that is created by law and has a distinct legal personality separate from its owners or members. Artificial persons are often created for the purpose of conducting business activities, such as corporations or limited liability companies (LLCs).

Artificial persons have the same legal rights and obligations as natural persons, such as the ability to own property, enter into contracts, sue and be sued in court, and pay taxes. However, they are not living beings and cannot have emotions, thoughts, or physical bodies.

The concept of an artificial person is important in business and legal contexts because it allows individuals to conduct business and enter into contracts without personal liability for the business's debts and obligations. The artificial person can enter into contracts, own property, and be held liable for its own actions, separate from the individuals who own or operate the business.

10 Give a list forms of combinations?

Ans: Combinations refer to the coming together of two or more businesses or entities to form a new, larger entity or to operate in a coordinated manner.

Here are some common forms of combinations:

1. **Merger:** A merger occurs when two or more companies combine to form a single entity. In a merger, one company is typically absorbed into another, and the surviving entity takes on the assets, liabilities, and operations of both.
2. **Acquisition:** An acquisition occurs when one company purchases another company's assets or shares, giving the acquiring company control over the acquired company's operations.
3. **Joint Venture:** A joint venture occurs when two or more companies come together to undertake a specific project or business venture. Joint ventures are often used to pool resources and expertise.
4. **Strategic Alliance:** A strategic alliance is a partnership between two or more companies to pursue a shared business objective while retaining their separate identities.
5. **Consortium:** A consortium is a group of companies or organizations that come together to collaborate on a specific project or initiative.
6. **Holding Company:** A holding company is a company that owns a controlling interest in one or more other companies, but does not engage in the day-to-day operations of those companies.
7. **Conglomerate:** A conglomerate is a large company that operates in multiple industries or markets, often through a series of mergers and acquisitions.
8. **Franchise:** A franchise is a business model in which an existing business grants the right to use its brand and operating model to another party in exchange for a fee or royalty.

Q3 Give answers of the following questions

1 What different types of middlemen can be engaged in trade? Discuss!

Ans: Middlemen play an important role in the distribution of goods and services in trade. They connect manufacturers and producers with the end-users or customers. There are different types of middlemen that can be engaged in trade. Here are some of them:

1. **Wholesalers:** Wholesalers are middlemen who purchase goods in bulk from manufacturers and producers and sell them to retailers or other intermediaries. They act as intermediaries between the manufacturers and retailers.

2. Retailers: Retailers are the final middlemen in the supply chain who sell goods directly to the end-users or customers. They purchase goods from wholesalers or directly from manufacturers.
3. Brokers: Brokers are middlemen who bring buyers and sellers together and facilitate transactions. They do not take ownership of the goods but earn a commission for their services.
4. Agents: Agents are middlemen who represent manufacturers or producers in the market. They act as a sales representative for the manufacturer and earn a commission on the sales made by them.
5. Distributors: Distributors are middlemen who specialize in the distribution of goods in a particular region or market. They work closely with manufacturers and retailers to ensure that goods are distributed efficiently.
6. Commission Agents: Commission agents are middlemen who work on behalf of the buyers or sellers to facilitate transactions. They charge a commission for their services and may specialize in a particular type of product or market.
7. Freight Forwarders: Freight forwarders are middlemen who specialize in the transportation of goods from one place to another. They work with manufacturers, distributors, and retailers to ensure that goods are transported safely and efficiently.
8. Importers and Exporters: Importers and exporters are middlemen who specialize in the import and export of goods. They work closely with manufacturers and producers to ensure that goods are transported and sold in different markets around the world.

In summary, middlemen play a crucial role in trade, and the type of middleman that a business chooses to engage depends on the type of goods, the market, and the distribution strategy.

2 Define cooperative society. What are its characteristics and principles? Distinguish briefly between a company and cooperative society?

Ans: A cooperative society is a form of organization owned and democratically controlled by its members. The members of a cooperative society typically have a common interest or goal, such as improving their economic or social conditions, and they come together to pool their resources, skills, and knowledge for their mutual benefit.

Cooperative societies can take many forms, but they often operate in the areas of agriculture, consumer goods, housing, or financial services. Members of a cooperative society typically participate in decision-making processes and share in the profits and losses of the organization.

Cooperative societies are based on the principles of voluntary membership, democratic control, member economic participation, autonomy and independence, education and training, cooperation among cooperatives, and concern for the community.

Characteristics: The characteristics of a cooperative society include:

1. Voluntary membership: Individuals join the cooperative society voluntarily and have the freedom to leave the organization at any time.
2. Democratic control: Members of the cooperative society have an equal say in the decision-making process, with one member having one vote.

3. Limited return on investment: Members of a cooperative society receive a limited return on their investment in the organization, with any surplus profits being distributed among the members according to their level of participation.
4. Service orientation: Cooperative societies are established to provide a service or product to their members rather than to make a profit.
5. Open membership: Cooperative societies are open to all individuals who share the common interest or goal of the organization.
6. Education and training: Members of a cooperative society receive education and training to help them better understand the organization and its operations.
7. Democratic participation: Members of a cooperative society participate democratically in the decision-making process of the organization.
8. Mutual assistance: Members of a cooperative society provide mutual assistance to each other in achieving their common goals.
9. Autonomy and independence: Cooperative societies are autonomous and independent, with control resting in the hands of the members.
10. Social responsibility: Cooperative societies have a social responsibility to the community and are committed to improving the economic and social well-being of their members and the wider community.

Principles: The principles of a cooperative society were first established by the International Cooperative Alliance (ICA) in 1966 and have been updated several times since then. The current set of principles, adopted in 1995, includes the following:

1. Voluntary and Open Membership: Cooperative societies are open to all individuals who share the common interest or goal of the organization and join on a voluntary basis.
2. Democratic Member Control: Members of a cooperative society have an equal say in the decision-making process, with one member having one vote.
3. Member Economic Participation: Members of a cooperative society contribute to and democratically control the capital of the organization.
4. Autonomy and Independence: Cooperative societies are autonomous and independent, with control resting in the hands of the members.
5. Education, Training, and Information: Cooperative societies provide education and training to their members and inform the general public about the nature and benefits of cooperatives.
6. Cooperation among Cooperatives: Cooperative societies work together through local, national, and international structures to promote the cooperative movement.
7. Concern for Community: Cooperative societies have a social responsibility to the community and are committed to improving the economic and social well-being of their members and the wider community.

These principles guide the operation of cooperative societies and help to differentiate them from other types of organizations.

Company vs cooperative society: There are several differences between a company and a cooperative society, including:

1. Ownership: A company is typically owned by shareholders who invest in the organization, while a cooperative society is owned and democratically controlled by its members.
2. Profit Motive: A company is primarily driven by the profit motive, seeking to maximize profits for its shareholders, while a cooperative society is focused on providing a service or product to its members at a fair price, with any surplus profits being distributed among the members according to their level of participation.
3. Control: In a company, control is typically exercised by a board of directors and executive management team, while in a cooperative society, control rests in the hands of the members who have an equal say in the decision-making process.
4. Membership: Membership in a company is open to anyone who can afford to purchase shares, while membership in a cooperative society is typically restricted to individuals who share a common interest or goal.
5. Distribution of Surplus: In a company, surplus profits are distributed to shareholders in the form of dividends, while in a cooperative society, surplus profits are distributed among the members based on their level of participation.
6. Purpose: The purpose of a company is to generate profits for its shareholders, while the purpose of a cooperative society is to provide a service or product to its members at a fair price.

Overall, while both companies and cooperative societies are forms of organization that can serve various purposes, the primary difference is in their ownership structure, profit motive, control, and distribution of surplus profits.

3 Define risk. Discuss in detail classification of business risk?

Ans: In business, risk refers to the possibility of an unfavorable outcome or loss resulting from a decision or action taken by a company. It is the potential for an event, circumstance or condition that could cause a negative impact on a business's financial performance, reputation, operations, or stakeholders.

Business risks can arise from various sources, such as economic and market conditions, competition, regulatory and legal requirements, technological changes, natural disasters, human error, or fraud. The level of risk a company faces depends on the nature of its operations, the industry it operates in, and the decisions it makes.

Effective risk management involves identifying potential risks, assessing their likelihood and potential impact, and taking steps to mitigate or avoid them. This may involve implementing risk management strategies, such as diversification, insurance, contingency planning, or compliance with relevant regulations and standards. By managing risk effectively, companies can protect their financial health, reputation, and stakeholders, and increase their chances of success in a competitive business environment.

Classification of Business Risk: Business risks can be classified into various categories based on their origin, nature, and impact. The following are some of the most common types of business risks:

1. Strategic risk: This refers to the risk associated with the business strategy of the company. It arises when a company's strategy is not aligned with its goals or the changing business environment, leading to losses, missed opportunities, or failure.
2. Financial risk: This refers to the risk associated with the financial operations of the company. It includes risks related to credit, liquidity, interest rates, exchange rates, investments, and other financial transactions.
3. Operational risk: This refers to the risk associated with the day-to-day operations of the company. It includes risks related to human error, process failure, system failure, supply chain disruption, legal and regulatory compliance, and other operational issues.
4. Reputational risk: This refers to the risk associated with the company's reputation and image in the market. It includes risks related to negative publicity, social media, customer complaints, product recalls, and other factors that could damage the company's brand value and customer trust.
5. Compliance risk: This refers to the risk associated with the company's compliance with regulatory and legal requirements. It includes risks related to non-compliance with environmental, health, safety, labor, data protection, and other regulations, leading to fines, penalties, or legal action.
6. Market risk: This refers to the risk associated with the market conditions in which the company operates. It includes risks related to changes in the economy, industry trends, customer preferences, and competition, leading to loss of market share, lower revenue, or reduced profitability.
7. Environmental risk: This refers to the risk associated with the impact of the company's operations on the environment. It includes risks related to pollution, climate change, natural disasters, and other environmental factors, leading to damage to the ecosystem, health risks, or legal liabilities.

Each of these types of risks can have a different impact on the company's operations and stakeholders, and requires a different approach to risk management. Effective risk management involves identifying and prioritizing risks, developing strategies to mitigate or avoid them, and monitoring and reviewing the effectiveness of the risk management program.