

UNIVERSITY OF THE PANJAB

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Q1 Answer the following question:

1 SWOT

Ans: SWOT analysis is a strategic planning tool that is used to evaluate the strengths, weaknesses, opportunities, and threats of a business or project.

The acronym "SWOT" stands for:

- Strengths: internal characteristics of the business or project that give it an advantage over others.
- Weaknesses: internal characteristics of the business or project that place it at a disadvantage compared to others.
- Opportunities: external factors that could be beneficial to the business or project.
- Threats: external factors that could be harmful to the business or project.

SWOT analysis can be used for various purposes such as developing a business strategy, assessing the performance of a business, or evaluating the potential of a new product or market.

To conduct a SWOT analysis, one should first identify the internal strengths and weaknesses of the business or project. This may involve reviewing financial data, market research, customer feedback, and employee evaluations.

Next, one should consider external factors that could impact the business or project. Opportunities might include changes in consumer trends, emerging technologies, or new market segments. Threats might include economic downturns, increased competition, or regulatory changes.

Once all four elements have been identified, the information can be used to create a strategic plan that leverages the strengths, addresses the weaknesses, takes advantage of the opportunities, and mitigates the threats.

2 Primary, secondary and tertiary activities

Ans: Primary, secondary, and tertiary activities are the three main categories of economic activities that are used to describe how goods and services are produced and consumed in an economy.

1. Primary activities: These are economic activities that involve the extraction or harvesting of natural resources such as farming, fishing, mining, forestry, and oil drilling. In primary activities, raw materials are extracted from the earth or sea and then sold or processed further by other industries.
2. Secondary activities: These are economic activities that involve the processing, manufacturing, and construction of goods. Secondary activities transform raw materials into

finished products, such as the production of steel, automobiles, or computers. This sector includes industries such as manufacturing, construction, and utilities.

3. Tertiary activities: These are economic activities that involve providing services to consumers or businesses. Tertiary activities are often referred to as the service sector and include industries such as finance, healthcare, education, transportation, and tourism.

In many developed economies, the tertiary sector is the largest contributor to GDP, while the primary sector is often the smallest. However, the importance of each sector varies depending on the country's level of economic development, resources, and population.

3 Crowdfunding

Ans: Crowdfunding is a financing method that involves raising small amounts of money from a large number of people to fund a project, business, or cause. Crowdfunding is typically done through online platforms that allow individuals or businesses to create a profile and pitch their project or idea to potential investors, who can then contribute money in exchange for a reward or equity in the venture.

There are several types of crowdfunding:

1. Reward-based crowdfunding: In this type of crowdfunding, investors contribute money in exchange for a reward, such as a product or service that is related to the project being funded.
2. Donation-based crowdfunding: This type of crowdfunding is used to raise money for charitable causes or personal emergencies. Investors contribute money without expecting anything in return.
3. Equity-based crowdfunding: In this type of crowdfunding, investors receive equity in the business or project they are funding. They invest money in exchange for a share of the company's ownership.
4. Debt-based crowdfunding: In this type of crowdfunding, investors provide loans to the business or project, which are repaid with interest over time.

Crowdfunding has become an increasingly popular financing option for entrepreneurs and small businesses, as it provides access to funding without the need for traditional lenders such as banks or venture capitalists. However, crowdfunding is not without its risks, and investors should carefully consider the potential risks and rewards before contributing money to any project.

4 Private vs public sector organizations

Ans: The Companies Act 2017 in Pakistan defines private and public sector organizations as follows:

1. Private sector organizations: A private company is a company that is owned by private individuals or companies and is not listed on a stock exchange. The shares of a private company are not available for purchase by the public. Private companies have a limit on the number of members, which is usually up to 50 members.
2. Public sector organizations: A public company is a company that is owned by the general public and is listed on a stock exchange. The shares of a public company can be bought and

sold by the public. Public companies have no limit on the number of members, and they can issue shares to the public.

The Companies Act 2017 sets out different rules and regulations for private and public sector organizations. For example, private companies have fewer reporting requirements and can operate with greater flexibility in terms of management structure and decision-making. Public companies, on the other hand, have stricter reporting requirements and are subject to greater scrutiny from regulatory bodies.

In Pakistan, the private sector plays a significant role in the economy, with the majority of businesses being owned and operated by private individuals or companies. The public sector, which includes state-owned enterprises, plays a lesser role in the economy but still plays an important role in providing essential services such as healthcare, education, and infrastructure development.

5 Three major features of Company

Ans: The Companies Act 2017 in Pakistan defines a company as an entity that is incorporated under the law and has a separate legal existence from its owners. Here are five major features of a company according to the Companies Act 2017:

1. Separate legal entity: A company has a separate legal identity from its owners, meaning it can own property, enter into contracts, and sue or be sued in its own name.
2. Limited liability: The liability of the shareholders of a company is limited to the amount of their investment in the company. This means that the personal assets of the shareholders are protected in the event of the company's financial troubles.
3. Perpetual succession: A company has perpetual succession, meaning it can continue to exist even if its shareholders or directors change over time. The company can be sold or transferred without affecting its legal existence.
4. Board of directors: A company is managed by a board of directors, which is responsible for making decisions on behalf of the company and overseeing its operations. The board is accountable to the shareholders of the company.
5. Shareholders: A company is owned by its shareholders, who hold shares in the company. Shareholders have the right to attend and vote at general meetings, and they may receive dividends if the company makes a profit.

These five features are fundamental to the concept of a company and are designed to provide a framework for the organization and management of the company's affairs.

6 Prospectus

Ans: A prospectus is a legal document that companies are required to file with the Securities and Exchange Commission of Pakistan (SECP) before offering their shares or securities to the public. The Companies Act 2017 in Pakistan defines a prospectus as "any document described or issued as a prospectus and includes any notice, circular, advertisement or other document inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares or debentures of a company."

The purpose of a prospectus is to provide potential investors with all the information they need to make an informed decision about whether to invest in the company. A prospectus typically includes information about the company's history, management, financial performance, and future plans. It may also include details about the terms of the offering, such as the price of the shares, the number of shares being offered, and any restrictions on the sale of the shares.

Under the Companies Act 2017, a prospectus must be registered with the SECP before it can be used to offer shares or securities to the public. The prospectus must also comply with all relevant laws and regulations, including the requirements of the SECP and the stock exchange on which the company's shares will be listed.

If a prospectus contains false or misleading information, the company and its directors may be liable for civil or criminal penalties. Therefore, it is important for companies to ensure that their prospectus is accurate and complete, and that they comply with all legal requirements when preparing and filing it.

Q2 Answer the following questions

1 Explain Limited Liability Partnership, its main characteristics and how it is similar to joint stock company?

Ans: In Pakistan, the Limited Liability Partnership (LLP) is governed by the Limited Liability Partnership Act 2017. It is a form of business entity that combines the features of a partnership and a company. Here are the main characteristics of an LLP and how it is similar to a joint stock company:

1. Limited liability: Like a company, an LLP offers its partners limited liability protection. This means that the personal assets of the partners are protected from the debts and liabilities of the business.
2. Separate legal entity: An LLP is a separate legal entity from its partners, which means that it can own assets, enter into contracts, and sue or be sued in its own name.
3. Partnership structure: An LLP is structured like a partnership, with partners sharing the profits and losses of the business according to their agreed-upon share.
4. Board of partners: An LLP is managed by a board of partners, who are responsible for making decisions on behalf of the business.
5. Registration: Like a company, an LLP is required to be registered with the Securities and Exchange Commission of Pakistan (SECP).
6. Audit requirements: An LLP is required to have its accounts audited annually, similar to a company.
7. Transferability of ownership: Like a joint stock company, an LLP allows for the transferability of ownership through the sale of partnership interests.

Overall, an LLP is similar to a joint stock company in terms of limited liability protection, separate legal entity status, and management structure. However, an LLP is a more flexible entity than a joint stock company, as partners have more control over the management and operations of the business, and there are fewer regulatory requirements for registration.

2 What is scope of business on the basis of nature of business, ownership and size?

Ans:

Scope of a business on the basis of nature of business

The scope of a business on the basis of nature of business refers to the range of activities, products, services, markets, and geographical locations in which a business operates or has the potential to operate, based on the industry or sector in which it operates. Here are some examples:

1. **Manufacturing Business:** A manufacturing business typically has a large scope in terms of production and distribution. The scope may include the production of a variety of products, such as food products, electronics, or automobiles, and the distribution of these products through a network of wholesalers, retailers, or directly to customers.
2. **Service Business:** A service business may have a more limited scope than a manufacturing business, as it typically provides specialized services to a specific market. For example, a law firm may provide legal services to clients in a specific region, while an accounting firm may provide accounting services to businesses in a specific industry.
3. **Retail Business:** A retail business may have a broad scope in terms of product range and target markets. For example, a department store may offer a wide variety of products, such as clothing, electronics, and household goods, and target a broad demographic range of customers.
4. **Technology Business:** A technology business may have a wide scope in terms of the products and services it offers, as well as the markets it serves. For example, a software company may offer a range of products, such as enterprise software, mobile apps, or e-commerce platforms, and serve customers in various industries, such as finance, healthcare, or retail.

In summary, the scope of a business on the basis of nature of business can vary depending on the industry or sector in which it operates. Understanding the scope of a business is important for identifying opportunities for growth and expansion, as well as developing effective business strategies.

Scope of a business on the basis of ownership

The scope of a business on the basis of ownership refers to the range of activities, products, services, markets, and geographical locations in which a business operates or has the potential to operate, based on its ownership structure. Here are some examples:

1. **Sole Proprietorship:** A sole proprietorship may have a limited scope due to the resources and capabilities of the owner. The scope may be limited to a specific service or product and to a particular geographic location.
2. **Partnership:** A partnership may have a larger scope than a sole proprietorship due to the pooling of resources and expertise of the partners. The scope may include a wider range of services or products, and the partnership may have the ability to expand to new markets.
3. **Corporation:** A corporation may have a larger scope than a sole proprietorship or partnership due to its ability to raise capital, and its separate legal entity status. The scope may include a wider range of products or services, and the corporation may have the ability to operate in multiple geographic locations.

4. **Franchise:** A franchise business may have a larger scope due to the franchisor's established brand and support systems. The scope may include the ability to offer a wider range of products or services, and the franchise may have the ability to operate in multiple geographic locations.

In summary, the scope of a business on the basis of ownership structure can vary depending on the type of ownership. Understanding the scope of a business is important for identifying opportunities for growth and expansion, as well as developing effective business strategies.

Scope of a business on the basis of size

The scope of a business on the basis of size refers to the range of activities, products, services, markets, and geographical locations in which a business operates or has the potential to operate, based on its size. Here are some examples:

1. **Small Business:** A small business may have a limited scope due to resource constraints. The scope may be limited to a specific product or service, and to a particular geographic location. The business may focus on serving a niche market or a specific customer segment.
2. **Medium-Sized Business:** A medium-sized business may have a larger scope than a small business due to the availability of more resources, such as capital and personnel. The scope may include a wider range of products or services, and the business may have the ability to operate in multiple geographic locations.
3. **Large Corporation:** A large corporation may have a broad scope due to its resources, global reach, and diverse product offerings. The scope may include a wide range of products or services, and the business may operate in multiple geographic locations around the world.

In summary, the scope of a business on the basis of size can vary depending on the resources available to the business. Understanding the scope of a business is important for identifying opportunities for growth and expansion, as well as developing effective business strategies.

Summarized Answer

The scope of a business can be defined as the range of activities, products, services, markets, and geographical locations in which a business operates or has the potential to operate. The scope of a business is determined by several factors, including the nature of the business, ownership structure, and size.

Here is a brief overview of the scope of business on the basis of nature of business, ownership, and size:

1. **Nature of Business:** The nature of a business refers to the industry or sector in which the business operates. The scope of a business can vary significantly depending on the type of industry or sector. For example, a manufacturing business may have a larger scope in terms of production and distribution than a consulting firm. Similarly, a retail business may have a larger scope in terms of product range and target markets than a niche service provider.
2. **Ownership Structure:** The ownership structure of a business can also affect its scope. A sole proprietorship may have a limited scope due to the resources and capabilities of the owner, while a partnership or corporation may have a larger scope due to the pooling of resources

and expertise. Additionally, a franchise business may have a larger scope due to the franchisor's established brand and support systems.

3. Size of Business: The size of a business can also impact its scope. A small business may have a limited scope due to resource constraints, while a large corporation may have a broader scope due to its resources, global reach, and diverse product offerings.

In conclusion, the scope of a business is influenced by several factors, including the nature of the business, ownership structure, and size. Understanding these factors can help businesses identify opportunities for growth and expansion.

3 How a single member company can be formulated in Pakistan?

Ans: Under the Companies Act 2017 in Pakistan, a single member company can be formulated as a private limited company. Here are the steps to set up a single member company in Pakistan:

1. Name Reservation: The first step is to choose a unique name for the company and get it reserved with the Securities and Exchange Commission of Pakistan (SECP).
2. Memorandum and Articles of Association: The Memorandum and Articles of Association of the company must be prepared, which outlines the objectives, capital structure, and rules and regulations of the company.
3. Incorporation: Once the name is reserved and the Memorandum and Articles of Association are prepared, an application for incorporation must be filed with the SECP. The application must include the name and address of the single member, and the particulars of the company's directors and company secretary.
4. Payment of Fee: The fee for incorporation must be paid to the SECP.
5. Certificate of Incorporation: If the SECP is satisfied with the application, it will issue a Certificate of Incorporation, which confirms the formation of the single member company.
6. Bank Account and Tax Registration: After incorporation, the company must open a bank account and register for tax with the Federal Board of Revenue (FBR).

It is important to note that as a single member company, there is only one shareholder who is the sole owner of the company. The Companies Act 2017 allows for the formation of a single member company to promote entrepreneurship and ease of doing business in Pakistan.