

**Centum Material for One Marks****(Chapter 1 to 5) Quarterly Exam syllabus:****Note:1****Sole trader or Sole trading business:**

- Non characteristics - Non flexibility
- Advantage - Limited Capital
- Started by - Any one person
- Liability - Unlimited
- Suitable for - Small scale concern/business
- Decision Making - Quick
- Can keep his - Business Secrets
  
- Oldest form of organization - Soletrader / Sole trading business
- Managerial ability is limited - Soletrader       ” ” ”
- No legal formalities for - Soletrader       ” ” ”
- Fear of Loss stimulant for Hardwork
- Consumers are King

**Authors:**

- “One man control is the best in the World” – William R. Basset
- “Business is carried on by single person exclusively by and for himself”  
– Dr. O.R. Krishnswamy

**Note: 2****Partnership:**

- Formed by - Agreement
- Basis of - Utmost good faith
- Registered under - 1932 Act
- Registration is - Optional (Not Compulsory)
- Exist Relationship - Principal and Agent
- Sharing Profit or Loss - Agreed Ratio
- Liability in India - Unlimited
- Agreement is - Must be writing in the stamp paper
- Agreement may be oral or - In writing
- Come into existence - By an express agreement

England Partnership Act	-	1907
Members individually called	-	Partners
Partners Collectively called	-	Firm
Name under partnership carried on	-	Firm Name
Termination of original agreement	-	Dissolution of Partnership
Termination of relationship between all partners	-	Dissolution of Firm
Partnership is dissolve by notice	-	Partnership-at-will
Temporary Partnership	-	Joint Venture
Partners liability is limited in	-	Limited Partnership
Limited partnership one partner liability	-	Unlimited
Limited partnership not allowed in	-	India
Limited partnership allowed in	-	Europe and USA

**Note:3****Partners:**

- Contribute Capital but not working of the firm - Sleeping / Dormant/ Financing Partners
- Contribute capital and also working of the firm - Active / Managing / General Partners
- Not contribute capital and not working of the firm - Nominal or Ostensible Partner
- Partners sharing the profit only not share in loss - Partner in Profit only
- Person arrangement with partner to share his profit - Sub Partner
- Person not not completed 18 years of age - Minor Partner

**Authority:**

- Rights vested with partners used at the emergency situation - Implied Authority  
 Rights given expressly conferred in agreement - Express Authority

**Duties:**

- Fixed by law cannot modified - Absolute Duties  
 Given in Act can be modified by agreement - Qualified Duties

**Note:4****REGISTRATION:**

1. Soletrader - Not necessary
2. Partnership - Optional
3. Joint Stock Company - Compulsory
4. Co-operative Society - Compulsory

**Note:5****No. of Members:**

Organisation	Minimum Members	Maximum Members
1. Sole trading	Any	<b>One</b> person only
2. Partnership	2	Banking - 10 Non Banking - 20
3. Joint Stock Company		
i. Private Ltd. Co.	2	50
ii. Public Ltd. Co.	7	Unlimited or Limit less
4. Co-operative Society	25	Unlimited or Limit less

**Note:6****Act or Incorporation:**

1. Sole trader - No separate Act
2. Partnership - Indian Partnership Act 1932
3. Joint Stock Company - Indian Companies Act 1956
4. Co-operative Society - Indian Co-operatives Act 1912
5. Government Company - Indian Companies Act 1956
6. Public Corporation (or) Statutory Company - Separate Act passed in Parliament or State Legislature
7. Chartered Company - Grants from King or Queen
8. Foreign Company - Incorporated outside in India
9. Joint Hindu Family Business - Hindu Law

**Note:7****Management:**

1. Soletrader - Any one person/Single person/Owner himself
2. Partnership - Active or Managing or GeneralPartner
3. Joint Stock Company - Board of Directors elected by Shareholders
4. Co-operative Society - Board of Directors elected by Members (Democratic)
5. Joint Hindu Family - KARTA (Head of the Joint Hindu Family)
6. Departmental Organisation - Civil Servant
7. Public Corporation - Board of Directors appointed by Government
8. Government Company - Board of Directors nominated by Government
9. Board Organisation - Independent Board nominated by Government

**Note:8****Liability:**

- |                         |   |                                     |
|-------------------------|---|-------------------------------------|
| 1. Soletrader           | - | Unlimited                           |
| 2. Partnership          | - | Unlimited and also Joint & Several  |
| 3. Joint Stock Company  | - | Limited                             |
| 4. Co-operative Society | - | Limited But In villages (Unlimited) |
| 5. Joint Hindu Family   | - | Unlimited                           |

**Note:9****Liability Terms:**

1. Unlimited Liability - Creditors have right to recover personal property of the proprietor
2. Joint & Several - Creditors right to recover personal assets from all partners  
Creditors right to recover personal assets from any one partner
3. Limited Liability - Amount remains un paid balance on shares
4. Limited by guarantee – Guarantee by members voluntarily at the time of windingup

**Note:10****Principles:**

1. “All is he and he is all in all” and “He is a jack for all but master of none” - Soletrader
2. “Principles of Agency” and “Utmost good faith” - Partnership
3. “One share one vote principle” - Joint Stock Company
4. “One man One Vote Principle” or “Each for All and all for each”  
“All are equal” - Co-operative Society

**Note:11****Organisation:**

- Derived from the word - “Organism”
- Business Means literally - “State of being Busy”
- Division of work - “Departmentation”
- Delegation means - “Entrustment”
- Scalar principal otherwise - “Chain of command”
- Efficiency is the - “watch word” of the organization

**Note:12****Departmental Organisation:**

- Suitable for Defence industries
- Oldest form of Government enterprises
- Broadcasting comes under

**Note:13****Multinational Company:**

- Other name **Global giant** or World enterprises
- Government policy favorable to
- Operating business more than one country simultaneously

**Note:14****Joint Hindu Family Business:**

- Found only in - India
- Head - KARTA
- Other Members - Coparceners
- Membership by - Birth in the family
- Hindu succession Act - 1956
- Women equal right in property - 1985
- Mitakshara Law not applied in - Assam and West Bengal

**Note:15****Percentage (%) :**

- Minimum Subcripton - 90%
- Government Company share capital - 51 %
- Dividend for Members to Co-operatives - 14%
- Max. Managerial remuneration in Net profit - 11%
- Interest on Loan for Partners - 6%
- Minimum Share application money - 5% (as per SEBI 25%)

**Note:16****Days:**

- Statement of Lieu of Prospectus - 3 days
- Abstract of Receipts & Payments Statutory report - 7 days
- Share forfeiture notice - 14 days
- Special resolution notice - 21 days
- Statutory Meeting Notice - 21 days
- Annual general Meeting Notice - 21 days
- Recording of Minutes - 30 days
- Declaration of Dividend payable - 42 days
- Minimum subscription received within - 90 days

**Note:17****Months:**

- On majority – Minor partner decide to continue - 6 months
- Statutory Meeting Conduct not earlier than - 1 month
- Statutory Meeting conduct not more than or within - 6 months
- First Annual general meeting conduct within - 18 months
- Time gap between annual general meeting - 15 months
- Issue of Share Certificate by Secretary within - 3 months
- Issue of Debenture Certificate by Secretary within - 2 months

**Note:18****Amount / Rupees or Rs.:**

- Unregistered firm cannot claim from third party not exceed - Rs.100
- Face value of Share is Rs.100 then Maximum Discount - Rs.10
- No of Qualification Share or the Value is Rs. 6000 - ONE
- Value of Qualification Share - Rs.5,000
- Qualified Company Secretary appointed share capital - Rs.50,00,000  
(50 Lakhs)
- Default of Annual general meeting Fine is - Rs.50,000
- Continuing default further Fine per day - Rs.2,500

**Note:19****Joint Stock Company-I**

- Company requires - Enormous Capital (Huge)
- Company regarded as - Person by Law

Private Limited Company Commence business - Certificate of Incorporation

Public Limited Company commence business - Certificate of Commencement of business

Company comes to close - None of the above

Statement of lieu of prospectus to Company Registrar –

Directors and his relatives arrange share capital in public limited Company.

**Note:20****Articles of Association:**

- Internal Management document
- Table – A of companies Act
- First directors named in

**Memorandum of Association:**

- Scope of Companies Activities
- Not beyond the ultra virus
- Clauses: Name, Situation, Object, Liability, Capital, Association or Subscription

**Prospectus:**

Advertisement or Notice or Circular inviting to public for subscribe shares and Debentures  
Minimum subscription mentioned in the document

**Note:21****Shares/Shareholders:**

- Part of the share capital - Shares
- Share represent - Ownership Rights /Interest
- Shareholders real - Owners or Members
- Preference shares priority - Both Dividend and Return of Share capital
- Arrear Dividend - Cumulative Preference shares
- Further Additional Dividend - Participating Preference Shares

**Debentures /Debentureholders:**

- Acknowledgment of Long term loan from public
- Creditorship Rights/ Interest
- Entitled to receive interest - all the above

**Note:22****Directors:**

Private limited company minimum directors - 2  
Public Limited company minimum directors - 3

Act any no. of companies at same time - Private Limited Company  
Act any 15 companies at same time - Public Limited Company  
Public Limited Company Managing Directors act as same time - 2 Companies

Directors not retire at the age of 65 - Private Limited Company  
Directors retire by rotation /retire at 65 - Public Limited Company

More substantial power in Management - Managing Director  
Maximum No. of Manager in Company - Only One  
Remuneration of Manager / M.D in Net profit - 5%  
Manager / Managing Director working period - 5 years

**Note:23****Joint Stock Company –II****Meeting:**

- Person appoint to attend a meeting behalf of shareholder - Proxy
- Minimum no. of members to attend a meeting - Quorum
- List of business transacted at meeting - Agenda
- Recording of accurate official decision taken at various meeting - Minutes

**Note:24****Resolution:**

- Resolution for ordinary business or 51% majority - Ordinary Resolution
- Resolution of special business or 75% or three fourth majority - Special Resolution
- Altering Articles of Association - Special Resolution

- First directors named in - Articles of Association  
 Directors Act as - All the Above (Agent, Trustee, Officer)  
 Company Secretary appointed by - Board of Directors  
 Annual General meeting not transact - Issue of Debentures  
 Extra-ordinary general Meeting conduct - All of these

**Note:25****Examples:**

<b><u>Departmental Organisation</u></b>	<b><u>Public Corporation or Statutory Company</u></b>	<b><u>Government Company</u></b>	<b><u>Board Organisation</u></b>
Railway, Telephone, Defence, Radio, Television, Post, Telegram, Atomic Power	Reserve Bank of India (RBI) Life Insurance Corporation (LIC) Unit Trust of India (UTI) Damodhar valley Corporation (DVC) State Trading Corporation (STC) Industrial Development Bank of India (IDBI) Industrial Finance Corporation (IFC)	(BHEL) – Bharat Heavy Electricals Limited (SAIL) – Steel Authority of India Limited (TANSI) – Tamil Nadu Small Industries (TNSIC) - Tamil Nadu State Transport Corporation Maruthi Udyog Indian Telephone Industries Coal Mines Authority Ltd.	Tamil Nadu Electricity Board – TNEB Tamil Nadu Housing Board Tamil Nadu Water and Drainage Board
<b><u>Sole Trading Business</u></b>	<b><u>Joint Hindu Family Business</u></b>	<b><u>Multinational Company</u></b>	<b><u>Chartered Company</u></b>
<ul style="list-style-type: none"> <li>• Sweet shops, Bakery shops, petty shops</li> <li>• Doctors</li> <li>• Repairs shops, Retails stores</li> <li>• Beauty parlour, Tailoring shops</li> <li>• Fruit Sellers, Laundry</li> </ul>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Handicrafts</li> <li>• Small industries</li> </ul>	<b><u>America:</u></b> Union Carbide IBM Coco-Cola <b><u>British:</u></b> Uni lever Limited ( <u>Hindustan</u> in India) <b><u>Dutch:</u></b> Philips	<ul style="list-style-type: none"> <li>• East India Company</li> <li>• Bank of India</li> </ul>

\*\*\*All the best\*\*\*