+2 Annual Commerce Tentative Key- Mar 2018

1. (d) The Board of Directors
2. (a) A joint Stock Company
3. (d) William R Basset
4. (c) Quick
5. (c) Agreement
6. (d) Firm
7. (c) Principal and Agent
8. (b) Immediately on Receiving the certificate of Incorporation
9. (a) for non-payment of call money
10. (d) Amount remaining unpaid on the shares
11. (b) Rs.5000
12. (d) All of these
13. (d) Bear
14. (b) Public Issue
15. (d) 1956
16. (c) 25
17. (b) Amount of Patronage Given
18. (d) Companies act 1956
19. (a) Public Corporation
20. (d) Public Corporation

II. Fill in the blanks :

21. Public Corporation / Statutory corporation / Statutory company
22. Unlimited
23. Sole Trader ship / Sole Proprietorship
24. Joint Venture
25. Sub Partner
26. 2
27. Public Limited Company
28. Cumulative preference shares
29. owners / members
30. 5
31. Annual General Meeting
32. Debentures
33. Prospectus
34. Issue Houses
35. Listing
36. 21
37. Democratic
38. Co – Operative Societies
39. Nationalization
40. Private Sectors

Sec-B Any Ten Only: 10x4=40

41. Co – Ordination: The various activities of undertaking should be coordinated to secure the desired result.

42. Board Organisation: Management is carried on by a government nominated independent board. It has its own rules and regulations.

43. Non Corporate Enterprises: Sole trader ship, Joint Hindu Family, Partnership

44. Members in Partnership Minimum **- 2** Maximum **-** Banking 10 , Non Banking - 20

45.Dissolution of partnership	**Dissolution of Firm**
One or more of the partners terminate their connections with them	All the partners terminate their connections with the firms
May or may not bring the business of the firm to an end	Bring the business of the firm to an end
Business will be continued after dissolution	Business cannot be continued
Need not necessarily results in the dissolution of the firm	Results the dissolutions of the partnership

46. What is the consequence of not receiving minimum subscription ? If minimum subscription is not received within 90 days of the issue of the prospectus, money received on application must be refunded. Without receiving the minimum subscription, allotment of shares cannot be made.

47. Limited Liability: The liability of the members of a company is generally limited to the value of shares. When once the full value of the shares is paid up, there is no more liability for the shareholders.

48.Who can convene Extraordinary General Meeting?
An extraordinary general meeting may be convened by the Board of directors on its own, or on the requisition of the members subject to certain conditions.

49. Statutory Report: The object of the meeting is to afford an opportunity to the shareholders to know important details of company formation, the success of its capital issue, properties that have been acquired, etc. Along with the notice convening the meeting, a report called statutory report must also be sent to all the members at least 21 days before the date of the meeting.

50. SEBI was set up as an administrative body in April 1988.
It was given statutory status on 30.01.1992 by promulgation of SEBI ordinance. The ordinance is considered to be an Act of Parliament.

51. Secondary Market: Secondary market deals with resale of securities traded in primary market.

52. One man one vote method: is followed in the Co-operative Societies. Every member has only one vote irrespective of the number of shares held by him.

53.Co-Operative Warehouse: These are mostly found in rural areas. It helps the members to get the facility of storing agricultural inputs. They will keep the finished goods, till they are dispatched for sale through marketing co-operatives.

54.state enterprises A.H. Hansen says "Public enterprises means state ownership and operation of industrial, agricultural, financial and commercial undertaking"
According to **S.S. Kher**, State Enterprises are "The industrial, commercial and economic activities carried on by the central or by a state government and in each case either solely or in association with private enterprise, so long it is managed by self – contained management".

55. Examples of departmental organization: 1.Posts 2.Telegraphs 3.Railways 4. Radio and Television 5.Defence Industries 6. Atomic Power

Part-c Answer any 5 5x8=40

56.Write short notes on Joint Hindu Family business.

1. India is unique in the system of Joint Hindu Families.
2. A joint Hindu family comprises of father, mother, sons, daughters, grandsons and granddaughters.
3. They hold the property jointly.
4. The head of joint Hindu family is known as **'KARTA'.**
5. The members are called "Coparceners".
6. These families engage in Agriculture, handicrafts small industries etc.
7. There are two laws "MITAKSHARA" and "DAYABHAGA".
8. Governed under "HINDU SUCCESSION ACT, 1956".
9. It is regulated by the provisions of Hindu Law.
10. **Conclusion:** With the advent of Industrialization the joint families are reduced to small families. As a result, this system is declining.

57. Different kinds of partners: 1) Active Partner:
A partner who takes active part in the management of the partnership firm is known as active or working or managing or general partner. His liability is unlimited. **2) Sleeping partner is Dormant Partner:** The partners who merely contribute

capital and do not take active interest in the conduct of the business of the firm are called sleeping or dormant or financing partners. The liability of such partners is unlimited.
3) **Nominal or Ostensible Partners:** (i) Nominal partner or Ostensible partner is a partner who neither contributes capital nor takes any part in the management of the firm. (ii) He lends his name to be used as partner in the business to increase the reputation of the firm. iii) They are not eligible for a share in the profit they are also liable to the creditors for the debts of the firm. 4) **Partner in Profit only:** A person who shares the profit of a firm but does not share the loss, is called "Partner in profit only". Usually he has no voice in the management of the firm. But his liability to third parties is unlimited. 5) **Partner by Estoppel:** A person may not be really a partner in the business. But by his behavior he makes outsiders believe that he is a partner in the business. then he is liable to such outsiders who advance money to the firm. **6) Partner by Holding out:** i) when a person who is not really a partner in a business, is described as a partner by others, then he must at once deny it when he comes to know about it. ii) If he keeps quiet, then he is liable to other persons who do business with that partnership believing that he is also a partner. Such a person is called partner by holding out. **7) Secret partner :** (i) Secret partners is one whose name is not disclosed to outsiders. The position of secret partner lies between active and sleeping partner. He can take part in the working of the business. ii) He is not known to the public as a partner.

58. CONTENTS OF ARTICLES OF ASSOCIATION: 1. The extent to which the regulations in Table A are to be excluded. 2. Share capital, different classes of shares, rights attached etc. 3. Allotment of shares, calls on shares. 4. Procedure relating to forfeiture of shares and their re-issue. 5. Issue of share certificates and share warrants. 6. Rules regarding transfer of shares and transmission of shares. 7. Conversion of shares into stock. 8. Alteration of share capital. 9. Qualification and remuneration of directors. 10. Borrowing powers of directors. 11. Appointment, qualifications, powers, duties, remuneration, etc of managing director, manager and secretary. 12. Appointment of directors. 13. Procedure for conducting different kinds of general meetings. 14. Payment of dividends, creation of reserve, etc. 15. Issue of redeemable preference shares, if any. 16. Winding up.

59. Holding and Subsidiary Companies A company becomes a holding company of another i) if it can appoint or remove all or majority of the directors of the latter company or ii) if it holds more than 50% of the equity share capital of the latter or iii) if it can exercise more than 50% of the total voting power of the latter. The other company which is so controlled is called subsidiary company

60.Managing Director	**Manager**
He must be a director	He need not be a director
A company can have more than one Managing director	A company cannot have more than one Manager
The powers of the Managing director is not wider than the manager	The power of the manager are wider than the managing director
Without the approval of the central government no change can be effected in the terms of appointment of managing director	No Government approval is required

61. BOLT is the online trading system in use at the stock exchange, Mumbai since March 1995. Brokers send their quotes, orders, negotiated deals and in house deals from their offices to the Central Trading Engine (CTE) from their broker's workstation. **Strength of BOLT:** 1. Reduces or eliminates operational inefficiencies inherent in manual systems. 2. Increases the trading capacity of the stock exchange. 3. Improves transparency, eliminates unmatched trades. 4. No delay in reporting. 5. Smooth market operations using the latest technology. 6. Provides user information like scrip prices and indices. 7. Provides analytical data to the stock exchange.

62. state the meaning of super market and explain its features. Meaning: Super Market refers to a type of **large scale retailing**.
They are usually located only in **cities and big towns**.
In India the first supermarket was started in **New Delhi**
Super markets have a dominant provision section, with more varieties.
The prices are fixed. There is no bargaining.
Door delivery of goods is also given. **Sales are made only for cash.**

Features:
1. It is a form of large scale retailing
2. There are wide variety of goods available
3. The system of self - service is used
4. No need for salesman in self - service session
5. The layout is in the form of different departments
6. Sales are on cash basis
7. No adulteration is practiced.
8. Scarce commodities are also supplied.

63.Explain the features of a Government companies. **Features of Government Company: 1. Incorporation:** Government companies just like other companies in private sector are registered and incorporated under the Companies Act 1956. **2. Government Finance:** Most of the **share capital** or at least 51% of the total share capital is held by the government. (Central or State or both) **3. Participation of Public:** Public can also subscribe to the share capital of these companies, if offered to them. **4. Management:** Government companies are managed by Board of Directors. The members of this Board are nominated by the government which holds the majority of the shares. **5. Autonomy:** It is an autonomous unit with full freedom of action in financial and administrative matters. **6. Employees:** The employees, except the officers deputed by the government, are not civil servants. **7. Control:** The government company is under the overall control and supervision of the Minister under whose Ministry it is attached. **8. Auditor:** The Auditor of a Government company is always appointed by the central Government.

Part D Answer All 4x20=80

64.(a) Multinational companies: The term "multinational" consists of two different words, 'multi' and 'national'. The prefix 'multi' means 'many', while the word 'national' refers to nations or countries. Therefore a multinational company may be defined as a company that operates in several countries. Such as company has factories, and branches in more than one country. 2. According to Neil H. Jacoby, "A multinational corporation owns and manages business in two or more countries". 3. In simple words, a multinational company is a company **Features of Multinational company**:
(a) A multinational company is operated in more than one country simultaneously. (b) It is generally very large in sized.
(c) Its purpose is to reduce transport costs and to make use of raw materials, labour, capital and market of foreign countries.

Functioning of MNC's: There are 500 to 700 MNC's operating in the world today, half of them are U.S multinationals and the rest are based outside United States. The multinationals based in the USA have the largest share of foreign direct investment, followed by the U.K., Germany, Japan, Switzerland, France and Canada. **Examples of MNC's**
Unilever Limited – British company.
Union Carbide – American company(USA);
International Business Machine (IBM) – USA.
Philips – Dutch
Coca cola corporation- USA

64.(b) Merits of Departmental Organisation: (any 5)

1) Complete Government Control The control over the enterprise is direct and absolute. These undertakings are associated with one of the government department through which, government can regulate the working of these units in a proper way. **2) Management** The Civil Servants manage departmental organisations. These government officials will work sincerely and efficiently for the success of the unit. **3) Source of income for Government** These enterprises are run on commercial lines. The revenues of these enterprises directly go to the government for initiating other social and development activities. **4) Helps in implementing Government Policies** Government policies and programmes are better implemented by these enterprises under direct government control. **5) Proper use of Funds** Since these undertakings are subject to strict control, chances of misuse of funds are remote. **6) Secrecy** Strategic industries like defence and atomic power cannot be better managed other than government departments. Department undertakings can maintain secrecy in their working. **7) Useful for Specific industries** Departmental form of organisation is necessary for public utility services. The motive of these industries is not to earn profits but to provide services at cheap rates. Therefore, Post, Telegraph, Railways are in the form of government departments. Also, these are suitable for enterprises with long gestation period. **8) Legislative Control** These undertakings are under the control of legislatures or they are accountable to Parliament through the Minister. Legislative control acts as a check on functions of these undertakings.

65.(a) Salient features of a sole trading concern: **1. One-man Ownership and Control** A sole trading concern is owned by an individual. The proprietor is the sole owner and master of the business. He independently manages and controls the business without the interference of any other person. **2. Capital Contribution** In sole tradership, the capital is employed by the owner himself from his personal resources. He may also borrow capital from his friends, relatives and financial institutions. **3. Unlimited Liability** The liability of the proprietor for the debts of the business is unlimited. The creditors have the right to recover their dues even from the personal property of the proprietor in case the business assets are not sufficient to pay their debts. **4. Enjoyment of Entire Profit** The sole trader is entitled to enjoy all profits of the business. Since he is the only person who invested money, he need not share the profit with anybody else. At the same time, he himself should bear the entire loss. So it is said that he owns all and risks all. **5. No Separate Legal Entity** The sole trader and the business are one and the same. A sole trading concern has no legal entity separate from its owner. The sole trader owns the assets and owes the liabilities of the concern. **6. No Special Legislation** Sole tradership is not governed by any special legislation. A partnership firm is governed by the Indian Partnership Act. A joint stock company is governed by the Indian Companies Act and a co-operative society by the Co-operative Societies Act. But soletrader business is not governed by any Act. **7. Registration** A soletrader business need not be registered with any authority as that of partnership and companies. Any person who has money can start the sole trader business. He is to obtain a licence from the local authority like municipality or panchayat. **8. Duration** The life of sole trader business depends upon the life of the soletrader. If he dies or becomes incapable of doing business or if he has no legal heir, the business comes to an end. **9. Simplicity** It is simple to commence and simple to close a sole trader business. It requires lesser efforts and it is free from complicated legal formalities. **10. Local business** Most of the sole trading business confine only to a particular place such as a street, a block or a village. A few sole trading business may cover a large area through a network of a branches. **11. Self Employment** A sole trader uses his own labour to conduct the business. He may employ a few paid servant or use the services of his family members for running the business. **12. Small Capital** A soletrader business can be commenced with a small amount of capital whereas a partnership firm or a company require large capital.

65.(b) 1) Annual General Meeting Every company is required to hold an annual general meeting in addition to any other meetings. The first annual general meeting must be held within a period of 18 months from the date of its incorporation. Subsequently the interval between two annual general meetings must not be more than 15 months.

2) Meetings of directors are called Board meetings. They are very important because all important matters relating to the company and its policies are decided thereat. **Provisions regarding Board meetings:** The Board meeting must be held at least once in every three- calendar months. At least four such meetings should be held in every year. The notice of every Board meeting must be given in writing to every director who is present in India at his usual address. The quorum for the Board meeting shall be one third of the total strength of the Board (any fraction being rounded off as one) or two directors whichever is higher. **3.Extraordinary General Meeting** Any meeting other than the statutory meeting and the annual general meeting of the company is called extraordinary general meeting. It is convened for transacting any urgent or special business which cannot be postponed till the next annual general meeting. An extraordinary general meeting may be convened by the Board of directors on its own, or on the requisition of the members subject to certain conditions. 4)**Statutory Meeting** The first meeting of the shareholders of a public limited company which is mandatory as per the Companies Act is known as statutory meeting. Every public limited company limited by shares and a guarantee company must compulsorily hold this meeting within 6 months and not earlier than one month from the date on which the company is entitled to commence business. This is held only once in the life time of the company. The object of the meeting is to afford an opportunity to the shareholders to know important details of company formation, the success of its capital issue, properties that have been acquired, etc. Along with the notice convening the meeting, a report called statutory report must also be sent to all the members at least 21 days before the date of the meeting.

66.(a) Rights of Partners: 1) Every partner has a right to take part in the conduct and management of the business. 2) Every partner has a right to express opinion on any matter related to the firm. 3) Every partner has a right to be consulted before taking important decisions. 4) Every partner has a right to inspect and take copy of books of account and records of the firm. 5) Every partner has the right to an equal share in the profits of the firm unless otherwise agreed by the partners. 6) Every partner has the right to receive interest on loans and advances at the rate of 6% per annum. 7) Every partner has the right to be indemnified for the expenses incurred and losses sustained by him in the ordinary conduct of the firm's business. 8) Every partner has an equal right to use the assets of the firm for its business. 9) No new partner can be admitted into partnership without the consent of other partners. 10) Every partner has a right to retire from the firm.**Duties of Partners** The duties of partners can be classified into 1.Absolute duties and 2.Qualified duties. **1. Absolute Duties**

Absolute duties are fixed by law which cannot be violated by partners agreement. These duties are applicable to all partnership. 1. Every partner must act diligently and honestly in the discharge of his duties to the maximum advantage of all partners. 2. Every partner must act in a loyal and faithful manner towards each other. 3. Every partner must act within the scope of the authority entrusted to him. 4. Every partner is bound to share the losses of the firm equally unless otherwise agreed. 5. Every partner must indemnify the firm against loss sustained due to his willful negligence in the ordinary course of business. 6. No partner can transfer or assign his interest in the firm to others without the consent of other partners. 7. Every partner must maintain and render true and correct accounts relating to the firm's business. 8. No partner can engage himself in a business which is likely to compete with the business of the firm. 9. Every partner should use the firm's property only for the firm's business and interest. 10. No partner can make any secret profit by way of commission on purchases or sales effected on behalf of the firm.

2. Qualified Duties Qualified duties given in the Act can be modified by an agreement of partners entered into.

3. Liabilities of partners.

1. Every partner is liable for the debts of the firm to an unlimited extent, jointly and severally. 2. A retiring partner is liable for all the debts incurred before his retirement 3. An incoming partner is liable only for the debts incurred by the firm after his admission into the partnership. 4. In case of deceased partner, his legal representatives are liable only for the debts incurred by the firm before his death. 5. In the case of minor partner, he is not personally liable for the debts of the firm. Only his share in the profits and assets of the partnership is liable for the debts of the firm. 6. Every partner is liable to make good the loss that the firm or other partners suffer as a result of his negligence

66.(b) Kinds of Shares 1. Cumulative Preference Shares In case dividend is not declared, because of inadequate profit, the right to dividend for that year does not lapse in the case of cumulative preference shares. Dividends not declared and paid get accumulated so that they may be paid out of profits of subsequent years as arrears of dividend before any dividend is paid to equity shareholders. Preference shares are always cumulative, unless the contrary is expressly stated in the Articles of Association. **2. Non Cumulative Preference Shares** In the case of non cumulative preference shares if dividend is not paid in any particular year, it lapses. Dividend is not allowed to accumulate and such unpaid dividend will not be paid in subsequent years even though sufficient profits are earned. **3. Participating Preference Shares** In addition to the fixed rate of dividend, these shares carry a further right to participate with the equity shareholders in the surplus profits which remain after paying a certain rate of dividend to equity shareholders. Thus they get two kinds of dividend, one fixed rate and the other changing every year depending on the level of excess profits. Similarly such preference shares have a right to participate in the surplus assets of the company on its winding up after paying in full the preference and equity share capital. The right to participate in the surplus profits or surplus assets at the time of winding up is available to preference shareholders only if it is specifically expressed in the articles. In other words preference shares are presumed to be nonparticipating unless specifically stated otherwise in the articles. **4. Non Participating Preference Shares** These shares are entitled to only a fixed rate of dividend. They do not participate either in the surplus or in the surplus assets. In such a case, the entire surplus goes to equity shareholders. If the articles are silent with regard to this right to participate in the surplus profit or surplus assets, the preference shares will be considered to be only of nonparticipating type. **5. Convertible Preference Shares** Where preference shares entitle their shareholders to convert their preference shares into equity shares within a specified period, they are known as Convertible Preference Shares. **6. Non-Convertible Preference Shares** Where preference shares cannot be converted into equity shares, they are called non-convertible preference shares. Once issued as preference shares, they continue to be only preference shares throughout the life time of the company without any change in their characteristics. If the Articles are silent regarding this right to convert, the preference shares will be considered to be only Non-Convertible Preference Shares. **7. Redeemable Preference Shares** If the Articles of Association authorise, a company can issue redeemable preference shares. It means, that the capital raised by means of these shares can be returned after a specified period or at any time at its options after giving notice as per terms of issue. These shares can be redeemed either out of profits or out of the proceeds of a fresh issue of shares. Redeemable preference shares can be redeemed if they are fully paid-up. A company cannot convert existing preference shares into redeemable preference shares.

8. Irredeemable Preference Shares Any preference share that cannot be redeemed during the lifetime of the company is known as irredeemable preference Shares. **II. Equity Shares**

Equity shares are those, which are not preference shares. They were also known as ordinary shares. They are entitled to get dividend only after the fixed rateof dividend is paid to preference shareholders. Similarly at the time of winding up of the company, only after returning preference share capital in full, and if there is any surplus, it will be paid to equity shareholders

67.(a) Benefits to Companies 1) A company whose shares are dealt in on a stock exchange enjoys great reputation in the capital market. 2) The marketability of shares is ensured and in consequence, the company enjoys a wide market for its shares. 3) Because of their shares listed on the stock exchange, the market value of shares of a company is likely to be higher in relation to earnings, dividends and property values. This helps the company in merger plans. 4) New companies can raise funds easily from the capital market because of indirect support provided by the stock exchange. 5) The activities of speculators save the listed securities from frequent fluctuations in the prices of securities. **Benefits to Investors:** 1) Stock exchange safeguards the interests of the investors.

They are assured of a ready and continuous market for the securities held by them. The brokers can't cheat the investors. 2) It provides liquidity of investments by providing a continuous market in shares and debentures. 3) Securities can be used as collateral security for loans. 4) Price quotations of stock exchange help the investor to know the real value of his investments. 5) Normally the securities of sound companies are traded in the stock exchange. The investors are saved from the risk of investment in unsound companies. **Benefits to the Community or Society:** 1) The stock exchange helps in the economic development by encouraging investors to invest their savings in securities of corporate sector. It encourages capital formation in the country. 2) By encouraging marketability of securities, the stock exchange upholds the position of efficiently managed companies. 3) It facilitates a well managed enterprise to raise further funds easily. 4) It helps the Government to borrow from the public and thus enables it to undertake development projects of national importance. 5) Stock exchange helps in optimum utilisation of scarce financial resources. 6) A stock exchange is a barometer of the economic conditions of a country. It reflects the trends in the economy through fluctuation of prices of various securities. **Limitations of stock exchange:** The important limitations of stock exchange are: 1. There is lack of uniformity in organisation and control of stock exchanges. 2. There is no restriction in the membership of the stock exchanges. In India no stock exchange prescribes any minimum educational qualification for admission as a member. 3. Many times, stock exchanges have failed to control unhealthy speculation. 4. There is no proper regulation of listing of securities in the stock exchange. 5. There is no margin requirement in the stock exchange as in the case of commodity exchange. 6. More than one stock exchange is allowed to function in some cities or towns.

67.b .JOINT STOCK COMPANY	**CO-OPERATIVE SOCIETIES**
It is mainly organised with the object of making profit. It is an association of persons formed for the purpose of doing a business	It is a voluntary association of the weaker section or the people. It may make profit in the prosess of rendering services.
There must be atleat two persons to form a private limited company and seven persons in public limited company.	But in the case of Co-operative society, a minimum number of members is 25 as per the Tamilnadu co-operative Societies Act of 1983.
In a private company maximum is 50 and in a public company there is no maximum limit.	There is no limit to the maximum number of members in a Co-operative Society
The members of a public limited company belong to different parts of the country and even different countries of the world.	But in a co-operative society the members belong to the same locality.
A company is formed and registered as per the companies Act of 1956	But a co-operative society registered as per the Cooperative societies Act of a state government
In a joint stock company, the management is entrusted to the Board of Directors elected by the shareholders.	All the members are entitled to participate in the management of co-operative societies with the help of the Board of directors
Profit is the primary motto of a joint stock company.	Service is the primary motto of a Co-operative
In companies there is no limit in the purchase of maximum number of Shares	In Co-operative societies minimum number of purchase of shares is limited to the extent of utilisation of benifits.
Government do not provide any concession to joint stock companies as extended to co-operatives.	but a co-operative society enjoys concession like exemption from paying incometax, stamp duty and registration fee etc.
In joint stock company one share one vote principle is followed.	But in a co-operative society one man vote principle is followed.
In a joint stock company the feeling of self interest and competition remain present.	In co-operative societies "Each for all and all for each" is the guiding principle.
A share holder cannot get back his capital during the life time of the company	A member in a co-operative society can surrender his shares, withdraw his capital and cancel his membership

Note: For any further clarifications or doubts Teachers are kindly requested to refer the Key given in the Valuation Camp www.maduraicommerce.com