



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Subject: BST	Chapter 2: Forms of Business Organizations
Worksheet: 02	Case Based Questions

I	CBQs
1	Suppose the total outside liabilities of XYZ drycleaner, a sole proprietorship firm, are Rs. 80,000 at the time of dissolution, but its assets are Rs. 60,000 only. In such a situation the proprietor will have to bring in Rs. 20,000 from her personal sources even if she has to sell her personal property to repay the firm's debts Which feature of sole proprietorship is indicated above? Explain.
2	The business assets of an organisation amount to Rs. 50,000 but the debts that remain unpaid are Rs. 80,000. What course of action can the creditors take if: (a) The organisation is a sole proprietorship firm (b) The organisation is a partnership firm with Anthony and Akbar as partners. Which of the two partners can the creditors approach for repayment of debt? Explain giving reasons.
3	Identify the types of partners: a) Partners who do not take part in the day-to-day activities of the business however, contributes capital to the firm, shares its profits and losses, and has unlimited liability. b) Partner is one who allows the use of his/her name by a firm, but does not contribute to its capital. He/she does not take active part in managing the firm, does not share its profit or losses but is liable, like other partners, to the third parties, for the repayments of the firm's debts. c) Suppose Rekha is a friend of Sandya who is a partner in a firm ABC Solutions. On Sandya's request, Rekha accompanies her to a business meeting with XYZ company and actively participates in the negotiation process for a business deal and gives the impression that she is also a partner in ABC Solutions. If credit is extended to ABC Solutions on the basis of these negotiations, Rekha would also be liable for repayment of such debt, as if she is a partner of the firm.
4	Suman and Angela have decided to start a business together and share the profits that they will earn. Angela suggested they register their business with the concerned authorities. But Suman suggested it is going to be a tedious task and that it is possible to run the business without registration. On the basis of the information provided above, answer the following questions: a. Identify the form of business. b. Imagine yourself as Angela and explain the consequences of not registering the form of business identified in (a) to Suman
5	Mr. Sumit owns an ancestral house in Jamnagar. On the advice of his friend, he converts it into a lodge after renovation. The revenue from the lodge helps to supplement his income

	considerably. On his death the property (lodge) is inherited by his three sons in order of their age namely, Mr. Sham, Mr. Anil and Mr. Satish who carry on with the business. From the above situation: - Identify the form of business carried on by Mr. Sumit's sons. - Who amongst the three brothers has the right to exercise control over the family business? - Which law governs the form of business identified in part (a)
6	Aiyana visited her native village during her vacations and found that the money lender in the village was exploiting the farmers. He was charging a very high rate of interest on the money he had landed to the farmers. Aiyana decided to help farmers. She met all the farmers along with her grandfather and told them about the various options for raising funds instead of going to a money lender. She was able to convince farmers to pool their own resources and form an organisation. so that the members can take loans from this organisation at reasonable interest, as and when funds are required. The purpose of opening such an organisation was not to make profits but to provide help to members. From the above case: - Name the form of organisation opened by farmers on the plea of Aiyana. - What is the minimum number of persons required to form such organisation? - Under which Act, these organisations are governed? - Who can become members of the above-identified organisation?
7	Liability of partners in a partnership business is generally of unlimited nature. But Neha joined a partnership firm in the year 2018 as a partner. As per the provisions of the firm she joined, liability of the partners is limited and its firm name consists of a specific word LLP in it. - Identify and state the type of partnership being highlighted here. - Name the basis under which this partnership is classified. - Also, name the other type of partnership which can be classified the same basis as identified in part (b) above.
8	Ramesh is presenting himself as partner of ABC Associates through his conduct or behaviour. Clients dealing with the firm accept him as a partner due to his self-acclaimed attitude of being a partner of the firm. - Which type of partner Mr. Ramesh is referred to in the above case? - Explain the type of partner in the above-mentioned case.
9	Continuous exploitation of milkman of Charm Wood Village by the intermediaries compel them to form a voluntary association to protect their interest and gain access to markets there by ensuring maximum returns for their efforts and the welfare of the members. - Name the form of business organization adopted by the milkman. - Give an example of organization identified in (ii) above - Which principle governs such organization and how government support them?
10	Some of the people of Dwarkapuri unitedly established a cooperative society. Its objective was to purchase the goods of daily consumption directly from the producers and sell to the members. By doing so, now they are getting goods of a high quality at a reasonable rate. In the proximity of Dwarkapuri, there is an industrial area in which there are several small producers. They are struggling against the problem of procuring raw materials at a reasonable rate and selling the produced goods at a reasonable rate. Some prudent producers consulted all of them and established a cooperative society. This society resolved the problems of the producers related to buying and selling. Similarly, in Nand Nagri too, there are several such people which produce several goods in small

quantities. Some big buyers buy their goods at cheap rates and sell them at high rates in the market. They earn huge profits. Small producers also made a society in order to get rid of their clutches and heaved a sigh of relief.

In Nand Nagri itself, there lives a large number of people whose financial position is poor. Usually, they borrow money from the rich at a high rate of interest. They also formed a society which fully succeeded in making them free from the clutches of the rich.

From the above case:

1. Identify the form of business organization.

- a. Joint stock company
- b. Cooperative organization
- c. Partnership
- d. Sole proprietorship

2. Identify the cooperative society established by the people of Dwarkapuri

- a. Cooperative credit society
- b. Marketing cooperative society
- c. Producer's cooperative society
- d. Consumers cooperative society

3. Name the cooperative society established by the producers of Nand Nagri in order to solve their problem

- a. Cooperative credit society
- b. Marketing cooperative society
- c. Producer's cooperative society
- d. Consumers cooperative society