

## Principle of Commerce (English Medium) - 11th Class Principle of Commerce Chapter 5 Short Questions Preparation

Q1. From where a jont stock company obtians capital for starrting business.
<b>Ans 1:</b> A jont stock company mobilizes a large portion of its capital by issuing shares, for this purpose a pulic company cna issue its propectus to general public whilst private company cannot issue the shares to general public.
Q2. Defie the jont stock company.
<b>Ans 1:</b> "It is an incorporated association enjoys the advantage of having a large number of memebrs who contribute money to a common pool for running largte undertaking The intrest or share of each memebr scan be purchased, sold and trasferred without he consetn of other memebrs.
Q3. What is meant by limited liability of the shareholders in a jjoint stock company.
Ans 1: In joint stock company, the liability of the shareholders is limited to the extent of shares purchased by them. It menas the private property of shareholders cannot be used for the loss of company.
Q4. What is menat by democratic style or set up in a joint stock company.
<b>Ans 1:</b> The company has democratic set up became shareholders of the company elect the directin by using their voting rights to run the business. Moreoer, all the decision of majority.
Q5. What is meant by the separate legal entity of a company.
<b>Ans 1:</b> Joint stock company is an artificial person and has separte legal entity in this capacity, the company can sue or enter into agreement with other parties.
Q6. State the numebr of shareholders in a joint stock company.
Ans 1: In case of a multi memebrs private limited company minimum number of members shuld be two and maximum fifty whilst in a listed public limited company minimum memebrs should be seven but there is no limit on maximum number of members
Q7. Explain the organizatonal structure of a joint stock company.
Ans 1: The managment of the company is entrusted to the board of directors elected by theshareholders shareholders are not

allowed to participate directly the affairs of management.

Q8. How does a joint stock company provide difference investment opportunities

**Ans 1:** The company issues ordinary and preferred shares to those investors who want to share teh profit or loss of the business and issue debentures to those investing who want to recive interest at fixed rate.

Q9. Write down any five disadvantages of a joint stock company.

Ans 1: i- Monopoly ii- Late decisions iii- Lack of secrecy

Ans 2: iv- Difficulty informatoin v- Double taxation

Q10. Stat any five properties of a joint stock company.

Ans 1: i- Separate legal entity ii- Democratic style iii- Long life

Ans 2: iv- Limited liability v- Easy transfer of shares.