INSTRUCTIONAL MATERIAL ON
CONVENTIONAL METHOD OF INSTRUCTION

DEVELOPED BY
(INVESTIGATOR)

DEPARTMENT OF EDUCATION
PANJAB UNIVERSITY
CHANDIGARH
MODEL LESSON

Subject: Accountancy  
Time: 45 Min  
Topic: Company-Basic Concepts  
Class: 10+2

- **Content**
  (i) Concept of Company-its meaning, definitions and characteristics  
  (ii) Distinction between Partnership and Joint stock company

- **General Objectives**
  (i) To acquaint the students with business transactions.  
  (ii) To broaden the mental horizon of students.  
  (iii) To develop the habit of recording cash transactions.

- **Specific Objectives**
  (i) To give knowledge about the concept of company  
  (ii) To familiar the students with the Companies Act, 1956  
  (iii) To enable the students to distinguish between partnership firm and a joint stock company

- **General Teaching Aids:**
  Blackboard, Chalk, Duster, Pointer

- **Specific Teaching Aids:**
  Chart depicting various type of companies

- **Previous Knowledge Testing**
  To check the previous knowledge of the students, pupil teacher will ask following questions:
  (i) What are our basic needs?  
  (ii) How do we fulfill our basic needs?  
  (iii) What do you mean by the term business?  
  (iv) What are the various forms of business?  
  (v) What do you mean by company?

- **Announcement of the Topic**
  After getting unsatisfactory response from the students, pupil teacher will announce the topic. So, today we shall learn about company in detail.

- **Presentation of the Topic**
  Pupil teacher will present the topic in the classroom using lecture cum discussion method. Questioning technique will be used to develop the lesson.
A company form of organization is the third stage in the evolution of forms of organization. A company is an entity established through a process of law for undertaking a business. Its capital is contributed by a large number of persons called shareholders who are the real owners of the company. But neither it is possible for all of them to participate in the management of the company nor considered desirable. Therefore, they elect a Board of Directors as their representative to manage the affairs of the company. In fact, all the affairs of the company are governed by the provisions of the Companies Act, 1956. A company means a company incorporated or registered under the Companies Act, 1956 or under any other earlier Companies Acts. According to Chief Justice Marshal, "a company is a person, artificial, invisible, intangible and existing only in the eyes of law. Being a mere creation of law, it possesses only those properties which the charter of its creation confers upon it, either expressly or as incidental to its very existence". A company usually raises its capital in the form of shares (called share capital) and debentures (debt capital.)

**Features of a Company**

A company may be viewed as an association of persons who contribute money or money's worth to a common stock and uses it for a common purpose. It is an artificial person having or corporate legal entity distinct from its members (shareholders) and has a common seal used for its signature. Thus, it has certain special features which distinguish it from the other forms of organization. These are as follows:

1. **Voluntary Association**: persons who are willing to form a company can come together voluntarily for carrying on a business. Therefore, it is regarded as a voluntary association of persons.

2. **Separate Legal Entity**: A company has a separate legal entity which is distinct and separate from its members. It can hold and deal with any type of property. It can enter into contracts and even open a bank account in its own name. It can sue others as well as be sued by others.

3. **Limited Liability**: The liability of the
members of the company is limited to the unpaid amount of the shares held by them. In the case of the companies limited by guarantee, the liability of its members is limited to the extent of the guarantee given by them in the event of the company being wound up.

4. **Perpetual Succession**: The Company being an artificial person created by law continues to exist irrespective of the changes in its membership. A company can be terminated only through law. The death or insanity or insolvency of any member of the company in no way affects the existence of the company. Members may come and go but the company continues.

5. **Common Seal**: The Company being an artificial person cannot sign its name by itself. Therefore, every company is required to have its own seal which acts as an official signature of the company. Any document which does not carry the common seal of the company is not binding on the company.

6. **Transferability of Shares**: The shares of a public limited company are freely transferable. The permission of the company or the consent of any member of the company is not necessary for the transfer of shares. But the Articles of the company can prescribe the manner in which the transfer of shares will be made.

7. **May Sue or be sued**: A company being a legal person can enter into contracts and can enforce the contractual rights against others. It can sue and be sued in its name if there is a breach of contract by the company.

8. **Management and ownership are separate**: A company is not managed by all the members but by their elected representatives called directors. In other words, management and ownership are separate.

### Sectional Recapitulation

1. Define the term “company”?
2. Why is company known as a voluntary association?
3. How do ownership and management of company differ from each other?
4. Under which act should a company be registered?
5. How does a company has a limited liability?
### Instructional objectives

<table>
<thead>
<tr>
<th>To enable the students to distinguish between a partnership and a joint stock company</th>
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### Subject matter

**Distinction between partnership and a joint stock company**

1. **Mode of formation & Regulation Act**
   - Partnership firm established by an agreement between the partners, registration is not compulsory under the Indian Partnership Act, 1932 whereas company established by registration under the Companies Act, 1956.

2. **Number of members**
   - In partnership, minimum=2, maximum=20 (but in case of banking business it is 10) whereas in case of public company minimum=7, maximum= no limit and in case of private company minimum=2, maximum= not more than 50.

3. **Liability**
   - The liability of partners is unlimited whereas in case of company the liability of partners is usually limited to the amount due on the shares held by them.

4. **Distribution of profits**
   - According to the terms of the Partnership Deed or equally if there is no agreement whereas in case of company it depends on Article of Association or the directors as to what share of profits i.e. dividend will be given to the shareholders.

5. **Management**
   - Every partner takes part in the management of the affairs of the firm whereas in case of company management is entrusted to the directors who must be at least 3 in number in case of a public company and 2 in case of a private company.

6. **Transfer of shares**
   - A partner has no right to transfer his shares to any other person without the consent of the partners but in case of company except in case of a private company, there is no restrictions on the transfer of shares.

7. **Audit**
   - Compulsory if stated in the Partnership Deed or if law (Income Tax Act) so requires but in case of company audit is compulsory.

### Pupil teacher activity

- Pupil teacher will explain various basis of difference between partnership and joint stock company.

### Blackboard summary

- Distinction
- Mode of formation & Regulation Act
- Number of members
- Liability
- Distribution of profits

### Generalization

Well students, today we have discussed about “Company” that it is an artificial person recognized in the eyes of law and is distinct from its members. Then we discussed about its various features.

### Final Recapitulation

1. Enlist various features of company?
2. How can the shares of the company be transferred?
3. What do you mean by common seal of the company?
4. How many members are required to start a joint stock company?

### Home Assignment

Learn the various bases on which partnership and company differ from each other.
REVISED PROBLEM SOLVING ABILITY TEST

BY

DUBEY (2011)
PROBLEM SOLVING ABILITY TEST

Name......................................School/College......................Roll No..............
Age....................................... Class/Section......................... Dated......................

Instructions

In this test, some problem-related statements alongwith their four possible answers are given. You have to write the serial number of correct answer in the box given against that statement. To complete this a time of 40 minutes is given. Example – 3 persons are available for 3 posts. One post is to be assigned to each person. In how many ways the post can be assigned to them?

3 persons can be assigned 3 vacant posts in 3 ways only, therefore the correct answer to the above statement is 3, whose answer is the serial 2 so 2 is written in the brackets of answer. You have to solve all the answers similarly. Remember you have to write correct answer in the space for answer.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Statements</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Rajeev has 35 notes of 100 rupees denomination in serial. If 12965 is the number of first note, what will be number of last note?</td>
<td>√</td>
</tr>
<tr>
<td></td>
<td>(1) 13999  (2) 13000  (3) 12999  (4) 13001</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>There are four married sons of an husband and wife in family. Each son has 4 children. Then how many members are there in the family?</td>
<td>√</td>
</tr>
<tr>
<td></td>
<td>(1) 16    (2) 20    (3) 24    (4) 26</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Write two such numbers which are having their total as 30 and difference as 20?</td>
<td>√</td>
</tr>
<tr>
<td></td>
<td>(1) 15:15  (2) 28:10  (3) 25:5  (4) 28:2</td>
<td></td>
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<tr>
<td>4.</td>
<td>One person is 4 years elder than her wife. His wife is 10 times older than her daughter. Her daughter will be of 6 years old after 2 years, then what is the present age of the person?</td>
<td>√</td>
</tr>
<tr>
<td></td>
<td>(1) 40 years  (2) 44 years  (3) 48 years  (4) 42 years</td>
<td></td>
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<tr>
<td>5.</td>
<td>There are two taps in a tank. One tap fills that tank in 10 hours and the other tap empties it in 8 hours. If both the taps are opened simultaneously, then in how many hours the tank will be filled completely?</td>
<td>√</td>
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</table>
6. A soldier from his camp goes 6 km. straight in the north. Then after going 6 km. straight in the east goes 5 km. in the south. From there turning to right goes 5 km. Now how many km. away he is from his camp?
   (1) 21 km  (2) 16 km.  (3) 1 km.  (4) 11 km.

7. There is a difference of 40 between 6 times and 8 times of a number then what is that number?
   (1) 240  (2) 320  (3) 40  (4) 20

8. Smt. Shakuntla said to her daughter Sudha that I were of your age when you were born. If the present age of Smt. Shakuntla is 40 years, what would have been the age of Sudha 4 years before?
   (1) 14 years  (2) 16 years  (3) 20 years  (4) 24 years

9. Adding twice of any number in that number and substracting half of that number comes 50, then what will be that number?
   (1) 50  (2) 40  (3) 30  (4) 20

10. A fish is 20 inch long. Its length of head is equal to that of tail. The length of the tail would have been equal to its body if the length of the head had been twice. What will be the length of the body of the fish?
    (1) 6 inches  (2) 8 inches  (3) 30 inches  (4) 12 inches

11. Age of Madhu is 18 years. She was twice the age of Sharad before 6 years when she was of the age of marriage then what was the age of Sharad at that time?
    (1) 6 years  (2) 10 years  (3) 12 years  (4) 14 years

12. The cost of white-washing of four walls of the room comes to Rs. 10/- What will be the cost of white-washing a room of exactly twice the length, breadth and height of this room?
    (1) Rs. 20/-  (2) Rs. 40/-  (3) Rs. 80/-  (4) 120/-

13. A number with itself is added. Same number is substracted from the total, then the remainder is multiplies with the same number. If the product is 100 what will be that number?
    (1) 100  (2) 50  (3) 20  (4) 10

14. 'A' gains 10% more profit than 'B' then what percent of loss occurs to 'B' than 'A'?
    (1) 10% loss  (2) Neither profit (3) $\frac{1}{11}$% loss  (4) can not say

15. A six digit number is formed by repeating three digit number. For example 538538 or 235235. By which number this so formed number can be divided completely?
    (1) 8  (2) 11  (3) 14  (4) 18

16. A student of psychology had to obtain 20% Marks for passing. He got 20 marks and he failed by 20 marks then
how many marks he obtained in that paper?
(1) 50  (2) 100  (3) 200  (4) 400

17. Think of a number. After dividing it by 4 add 9 in the quotient. If answer comes 15, that number will be?
(1) 20  (2) 24  (3) 36  (4) 48

18. A milk seller has one litre water in different bottles. He exchanged half of the quantity among two of the bottles. He did so three times. Then tell what the ratio of milk and water is?
(1) 75:25  (2) 50:50  (3) 1/3:2/3  (4) 25:75

19. Kalpana, Sadhana, Rahul and Ashish has to deliver speech in the class. In how many ways teacher can arrange their turn?
(1) 4  (2) 8  (3) 12  (4) 16

20. Every person shook hands with each other after the end of the party. How many persons were there in the party if 28 times in all hands were shaken?
(1) 14  (2) 18  (3) 8  (4) 10