

Business and Labor Law (MGT711)
Question Wrapper (Sample Questions)

Scenario

Kareem is running a tea-stall in his small village. He has placed four (04) tables in his stall and each table is surrounded by two (02) chairs. On a recent sunny day, four (04) people – A, B, C, and D gathered in his stall. While enjoying the tea, they formulated following business deals:

- 1) A and B agreed to contribute Rs.1 lac each to start wheat farming after 6 months. They also agreed to share the profits of the proposed business.
- 2) C and D agreed to start a small hotel by contributing Rs.2 lac and 1 lac, they further agreed to share the profit equally but in case of loss, it was agreed to be borne by D alone.

Required: Whether the mutual agreements narrated above constitute any Partnership? Provide reason for both deals separately.

Answer:

- a) It is Not a Partnership as business is to be done in future. Business is not in existence.
- b) Yes, it is a Partnership. Sharing profits is necessary but sharing losses is not necessary.

Scenario

A new Company has been launched for the manufacturing of beauty products. The company has issued a certain number of shares to its promoters with a condition that no dividend will be paid on these shares until dividend to all other classes of shares has been paid in full.

Required

Write three different names that are used to point-out the kind of shares mentioned above.

Answer

- Deferred shares
- Founder shares
- Management shares

Scenario

Mr. A is a grains merchant. Mr. B paid specified price for a 50 KG of wheat and Mr. A handed over the bag of wheat to him. On the other hand, Mr. C approached Mr. A for a specified variety of rice. That rice is not available yet. It was agreed that Mr. A will provide him the specified rice after month on the agreed price.

Required

Differentiate between the contracts made by Mr. A with Mr. B and with Mr. C on the basis of the following:

1. Name of contract
2. Type of contract

Answer

- Contract with Mr. B is sale whereas with Mr. C is “an agreement to sell”
- First one is executed contract whereas second is executory contract