**Final Assignment**

Introduction to business

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**Q1. What is a Joint stock company?**

**(ANS)**

A joint-stock company is a business that is owned by its investors. The shareholders buy and sell shares and own a portion of the company. The percentage of ownership is based on the number of shares that each individual owns. Shareholders can buy and sell shares and transfer shares between one another, without putting the continued existence of the company in jeopardy

**Enlist its advantages and disadvantages?**

**Advantages of Joint Stock Company**

**1. Limited Liability :** Liability of members of Joint Stock Company is limited to the extent of shares held by them. Hence shareholders assets will not be on stake. This feature attracts large number of investors to invest in the company.  
  
**2. Perpetual Existence :** A company is an artificial legal person created by law which has its own independent legal status. Its existence is not affected by the death or insolvency of its members.  
  
**3. Large Scale Operation :** The capacity of the corporate organizations to raise the funds is comparatively high which provide capital for large scale operations. Hence opens the scope for expansion.  
  
**4. Transferability of Shares :** In a joint stock company it is easy to transfer shares to anyone. But the same is not permitted to private limited company.  
  
**5. Raising of Funds :** It is easy to raise a large amount of funds as the number of persons contributing to the capital are more.  
  
**6. Social Benefit :** It offers employment to a large number of people. It facilitates promotion of various ancillary industries. It also donates money for education, community service.  
  
**7. Research and Development :** It invests a lot of money on research and development for improved production process, improving quality of product, designing and innovating new products etc.  
  
**Disadvantages of Joint Stock Company:**  
  
**1. Formation is not easy :** To act as a legal entity a company has to fulfill various legal and procedural formalities making it a complicated process.  
  
**2. Double Taxation :** This is the biggest disadvantage which the company faces. Firstly, company needs to pay tax for the earned profits and again the shareholders are taxed for the earned income.  
  
**3. Control by Board of Directors :** After electing directors of the company which manage the business for the company the shareholders become ignorant of their responsibilities. This may be due to lack of interest and lack of proper and timely information.  
  
**4. Excessive Government Control :** A company has to comply with provisions of several acts, non-compliance of which can cause a company heavy penalty. This affects the smooth functioning of a company. **5. Delay in Policy Decisions :** All the legal and procedural formalities which are required to fulfill before making policies of the company delay the policy decisions.  
  
**6. Speculation and Manipulation:** As the shares of a joint stock company are easily transferable thus the shares are purchased and sold in the stock exchanges on the value or price of a share based on the expected dividend and the reputation of the company.

**Q2. What are the differences between private and public limited companies?**

**(ANS)**

**Private versus public limited companies**

There are a number of differences between a private and a public company; some derived from statute while others are derived from practice. The general rule is that any company which is not a public company is a private company.

The main difference between a public and a private company is that the shares of a public company are typically traded on a stock exchange while a private company’s shares are not.

This difference gives public companies a substantial advantage over private companies in that, if a public company satisfies the conditions for listing, its shares can be listed or dealt with on a recognised stock exchange. This will enable the company to raise equity capital by offering shares to the public, and also permitting shareholders to buy and sell their shares very easily.

In return for this benefit, and to protect public investors, public companies are subject to considerably more stringent controls than private companies. Many UK “public limited companies” (PLCs) however, are not listed on a stock exchange, so the owners should carefully consider whether they are in a position to comply with these extra burdens, or whether they should consider re-registering as a private company.

This guide outlines some of the most important distinctions in law between public and private companies.

**1. Shares**

**1.1 Share capital**

In the case of a public company the nominal value of its allotted share capital must not be less than the authorised minimum, at present £50,000.

Private companies are not subject to a minimum capital requirement.

**1.2 Allotment of shares**

Private companies are prohibited from offering their shares to the public.

Specific considerations apply to public companies in relation to the allotment of shares. A public company may not allot shares unless at least one-quarter of their nominal value and the whole of any premium has been paid up. This rule does not apply to employee share schemes.

A public company may not allot shares as fully or partly paid up (nominal value or any premium on them) otherwise than in cash if the consideration for the allotment is, or includes, an undertaking which is to be, or may be, performed more than five years after the date of the allotment.

If the allotment for non-cash consideration is permissible, then an expert’s prior valuation and report on the consideration given is usually required.

In any event, a public company may not allot shares in consideration of an undertaking to do work or perform services.

**1.3 Financial assistance for acquisition of its own shares**

All companies are prohibited from giving financial assistance, either directly or indirectly, for the acquisition of their own shares. However, a private limited company is permitted to do so if a special resolution is passed following a statutory declaration of solvency by the directors and a report by the auditors.

The private company must have net assets which are not reduced by the acquisition, or, to the extent that they are reduced, the assistance is provided out of distributable profits.

**1.4 Redemption or purchase of own shares out of capital**

Subject in each case to strict compliance with the statutory safeguards (including a sworn solvency statement made by all directors), a private company may not only purchase its own shares or redeem any shares issued as redeemable shares out of its distributable profits (as may a public company), but may also effect such a purchase or redemption by applying assets representing its capital and non-distributable reserves.

A public company has to apply to the Companies Court if it wishes to reduce its share capital.

**1.5 Disclosure of interests in shares**

Persons entitled to interests in the shares of a private company carrying full voting rights need not disclose them to the company, and the company is not required to keep a register of such interests. A person who acquires an interest in the shares with voting rights in a public company may, in certain circumstances, come under an obligation to notify the company of its interest.

**2. Shareholders**

**2.1 Pre-emptive rights**

Unlike a private company, a public company may not exclude altogether the preferential rights conferred by law on its existing equity shareholders to subscribe for new shares or other equity securities and which it offers for subscription in cash: it may only dis-apply those provisions for a limited period.

**2.2 Distribution of profits**

Like a private company, a public company may make distributions to its shareholders only out of its accumulated realised profits (so far as not already utilised by distribution or capitalisation) over its accumulated realised losses (so far as not previously written off in a reduction or reorganisation of capital duly made).

However, unlike a private company, a public company is prohibited from making a distribution if its net assets are less than the aggregate in value of its called-up share capital and its un-distributable reserves. The distribution must not reduce the amount of those assets to less than that aggregate.

**3. Directors**

**3.1 Sole director**

A private company may have a sole director, whereas every public company must have a minimum of two directors.

**3.2 Duty of directors**

If the net assets of a public company are reduced to half or less of its called-up share capital, its directors must, not later than 28 days from the earliest day on which that fact is known to a director of the company, duly convene an extraordinary general meeting, to be held not later than 56 days from that day, for the purpose of considering whether any, and if so what, steps should be taken to deal with the situation.

**3.3 Restrictions on loans and quasi-loans**

Where a group of companies includes a public company, not only are loans to directors prohibited (as is the case with private companies and groups of private companies), but transactions in the nature of or in substitution for loans (quasi-loans) to such directors are also prohibited.

**4.  Corporate governance**

**4.1 Companies House certificate**

A public company may not do business or exercise any borrowing powers unless the registrar of companies has issued a certificate under the [Companies Act 2006](http://taylor.butterworths.co.uk/wbs/NETbos.dll?OpenRef?sk=HELFDNDA&rt=Companies%5FAct1985%3AHTLEG%2DACT) or the company is re-registered as a private company. Before issuing a certificate, the registrar must be satisfied that the nominal value of the company’s allotted share capital is not less than the authorised minimum, and the company must deliver a statutory declaration complying with the [Companies Act 2006](http://taylor.butterworths.co.uk/wbs/NETbos.dll?OpenRef?sk=HELFDNDA&rt=Companies%5FAct1985%3AHTLEG%2DACT). Accordingly, no public company may do business until it has shareholder funds of a value equal to at least one-quarter of the authorised minimum.

A private company may commence business as soon as it has been registered.

**4.2 Company secretary**

A private company does not have to appoint a company secretary, unless its articles require it to do so.

A public company must have a company secretary and it is the duty of the directors of a public company to take all reasonable steps to ensure that the secretary of the company is a person who appears to them to have the requisite knowledge and experience to discharge the functions of secretary to the company, and who complies with the statutory requirements.

Whereas a private company secretary need not be specially qualified or experienced, the secretary of a public company must be someone with the appropriate knowledge and experience, e.g. a solicitor or a chartered secretary.

**4.3 Filing of accounts**

A company must prepare annual financial statements. The deadline for filing the financial statements at Companies House is 6 months after the end of its accounting period for a public company; a private company has up to 9 months.

Most private limited companies do not require a statutory audit unless their articles of association say that it must or enough shareholders request one.

**4.4 Dormant companies**

A private company which qualifies as a small company need not appoint auditors while it is dormant. A dormant company is currently required to file an abbreviated balance sheet with notes.

Public companies that are dormant must prepare and deliver to the registrar a balance sheet and notes, directors’ report and possibly a profit-and-loss account, if the company has traded in the previous financial year.

**5. Practical considerations**

There are a number of practical considerations to take into account when comparing private and public limited companies, including the following:

* The directors of a private company often hold or **control**all or a majority of its shares.
* Shares in a private company are rarely traded, as there is no established market place and no readily ascertainable market **price** for them. Further, it is usual for the articles of association of private companies to impose restrictions on transfers of shares.
* It is common for private companies to pay little or no dividends especially where, as is often the case, the directors also hold all or most of the shares and are virtually the owners of the company; most of the profits being applied towards directors’ remuneration, and any surplus to reserves. Shareholders in a private company who are not directors may therefore receive no income return from their shares. However, if the failure to pay dividends in contrast with substantial payments of remuneration to directors amounts to unfair prejudice, non-director shareholders may have rights under the Companies Act 2006

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* In the event of a dispute minority shareholders in a private company are likely to be in a weak position. Their shares, as mentioned above, may yield no income and it is difficult to realise their capital value. Further, whereas commonly in a public company no single group of connected parties controls a majority of the shares, the opposite may be the case in a private company. In the event of a dispute, minority shareholders in a private company are likely to be in a weak position.
* Whereas the directors and shareholders in a private company are frequently the same persons, this will usually not be the case in a public company.
* In a public company, the position of a director is more like that of an employee paid to manage a business

and shareholders are more akin to investors, whether institutional or otherwise

**Q3. What is Marketing? Explain the marketing process in detail?**

**(ANS)**

**What is Marketing?**

It’s one thing to run a business, it’s another thing to make a business a success.

Some of the main factors that will help you achieve success are:

**Strategy**

**People**

**Operations**

**Marketing**

**Finances**

In this article we will be talking about Marketing.

Marketing is the practice of raising awareness about your company, acquiring customers and making sure they come back again.

Conversions are not just for preachers

In an age of mass advertising, making your voice heard can be very challenging.

You’ll be competing with many other businesses which are fighting for market share just like you are. Getting yourself out there is going to be a tough battle!

This is where intelligent and effective marketing comes in. You need to draw consumers towards your business and come to prefer it over the competition, a process known as conversion.

**Scenario**

You run a bakery and café.

You place a poster in the window advertising that customers can purchase a cup of coffee and a slice of cake for £3.

A customer walking by on their lunch break sees this poster.

Enticed by the offer, they enter the building and make a purchase. So satisfied are they by this deal and the service provided, they continue to eat at your café on future lunch breaks.

This is marketing and conversion in action.

**Analysis**

You sent out a message describing what your company does and why your company should be favoured over the competition – you sell hot drinks and cake, and you offer them cheaply.

Your message is then received by a customer, who considers both these things and is drawn into a decision based on your marketing – the customer is hungry, and you’re offering cheap food.

This is a highly simplified scenario, and to truly maximise on the benefits of marketing you need to properly understand the process and how it should be employed.

Modern Marketing – A Battle for Consumer Loyalty

While it would be nice to live in a world where you can dominate a given market with minimal competition, such a world seldom exists for very long.

Wherever sufficient demand for a product or service exists, people will try to meet it. As such, marketing is basically a competition between various suppliers over securing as high a percentage of that customer base as possible.

Unless you’re in that very happy position of being one of the first companies in a market, such as Apple or Microsoft in computer software and hardware, you will need to make yourself stand out from the rest of the crowd.

This can only be achieved through a well-thought-out Marketing Strategy.

**The 4 P’s**

In principle, the main strategy of marketing has been summarised into what has been called the Four P’s.

**Product, price, promotion, place**.

All of these play into how your marketing will work.

**Ask your self some questions:**

**What does your product do?**

**What do your customers get out of it?**

How is it different to other products of a similar nature; what sets it apart?

Meanwhile, with price, are you offering the product at a price that is competitive to those of your rivals?

Promotion is the act of giving information to the public, whether broadly or through targeted campaigns, about your product to generate interest and awareness.

Finally, place is about how and where you sell your product. Do you sell directly in stores to local consumers, or are you part of a long international supply chain?

Once all these points have been considered, you can help formulate a proper strategy to help you promote your product and make it known to the markets.

If you need help creating a strategy, click here to speak to us

Types of Marketing

There are several types of marketing that can employed, and which ones you use will depend on your product, your resources, and your intended audience.

**Print marketing**

Perhaps the oldest, cheapest and most pervasive form of marketing you’ll have access to. It involves things such as flyers, posters, brochures, bill board ads, and newspaper ads. For just under a few hundred pounds, you can print off several thousand posters and flyers to be put up in windows across town.

**Broadcasted marketing**

This includes TV and radio. Radio ads tend to be cheaper, but TV ads will hit a much broader audience. They often require a fair amount of cash not just to hire the airtime necessary for the advert to run, but also to produce the advert itself.

**Digital marketing**

This is much more recent, having only really come into its own within the last twenty years or so. It includes everything from banner ads on websites, search engine listings, targeted emails, and advertising on social media. Social media marketing especially has really revolutionised the marketing industry, and tackling this technique has the capacity to quickly, easily, and cheaply reach millions of consumers.

**Explain the Marketing Process in Detail?**

Marketing process includes ways in which value can be created for the customers to satisfy their requirements. It is an endless series of actions and reactions between the customers and the companies making attempt to create value for and satisfy the needs of customers.

In marketing process, the situation is examined to identify opportunities, the strategy is formulated for a value proposition, tactical decisions are taken, plan is executed, and results are monitored.

The following four steps are involved in the marketing process −

**Situation Analysis**

Analysis of the situation in which the company finds itself serves as the basis for identifying chances to satisfy unfulfilled customer needs.

Situational and environmental analysis is done to identify the marketing options, to understand the company’s own capabilities and to understand the surroundings in which the company is operating.

**Marketing Strategy**

After identifying the marketing options available, a strategic plan is developed to pursue the identified options. An analysis is done and the best available option is chosen; a plan or strategy is made for that option.

**Marketing Mix Decisions**

At this step, elaborated tactical decisions are made for the controllable parameters of the marketing mix. It includes decisions related to product development, product pricing, product distribution and product promotion.

Implementation and Control

Finally, the marketing plan is executed and the outputs of marketing efforts are monitored to adjust the marketing mix according to the market changes.

This being the final step, it transforms the written or planned strategy into action and the product is presented according to this process.

**Q4. What are the 4 P’s of marketing?**

**What Are the 4 Ps?**

The four Ps of marketing are the key factors that are involved in the marketing of a good or service. They are the product, price, place, and promotion of a good or service. Often referred to as the marketing mix, the four Ps are constrained by internal and external factors in the overall business environment, and they interact significantly with one another.

The 4 Ps are used by companies to identify some key factors for their business, including what consumers want from them, how their product or service meets or fails to meet those needs, how their product or service is perceived in the world, how they stand out from their competitors, and how they interact with their customers.

**Key points**

• The four Ps are the four essential factors involved in marketing a good or service to the public.

• These are the four Ps: the product (the good or service); the price (what the consumer pays); the place (the location where a product is marketed); and promotion (the advertising).

• The concept of the four Ps has been around since the 1950s; as the marketing industry has evolved, the concepts of people, process, and physical evidence have become important components of marketing a product, too.

Volume 75%

**Understanding the 4 Ps**

Neil Borden popularized the idea of the marketing mix—and the concepts that would later be known primarily as the four Ps—in the 1950s. Borden was an advertising professor at Harvard University. His 1964 article titled "The Concept of the Marketing Mix" demonstrated the ways that companies could use advertising tactics to engage their consumers. Decades later, the concepts that Borden popularized are still being used by companies to advertise their goods and services.

When they were first introduced, Borden's ideas were very influential in the business world and were developed and refined over a number of years by other key players in the industry. It was actually E. Jerome McCarthy, a marketing professor at Michigan State University, who refined the concepts in Borden's book and created the idea of the "4 Ps," a term that is still used today. In 1960, McCarthy co-wrote the book "Basic Marketing: A Managerial Approach," further popularizing the idea of the 4 Ps.

At the time the concept was first coined, the marketing mix helped companies account for the physical barriers that prevented widespread product adoption. Today, the Internet has helped businesses achieve a greater level of integration between businesses and consumers, and also to overcome some of these barriers. People, process, and physical evidence are extensions of the original 4 Ps, and are more relevant to the current trends in marketing.

**How the Four Ps Work**

**Product**

Product refers to a good or service that a company offers to customers. Ideally, a product should fulfill an existing consumer demand. Or a product may be so compelling that consumers believe they need to have it and it creates a new demand. To be successful, marketers need to understand the life cycle of a product, and business executives need to have a plan for dealing with products at every stage of their life cycle. The type of product also partially dictates how much businesses can charge for it, where they should place it, and how they should promote it in the marketplace.

**Price**

Price is the cost consumers pay for a product. Marketers must link the price to the product's real and perceived value, but they also must consider supply costs, seasonal discounts, and competitors' prices. In some cases, business executives may raise the price to give the product the appearance of being a luxury. Alternatively, they may lower the price so more consumers can try the product.

Marketers also need to determine when and if discounting is appropriate. A discount can sometimes draw in more customers, but it can also give the impression that the product is less exclusive or less of a luxury compared to when it is was priced higher.

**Place**

When a company makes decisions regarding place, they are trying to determine where they should sell a product and how to deliver the product to the market. The goal of business executives is always to get their products in front of the consumers that are the most likely to buy them.

In some cases, this may refer to placing a product in certain stores, but it also refers to the product's placement on a specific store's display. In some cases, placement may refer to the act of including a product on television shows, in films, or on web pages in order to garner attention for the product.

**Promotion**

Promotion includes advertising, public relations, and promotional strategy. The goal of promoting a product is to reveal to consumers why they need it and why they should pay a certain price for it.

Marketers tend to tie promotion and placement elements together so they can reach their core audiences. For example, In the digital age, the "place" and "promotion" factors are as much online as they are offline. Specifically, where a product appears on a company's web page or social media, as well as which types of search functions trigger corresponding, targeted ads for the product.