

ANSWER KEY (12th) COMMERCE

S.P.C.C. 1st Exam

SECTION: A

- Ans.1 Reserve bank
Ans.2 Public
Ans.3 Selection
Ans.4 Contract
Ans.5 Mediclaim Insurance
Ans.6 Securities Contract
Ans.7 1 Month
Ans.8 2
Ans.9 is a market for speculators
Ans.10 the debt capital

SECTION: B

- Ans.11 **"Local organization" are known by which other names?**
"Local Organization" are known as local bodies also.
- Ans.12 **Which organization can be called "Local organization"?**
NGOs private schools imparting education at reasonable charges and cooperative societies can be called local organization.
- Ans.13 **What is a promotion?**
The transfer from lower rank to higher rank of employee is called promotion. Due to promotion an employee gets Economical benefits and status.
- Ans.14 **What is general insurance?**
The insurance other than the life insurance is called general insurance.
- Ans.15 **What is full form of IRDA?**
IRDA- Insurance Regulatory and Development Authority.
- Ans.16 **Stat the names of Share Issues?**
A public company raises share capital through (1) Public issue (2) Right issue (3) Bonus issue and (4) Private placement.
- Ans.17 **When is Escro bank account close?**
Escro bank account is closed when the allotment procedure is over.
- Ans.18 **What is share transfer?**
When a shareholder in anticipation of approval by company voluntarily waives his title of share in favor of other person/persons, this is a transfer of title to the share.
- Ans.19 **What is the full form is P.C.D.?**
The full form of P.C.D. is Partly Convertible Debenture.
- Ans.20 **Who decides the allotment policy for share?**
The board of directors decide the allotment policy for shares after consulting with the representatives of share market.

SECTION: C

- Ans.21 **Regarding which issues are complaint letters written to the bank?**
1. Letter complaining about the wrongful dishonor of the cheque by bank.
 2. Letter drawing attention towards in error in the bank statement.
 3. Letter complaining about the rude behavior of a bank employee.
- Ans.22 **What type of knowledge is required in correspondence with government department?**

A person should have knowledge about to whom the letter should be addressed. Moreover he should possess knowledge about appropriate procedure and rules and regulations of the concern department.

Ans.23 Explain the function of a circular?

1. It guides the employees regarding their scope of work.
2. It draws the attention of the employees for implementing decision taken by the management.
3. It clarifies what is expected from the employees
4. It maintains equality among employees.

Ans.24 What is irregular allotment of shares?

Irregular allotment of shares is when shares are allotted without fulfilling statutory provisions and restrictions.

Ans.25 What is share dividend?

A company pay tax at the end of the year out of profit earned for the year. The amount of profit left after the payment of tax is called divisible profit. A certain amount of the divisible profits is retained as a reserve by the company the remaining profit is distributed among shareholders is called dividend.

Ans.26 What is importance of share transfer?

Share transfer is an importance procedure shareholders use their right to transfer share with the consent of the company share is a part of capital of a company.

Ans.27 Under what circumstances can subsidiary company acquire membership of holding company?

A subsidiary company cannot obtain membership of its holding company. However, in following circumstances, subsidiary company can become a member of the holding company.

- (a) Representative of holding company passes away and subsidiary company holds shares as representative.
- (b) Subsidiary company is a trustee of any member but has no personal interest in the trust.
- (c) If the subsidiary company was already member before the execution of this law.

SECTION: D

Ans. 28 Which organization provide public utility services?

Local bodies like Municipality and corporation provides public utility services. When the need arises, government and semi government departments and NGOs also provides this type of services.

Ans .29 Describe the objective of notice?

- (a) To draw the attention of employees when policy matters are not being followed strictly.
- (b) To inform the employees the changes made according the circumstances.
- (c) To inform the employees to perform duties according to set order or specific method.
- (d) To assign a particular work to the particular person and the time limit and a location to complete the work.
- (e) To inform to has to submit the progress report and to whom.

Ans. 30 How are share application classified?

A statement of share application is prepared after receiving share application. With incomplete information are rejected.

As per SEBI guidelines, application are to be classified as:

1. Retail investors
2. Non – institutional high networth investors
3. Institutional Investors
4. Employees of the company

As per SEBI guidelines, it is necessary to reserve 10 % of shares issued for retail investors.

Ans. 31 What are the reason for share surrender?

Share certificate are returned to the company under following circumstances

1. When share certificate are torn.
2. When share certificated become illegible.
3. When share is not space left to record an entry of share transfer
4. When share are to be consolidated.
5. When share are to be subdivided.

Ans.32 Which details are to be provided in an instruction slip?

The following details are to be provided in the instruction slip:

- (1) Depository name and logo
- (2) Customer ID number and name
- (3) Type of shares
- (4) Quality of shares
- (5) Detail of buyer and seller
- (6) Mode of payment
- (7) Settlement detail
- (8) Approximate amount for offline sale

Ans.33 Which details are included in a share Certificate?

In share certificate shareholders name, address company name, price, seal, signature, date are included

Ans.34 Explain joint holder of share?

Who two or more prersons hold shares in their joint names, then their names are jointly recorded in the Register of Members of the company. They are individually and jointly liable for the shares. For administrative simplicity the company corresponds with the shareholder, whose name appears first. Company sends notices, share certificates, dividend warrants, circulars, documents etc. in his name.

SECTION: E

Ans.35 Write a letter to avail Locker facility in the bank.

Phone: 751254XXXX

Abhay shah
10, pramukh society,
Lambhvel Road,
Anand-388001
5th October 2019

To,
The Branch Manager
State Bank of India,
A.V. Road Branch,

Anand-388001

Sub: To avail locker facility in the bank

Sir,

I have held a saving account No.-453XXXXXXXXXX in your branch. I am very happy to know that your branch has increased the number of lockers. To keep my valuables and important documents safely, I want a locker in your branch. Therefore, I would like to know about the size of locker, its rent and other relevant information.

Yours Faithfully,
Abhay Shah

Ans.36 Letter inquiring about various life insurance policies.

Mobile No.: 91-942764XXXX

Manoj Shah
Matruvandan society,
Anandmahal Road,
Adajan,
Surat-395009

The Manager,
Life Insurance Corporation of India,
Adajan Branch,
Surat

Dear sir,

Sub: Inquiry about various life insurance policies

I, Manoj Shah, want to conform security by buying a suitable policy from the range of policies offering life insurance. I have full faith in the services provided by your firm- Life Insurance of India.

I am a 30 years old, healthy, married man running the business of provision items in the city for the last five years. I live with my parents, wife and two year old child in a house owned by me. My father helps me in my business and I am the sole bread-winner. I would like to inform you that I am capable of paying a premium of Rs. 4000/- at a interval of six months. I want to opt for an appropriate policy from the array of your trustworthy policies. I request you to send a pamphlet providing information about them. If possible, please arrange to send your agent so that I can take timely, appropriate decision.

Yours sincerely,
Manoj Shah

Ans.37 Narrate the Duties of Secretary regarding share transfer?

Duties of Secretary Regarding share transfer:

(1) To verify Share Instruments/Transfer Form:

Secretary has to verify share instruments carefully. He has to verify the number of shares, type of share, signature of shareholder and other essential details as per provisions.

- (2) Stamp and Fees:
Secretary has to verify market value of share mentioned in share transfer form. He has also verify whether the stamp duty affixed by shareholders in according to the value of the share.
- (3) Signature of witness:
Signature of witness is essential. Secretary has to see and ensure the signature of witness.
- (4) Receipt of share transfer:
After receiving share transfer form/instrument at the company's registered office, receipt shall be issued, provided all details are satisfactory.
- (5) Resolution of Board of Directors:
If information provided in the transfer form is found to be satisfactory and correct, then share transfer is approved. A resolution regarding approval of share transfer is passed in the Board of Director's meeting.
- (6) Registration in Register of Members:
Share transfer is approved on the basis of the form of transfer presented by the shareholder. It is followed by the necessary entries in the Register of Members.

Ans.38 Discuss the procedure for the issue of the debentures?

The procedure for the issue of debenture is as under:

- (A) Resolution by Board of Director:
First of all, the provisions of debentures of the Articles of the company are studied, then a resolution is passed in the meeting of the Board of Director to issue debentures. At the meeting, a decision is taken regarding the amount of total issue, rate of interest, payment of interest, number of debenture certificates and conditions.
- (B) Resolution by General meeting of the Company:
The sanction for issue of debentures is obtained in the General Meeting of the company. If due to issue of debentures, the debt of company exceed free reserves of the company or if the debenture are to be issued for an amount exceeding free reserve fund, then approval of members is obtained by convening the General Meeting of members.
- (C) Permission of SEBI:
It is necessary to ensure that the provisions of the Companies Act and guidelines of SEBI are complied with and permission of SEBI is obtained.
- (D) To issue Prospectus:
Public limited companies invite general public to subscribe to the debenture by issuing prospectus which describes contents of debentures. Investors study it and take decision to purchase the debenture.

Ans.39 Explain Methods to obtain membership?

- ✚ Subscribing to the Memorandum of Association
- ✚ By Allotment Shares
- ✚ By transfer of shares
- ✚ By Transmission of shares
- ✚ BY shares Acquired for consideration other than cash

- ✚ By estopped or holding out
- ✚ By execution of form of renunciation

(A) Subscribing to the Memorandum of Association

A person who signs the subscription clause of the Memorandum of Association of a company automatically becomes a member of the company after getting Certificate of incorporation. This condition does not apply to the signatories of the memorandum of Association.

(B) By Allotment shares

Company gives invitation to public to subscribe to its share by issuing prospectus. In response to such invitation, people only to purchase shares. As a result he becomes member of the company and acquires its membership.

(C) By Transfer of Shares

When a shareholder sells his shares or transfer of some other persons, then the transferee gets membership of the company of the company. Such a transfer can be done according to the Companies Act and articles of Association.

(D) BY transmission of shares

When a shareholder dies or is declared insolvent or lunatic, transmission of share becomes inevitable through a legal procedure. Under some circumstances his successor or legal representative becomes the shareholder.

(E) BY shares Acquired for consideration other than cash

Services of many persons are required until the company comes into existence and commence its business. A company gives fully paid up shares to the persons providing such services.

(F) By Estoppel or Holding out

When a person sells his shares to others he loses his membership. In spite of not having membership: (a) he continues to be a members (b) Holds out himself to be a member (c) Utilizes his rights as a member by fictitious behavior (d) any liabilities arises as a member.

(G) By execution of form of renunciation

When the existing shareholder renounces his right of purchasing right shares, fully or partially in favor of some other persons, he executes the letter of renunciation.

SECTION: F

Ans.40 **Draft a letter to the bank manager regarding the information of JAN DHAN YOJANA initiated by the government of State Bank of India.**

Mobile: XXXXXX65214

Sunil V. Yadav
10/b Vaibhav Flat
Nadiyad
8th June 2019

To,
The Branch Manager
Stat Bank of India
College Road Branch
Nadiyad

Sub: Information about JAN DHAN YOJNA

Dear Sir,

I own a garage near DDIT College for the last two years which is very near to your branch. I noticed an advertisement of Jan Dhan Account outside your bank which motivated me to write this letter.

As I know, the government of India introduces many schemes for the weaker section, so I wish to know how Jan Dhan Account would be beneficial to me and how this account is different than other accounts? I wish to know about the documents to be submitted to open this account and the minimum amount to be deposited. State Bank is a leading and trusted bank which helps to implement different schemes of the government successfully.

Therefore, I request you to provide me the required information about Jan Dhan Yojna so that people like me can get benefits of such scheme.

Yours Faithfully,
Sunil V. Yadav

Ans.41 **Draft a circular for the employee of a government hospital to park their Vehicles in the allotted parking space given by the organization?**

Maha Gujarat General Hospital

Phone: XXXXX965

College Road,
Nadiyad-382320
25th March, 2019

For all the employee of the Hospital

Sub: Regarding parking Vehicle

Through the circular No.225/17 dated 25th March 2019, all the employees of the hospital are requested to park their vehicle at their respective places mentioned here. For ambulance, parking is allotted near the main gate. Separate places have been allotted for doctors, administrative staff, other employees. For visitors also there is separate parking place. Sign boards indicating parking place for all the people have been put at their respective places. Therefore, all the concerned people are requested to park their vehicles at the places mentioned above in order to avoid inconvenience.

Yours faithfully
Eshita Dave
Superintendent

Ans.42 **Difference between irregular allotment of share and illegal allotment of share.**

No.	Points	Irregular Share Allotment	Illegal Share Allotment
(1)	Meaning	Share allotment made by Violating provisions of companies act regarding regular share allotment is called Irregular Share Allotment.	Share allotment made by Violating provisions of lawful contract under Indian Contract And provisions of legal share allotment under Companies Act is called Illegal Share Allotment.

(2)	Circumstances	Share allotment becomes irregular when allotment is made before registering prospectus, before receipt of minimum subscription and share allotment is made without receiving required application money on shares subscribed.	Share allotment is considered as illegal when offer is not made by an applicant, offer is not accepted, acceptance of offer is not informed by the company or there is absence of consideration.
(3)	Effect	Irregular Allotment is voidable at option of the shareholder and he is required to take certain steps within a time limit for the same.	The allotment of share is not required to take any step for cancellation of allotment because such allotment is void from the very beginning.
(4)	Effect on	Membership ends by eliminating name of shareholder from the Register of Members if share allotment is considered void respect to irregular share allotment.	There is no question of cancellation of membership under illegal share allotment as membership has not been awarded.
(5)	Liability	Responsible officers of the company for irregular allotment are liable to compensate the loss occurred to the company and the shareholders.	No such step are required to be taken under illegal allotment of share as there is no contract.

Ans.43 Explain Procedure for total share transfer.

The following is the procedure for total share transfer.

(1) Share transfer Form:

To transfer the shares a prescribed form has to be filled up giving details of the seller and the purchaser. The form is available at company's office or share broker.

(2) Share Certificate:

Share Certificate or share allotment letter is to be enclosed along with share transfer form.

(3) Unpaid Calls:

There should be no unpaid calls on shares that are to be transferred.

(4) Objection Application:

There should be no objection by anybody for restricting transfer of share. If any objection is raised by anybody share transfer will not be granted the by company.

(5) Satisfactory Evidence:

If a share transfer form which is duly filled and signed is lost then application should be made, duly signed by both the parties, to the company. They have to make a satisfactory clarification to the directors of the company.

(6) Lien Rights:

If the company has a lien on transferee share can approved transfer to collect its debt.

(7) Stamp Duty:

Proper stamp duty should be affixed on share transfer form as per the market value of the share. If the stamp duty affixed is as less value, directors of company may refuse to transfer the share.

(8) Share Certificate to the New Shareholder:

On approval of share transfer, the company sends changed share certificate to the New shareholder within one month.

(9) Rejection of Share Transfer:

Share transfer can be rejected in case Registrar of company has put a restriction or court of law has given a verdict of no transfer on those shares.

(10) Provision of Articles of Association:

For the share transfer, provisions of the Companies Act, as well as, provisions of Articles of Association should be followed. If they are not followed share transfer is not granted.

(11) Register of Members:

Original Shareholder's name is continued up to the completion of share transfer procedure.

(12) Right of Dividend:

In case transmission is not completed, expired member or insolvent member is entitled to get dividend.

Ans.44 **State the meaning of Debenture and explain its types.**

"Debenture is a type of document issued under the common seal of company acknowledging the debt."

-sir Francis Parmer

Debenture is " A document containing an acknowledgement of indebtedness; issued by the company under its common seal, and giving an undertaking to repay the debt, at a specified rate or at the option of the company and in the meantime to pay interest, thereon at affixed and at interval stated in debentures"

• **Types of Debentures:**

- (1) Mortgage Debenture
- (2) Fully Convertible Debenture(FCD)
- (3) Partly Convertible Debenture (PCD)
- (4) Non-Convertible Debenture (NCD)

(1) Mortgage Debentures:

The company, by issuing such debentures, create a charge on the assets which can be fixed charge or floating charge. The company has to obtain the approval of the trustees of debenture holders, before taking any decision regarding these assets. At the time of liquidation, the debenture holders have the first right on the assets of the company.

(2) Fully Convertible debentures: -FCD

In accordance with the agreement with debenture holders, on completion of the specified time period, these debentures are converted into equity shares. The company give two options to holders: 1. To redeem the debentures or 2. To take equity shares of the same amount. If the debenture holder opts for Fully Convertible Debenture (FCD) then his rights as creditor come to an end and he gets rights as equity share holder.

(3) Partly Convertible Debenture:-PCD

Here the debenture is divided into two parts, where one part is fully convertible and the other parts in non-convertible. Equity shares are issued against the convertible part while the non-convertible part is redeemed.

(4) Non-Convertible Debenture:-NCD

These debentures are not converted into equity shares. The holder are paid their money back by redemption at the end of the specified time period.

