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Question Bank

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सूचना

१. फक्त विद्यार्थ्यांना प्रश्नप्रकारांचा सराव करून देण्यासाठीच
२. सदर प्रश्नसंचातील प्रश्न बोर्डाच्या प्रश्नपत्रिकेत येतीलच असे नाही याची नोंद घ्यावी.

Secretarial Practice

Question Bank

2020-2021

Q.1 A) Select the correct answer from the options given below and rewrite the statements.

1. Finance is the management of affairs of the company.
a) monetary b) marketing c) production
2. Corporate finance deals with the acquisition and use of.....by business corporations.
a) goods b) capital c) land
3. The benefit of Depository Receipt is ability to raise capital in market.
a) National b) Local c) International
4. Under method, issue price of shares is based on bidding.
a) Book Building b) Fixed Price c) Bonus Issue
5. In, shares of a company are offered to the public for the first time.
a) Further Public Offer b) Initial Public Offer c) ESOS
6. is offered to existing equity shareholders.
a) IPO b) ESOS c) Rights issue
7. Secured debentures must be redeemed within from the date of its issue
a) 10 days b) 10 years c) 15 years
8. Debenture certificate must be issued within of allotment of debentures.
a) 3 months b) 6 months c) 60 days
9. The contract between company and Debenture trustees of companies is called as.....
a) Debenture trust deed b) Letter of offer c) Prospectus
10. Deposit can be accepted for a minimum of 6 months and maximum for months.
a) 36 b) 3 c) 30
11. Company issues to invite its members to subscribe for its deposit scheme.
a) Advertisement b) Circular c) Newspaper
12. Return of deposit must be filed every year on or before
a) 30th June b) 31st March c) 30th April

13. Secretarial correspondence with members should be
a) lengthy b) shortcut c) prompt and precise
14. Debentures repayable after a certain period are debentures.
a) Convertible b) Registered c) Redeemable
15. The rate of interest payable on debentures is
a) uncertain b) floating c) fixed
16. Depositors are of a company.
a) Members b) Creditors c) Debtors
17. In physical mode, securities are held in form.
a) Paper b) Dematerialization c) Electronic
18. Risk of losing certificates exists in mode.
a) Physical b) Dematerialized c) Digital
19. Depository Act was passed in
a) 1919 b) 1996 c) 1999
20. In India ISIN for corporate securities is allotted by
a) NSDL b) Central Government c) State Government
21. Dividend is recommended by
a) Managing Director b) Secretary c) Board of Directors
22. Interim Dividend is declared by
a) Board of Directors b) Debenture holders c) Depositors
23. Final Dividend is declared by
a) Board of directors b) shareholders c) depositors
24. Dividend cannot be declared out of
a) Capital b) Profit c) Reserves
25. Payment of Dividend must be authorized by the Articles of Association.
a) Interim b) Final c) Bonus
26. Money market is a market for lending and borrowing of funds for term.
a) short b) medium c) long

B) Match the pairs.

<u>Group 'A'</u>	<u>Group 'B'</u>
a) ADR	1) Fixed Assets
b) Bonus issue	2) CRISIL
c) Fixed capital	3) Issued to existing equity shareholders
d) Credit rating	4) Fixed liabilities
e) Equity share capital	5) Offered to existing employees
	6) Venture capital
	7) USA
	8) Safe capital
	9) Japan
	10) MCA

<u>Group 'A'</u>	<u>Group 'B'</u>
a) Debenture certificate	1) Sum of current assets
b) FPO	2) Decided and declared by the board of directors
c) Working capital	3) Any issue after First time Public offer
d) Final dividend	4) Sum of current liabilities

e) Preference share capital	5) First time Public offer
	6) Risk capital
	7) Document of ownership
	8) Safe capital
	9) Instrument of debt
	10) Decided by board; declared by members

<u>Group 'A'</u>	<u>Group 'B'</u>
a) Bond holders	1) Deals with acquisition and use of assets
b) IPO	2) Declared in Annual General Meeting
c) Corporate finance	3) Any issue after First time Public offer
d) Final dividend	4) Deals with acquisition and use of capital
e) Preference shares	5) First time Public offer
	6) Fixed rate of dividend
	7) Owners
	8) Fluctuating rate of dividend
	9) Creditors
	10) Declared in Board meeting

<u>Group 'A'</u>	<u>Group 'B'</u>
a) Debenture holders	1) Secured deposits
b) IPO	2) Owners
c) Charge on assets	3) Any issue after First time Public offer
d) SEBI	4) To protect the interest of investors in securities market
e) Issued within two months allotment of shares	5) First time Public offer
	6) Allotment letter
	7) To protect the interest of companies in securities market
	8) Share certificate
	9) Creditors
	10) Unsecured deposits

C) Write a word or a term or a phrase which can substitute each of the following statements.

1. Capital needed to acquire fixed assets which are used for longer period of time.
2. The sum of current assets.
3. The excess of current assets over current liabilities.
4. The process of converting raw material into finished goods.
5. The value of share which is written on the share certificate.
6. Highest bid price in Book Building method.
7. Document which is a prima facie evidence of ownership of certain shares of a company.

8. Authority which has power to issue debentures
9. Company which can accept deposits from public up to 35% of its paid-up share capital and free reserves.
10. Minimum tenure of a deposit.
11. The shareholders to whom the bonus shares are issued.
12. Return of deposits on maturity date.
13. The organization which holds the securities in electronic mode.
14. This process converts securities into electronic form from physical form.
15. This means securities are without distinctive identity number.
16. The meeting where final dividend is declared.
17. Dividend declared between two Annual General Meetings.
18. A market which exclusively deals with the new issue of securities.
19. A specific place where trading of securities is arranged in an organized method.
20. The first stock exchange to be recognized by the Indian Government under the Securities Contracts Regulation Act.

D) State whether the following statements are true or false.

1. Finance is related to money and money management.
2. Corporate finance brings co-ordination between various business activities.
3. Fixed capital is also referred as circulating capital.
4. Working capital stays in the business almost permanently
5. Equity shareholders enjoy fixed rate of dividend.
6. Share certificate is issued for partly or fully paid-up shares
7. Bonus Shares are issued at a discounted price to the Equity shareholders.
8. Floor price is the highest bid price under Book Building method.
9. Debenture holders have no voting rights.
10. Eligible public company can collect deposits from its members.
11. Government Company can collect deposits from its members.
12. Debenture holders get regular dividend.
13. Fixed deposit is a short term source of finance for the company.

14. A Private Company can accept the deposits from the general public.
15. India has a multi-Depository System.
16. Physical mode of holding securities is risky.
17. Dividend cannot be paid out of capital.
18. NSE is the regulator of all stock exchanges in India.

E) Find the odd one.

1. Land and Building, Plant and Machinery, Cash.
2. Debenture, Public deposit, Retained earnings
3. ESOS, ESPS, Rights Shares
4. Debenture trustees, Trust Deed, Shareholders.
5. Private company, Non-Eligible public company, Government company.
6. Deposit Trustee, Deposit Trust Deed, Special Resolution.
7. Secretary, Board of Directors, Lucid Language
8. Debenture holder, Shareholder, SEBI
9. NSDL, CDSL, NBFC
10. Depository, DP, RBI.
11. DRF, RRF, PPF
12. Final Dividend, Interim Dividend, Interest.

F) Complete the sentences.

1. When there is boom in economy, sales will.....
2. The finance needed by business organization is termed as
3. In Book Building Method, the final price at which shares are offered to investors is called as
4. To protect the interest of Debenture holders, a company appoints
5. Company cannot accept or renew deposits repayable on
6. Account which is used only for repaying deposits is called
7. A company capitalises its Reserve Fund for issue of shares.
8. The process which converts digital securities in physical form is

9. The first depository of India is
10. Word dividend is derived from Latin term

G) Select the correct option from the bracket.

Group 'A'		Group 'B'	
a)	Retained earnings	1	-----
b)	-----	2	Written communication
c)	36 months	3	-----
d)	-----	4	Charge on assets
e)	Cash sales	5	-----

(Less working capital, Correspondence, Secured debentures, Internal source of finance, Maximum tenure of deposits.)

Group 'A'		Group 'B'	
a)	Return on shares	1	-----
b)	Capitalization of reserve fund	2	-----
c)	First depository of world	3	-----
d)	-----	4	payment of dividend electronically
e)	-----	5	Buying and selling of existing securities

(Germany, Bonus shares, Secondary market, Dividend, ECS)

H) Answer in one sentence.

1. Define corporate finance.
2. When does transmission of share take place?
3. What is the time limit to issue share certificate on allotment of shares?
4. Name the document which is an agreement between the debenture trustee and company.
5. Which companies can accept deposits from public?
6. What is Deposit Trust Deed?
7. What is the return on deposit?

8. What is Interest Warrant?
9. What is Depository System?
10. Who has right to recommend Dividend?
11. What is final Dividend?
12. What is financial market?

I) Correct the underlined word/s and rewrite the following sentences.

1. Preference shares get dividend at fluctuating rate.
2. Duplicate share certificate must be issued within one month from date of application.
3. A company issuing irredeemable debentures must create a charge on assets of the company.
4. To rate its debentures a company appoints underwriters.
5. Company appoints Credit Rating Agency to protect the interest of Depositors.
6. Deposit Receipt is issued within seven days from date of receipt of deposits.
7. Banking system leads to scrip less capital market.
8. Securities are fungible in Physical mode.
9. ISIN is a code given to a company.
10. Dividend is paid to creditors.
11. Special Resolution must be passed to declare Final Dividend.
12. In Primary market, already existing securities are traded.

J) Arrange in proper order.

1. a. Obtain Credit Rating.
b. Entry in register of debenture
c. Receive application with money
2. a. Issue debenture certificate
b. Issue prospectus
c. Open bank Account
3. a. Hold Board Meeting for allotment

- b. Issue debenture certificate
- c. Receive application with money

Q.2 Explain the following terms / concepts.

- | | |
|---------------------------------|------------------------------------|
| 1. Fixed capital | 2. Working capital |
| 3. Borrowed Capital | 4. Owned capital |
| 5. Overdraft | 6. Transmission of shares |
| 7. Bonus shares | 8. Allotment of shares |
| 9. Employee Stock Option Scheme | 10. Employee Stock Purchase Scheme |
| 11. Rights Issue | 12. Minimum subscription |
| 13. Debenture certificate | 14. Charge on assets |
| 15. Credit rating | 16. Eligible Public Company |
| 17. Secured Deposit | 18. Deposit Receipt |
| 19. Correct information | 20. Courtesy |
| 21. Dematerialization | 22. Rematerialization |
| 23. ISIN | 24. Dividend |
| 25. Interest | 26. Final Dividend |
| 27. Interim Dividend | 28. Financial market |
| 29. Capital market | 30. Stock exchange |

Q.3 Study the following case / situation and express your opinion.

(1) A company is planning to enhance its production capacity and is evaluating the possibility of purchasing new machinery whose cost is Rs. 2 crore or has alternative of machinery available on lease basis.

- a. What type of asset is machinery?
- b. Capital used for purchase of machinery is fixed capital or working capital?
- c. Does the size of a business determine the fixed capital requirement?

(2) The Balance-sheet of a Donald Company for the year 2018-19 reveals equity share capital of Rs. 25,00,000 and retained earnings of Rs. 50,00,000.

- a) Is the company financially sound?
- b) Can the retained earnings be converted into capital?

c) What type of source retained earnings is?

(3) TRI Ltd. Company is newly incorporated public company and wants to raise capital by selling Equity shares to the public. The Board of Directors are considering various options for this. Advise the Board on the following matters:

- a) What should the company offer - IPO or FPO?
- b) Can the company offer Bonus Shares to raise its capital?
- c) Can the company enter into Underwriting Agreement?

(4) Silver Ltd. Company has recently come out with its public offer through FPO. Their issue was over-subscribed. The Board of Directors now wants to start the allotment process. Please advise the Board on:

- a) Should the company set up allotment committee?
- b) How should the company inform the applicants to whom the company is allotting shares?
- c) Within what period should the company issue share certificate?

(5) Violet Ltd. company plans to raise Rs.10 crores by issuing debentures. The Board of Directors has some queries. Please advise them on the following:

- a. Can the company issue unsecured debentures?
- b. Can they issue irredeemable debentures?
- c. As the company is offering debentures to its members, can such debentures have normal voting rights?

(6) ABC Company Ltd. is an eligible Public Company as per the Companies Act, 2013 with reference to accepting Public Deposits.

- a. Can the company accept deposits in joint names?
- b. Can the company accept deposits from its members?
- c. Can the company issue secured deposits?

(7) Apple Company Ltd. is an eligible Public Company. It plans to raise secured deposits from the public. Please advise its Board on the following.

- a. Does the company need to get shareholders' approval for accepting deposits?
- b. Does the company have to appoint a Debenture Trustee?
- c. Within what period should the company create a charge on its assets?

(8) SUN Pvt. Ltd. company wants to raise funds through deposits.

- a. Can the company accept deposits from the public?
- b. Which document should the company issue to invite deposits?
- c. What is the maximum period for which they can accept deposits?

(9) Mr. Z holds 100 shares of Peculiar Co. Ltd. in Physical mode and wishes to convert the same in electronic mode:

- Mr. Z holds a Saving Bank Account with CFDH Bank Ltd. Can he deposit his shares in this account for demat?
- What type of account is needed for the same?
- Is it the RBI which will be the custodian of shares of Mr. Z after demating?

(10) Mrs. Z wishes to open a Demat account in her name:

- Can she open the account going to Mumbai office of NSDL?
- Is she required to pay for opening of account and its maintenance?
- Does she have to send the shares to respective company for demating?

(11) Mr. S holds 50 shares of Peculiar Co. Ltd. in demat form. The company has declared a dividend of Rs. 5/- per share and Bonus of 1:1 to its shareholders.

- How will Mr. S get his dividend?
- Will he get Bonus share in Physical or demat?
- Who is entitled to dividend and Bonus: Mr. S or the depository? (NSDL in this case)

(12) ABC Co. Ltd. decides to pay Interim Dividend

- Can it be paid out of free reserves?
- Is the Board right in declaring the same at the Board Meeting?
- Can the company distribute the same within 30 days of its declaration?

(13) DIAMOND Co. Ltd. is considering to declare Interim Dividend.

- In how many days of declaration it should transfer the funds to Dividend Account?
- In how many days it must pay it to shareholders?
- In how many days of declaration it must transfer the funds to the Unpaid Dividend A/c?

(14) Joy ltd. Company is a newly incorporated company. It wants to raise capital for the first time by issuing equity shares.

- Should it go to primary market or secondary market to issue its shares?
- Should it offer its shares through public offer or rights issue?
- What will be the issue of Equity shares by Joy Ltd. Co. called as, IPO or FPO?

(15) Mr. P has a recently got his B.Sc. degree. He has enrolled for a course in securities market. As a new student of this subject, he has few queries as follows:

- Does a Company need to be listed on a stock exchange to sell its securities through the stock exchange.
- What is the term used for referring to a stock exchange's ability to reflect the economic

condition of a country?

c) What is the term which refers to the functions of stock exchange as a provider of ready market for sale and purchase of security?

Q.4 Distinguish between the following.

- 1) Fixed Capital and Working Capital.
- 2) Equity shares and Preference shares.
- 3) Share and Debenture.
- 4) Owned capital and borrowed capital.
- 5) Rights Shares and Bonus Shares
- 6) Transfer of Shares and Transmission of Shares
- 7) Final Dividend and Interim Dividend
- 8) Dividend and Interest
- 9) Primary market and Secondary market.
- 10) Money market and Capital market.

Q.5 Answer in brief.

1. State any four factors affecting fixed capital requirement.
2. What is Global Depository Receipt?
3. State the features of Bonds.
4. What is Book Building Method?
5. State the general principles / rules for allotment of shares.
6. State the contents of Shares Certificate.
7. State the amount of deposits that different types of companies can collect by way of deposits.
8. State the contents of circular or Advertisement for Deposit.
9. Explain any four advantages of Depository system to Investor.
10. Explain DP as the constituent of Depository system.
11. Explain the features of Interest.
12. Discuss the rules governing unpaid and unclaimed dividend.
13. State any four functions of Stock Exchange.

Q.6 Justify the following statements.

1. Fixed capital stays in the business almost permanently
2. Equity shareholders are real owners and controllers of company

3. Bond holder is creditor of the company.
4. Equity share capital is risk capital.
5. The Board of Directors can refuse transfer of shares.
6. A company has to create charge on its assets for issuing secured debentures.
7. All companies cannot accept deposits from public.
8. There is a limit or restriction on the amount that a company can collect as Deposits.
9. Depository system results in reduced time, cost and efforts.
10. Electronic holding of securities is safer than physical holding.
11. Dividend is paid out of profits of the company.
12. Interim dividend cannot be paid out of free reserves.
13. Approval of members is not needed for Interim Dividend.
14. Financial markets acts as link between investor and borrower.
15. Capital market is useful for corporate sector.
16. The Securities and Exchange Board of India (SEBI) is the regulator for the securities market in India.
17. Stock exchanges work for the growth of the Indian economy.

Q.7 Attempt the following.

- 1) Write a letter to the shareholder regarding issue of Bonus Shares.
- 2) Write a letter to the member for the issue of Share Certificate.
- 3) Draft a letter of allotment to debenture holder.
- 4) Write a letter to the debenture holder regarding payment of interest through Interest Warrant.
- 5) Draft a letter to debenture holder informing him about redemption of debentures.
- 6) Write a letter to depositor regarding renewal of his deposit.
- 7) Draft a letter to depositor informing him about payment of interest electronically.

Q.8 Answer the following questions.

1. Discuss the importance of corporate finance.
2. Discuss the factors determining working capital requirement.
3. What is share and state its features?
4. What is an equity share? Explain its features.
5. Explain the different types of preference shares.
6. What are preference shares? State its features.
7. What is Debenture? Discuss the different types of debentures.

8. Define Debenture and explain the features of debentures.
9. Explain the two methods a company can use to make its public offer of shares.
10. Explain briefly the different types of shares offered by a company to its existing Equity shareholders.
11. Explain the statutory provisions for allotment of shares.
12. Briefly explain the provisions of Companies Act, 2013 for issue of debentures.
