

COMMERCE
(Three hours)

*(Candidates are allowed additional 15 minutes for only reading the paper.
They must NOT start writing during this time)*

Answer **Question 1** (compulsory) **from Part I** and **seven** Questions from Part II.
The intended marks for questions are given in brackets []

PART I

Question 1

(15 x2)

Answer briefly all items (i) to (xv) in this question.

- i) Define private limited company
- ii) Distinguish between a company limited by shares and company limited by guarantee.
- iii) Mention two ways in which a joint stock company may be promoted.
- iv) State two objectives of issuing a prospectus.
- v) When a private company is deemed to be a public company?
- vi) State any two essential qualifications of a director.
- vii) Mention any two objectives of Multinational Corporations.
- viii) Under what circumstances is a director to vacate his office?
- ix) Give two differences between fixed and working capital.
- x) Give two privileges enjoyed by preference shareholders.
- xi) What do you mean by participating preference shares?
- xii) Identify two sources of long term finance.
- xiii) State two points of distinction between a manager and a managing director.
- xiv) What do you mean by preliminary expenses?
- xv) Name the following:
 - a) The person who brings the company into existence.
 - b) The document which containing bye laws of a company.
 - c) The document which invites the public to subscribe to the shares and debentures of a company.
 - d) The amount of money which must be raised before the allotment of shares.

PART II

(Answer any *seven* questions)

Question 2

(5+5 marks)

- Give any five differences between a public limited company and a private limited company.
- Explain the different modes of operation of multinationals in different countries.

Question 3

(5+5 marks)

- Explain any three merits and two demerits of a government company.
- Explain any five reasons for the growth of multinational corporations.

Question 4

(10 marks)

Explain the various stages of promotion of a company.

Question 5

{1+ (1.5 x6)}

- What is Articles of Incorporation
- Explain any six clauses of Articles of Incorporation.

Question 6

(5 +5 marks)

- Define working capital. Explain any four factors determining the amount of working capital.
- Give five points of distinction between Memorandum of Association and Articles of Association.

Question 7

(5 + 5 marks)

- Mention any five differences between Equity shares and Preference shares.
- Explain any three merits and two drawbacks of retained earnings.

Question 8

(6 +4 marks)

- Briefly explain how can the directors of a company be removed from their office?
- Explain under what circumstances the office of a director fall vacant?

Question 9

(10 marks)

How can a prospective investor judge the from the prospectus whether the company is sound or not?

Question 10

(5 x2 marks)

Write short notes on:

- Qualification shares.
- Convertible debentures.
- Ploughing back of profits.
- Examples of two internal source of finance.
- Redeemable preference shares.