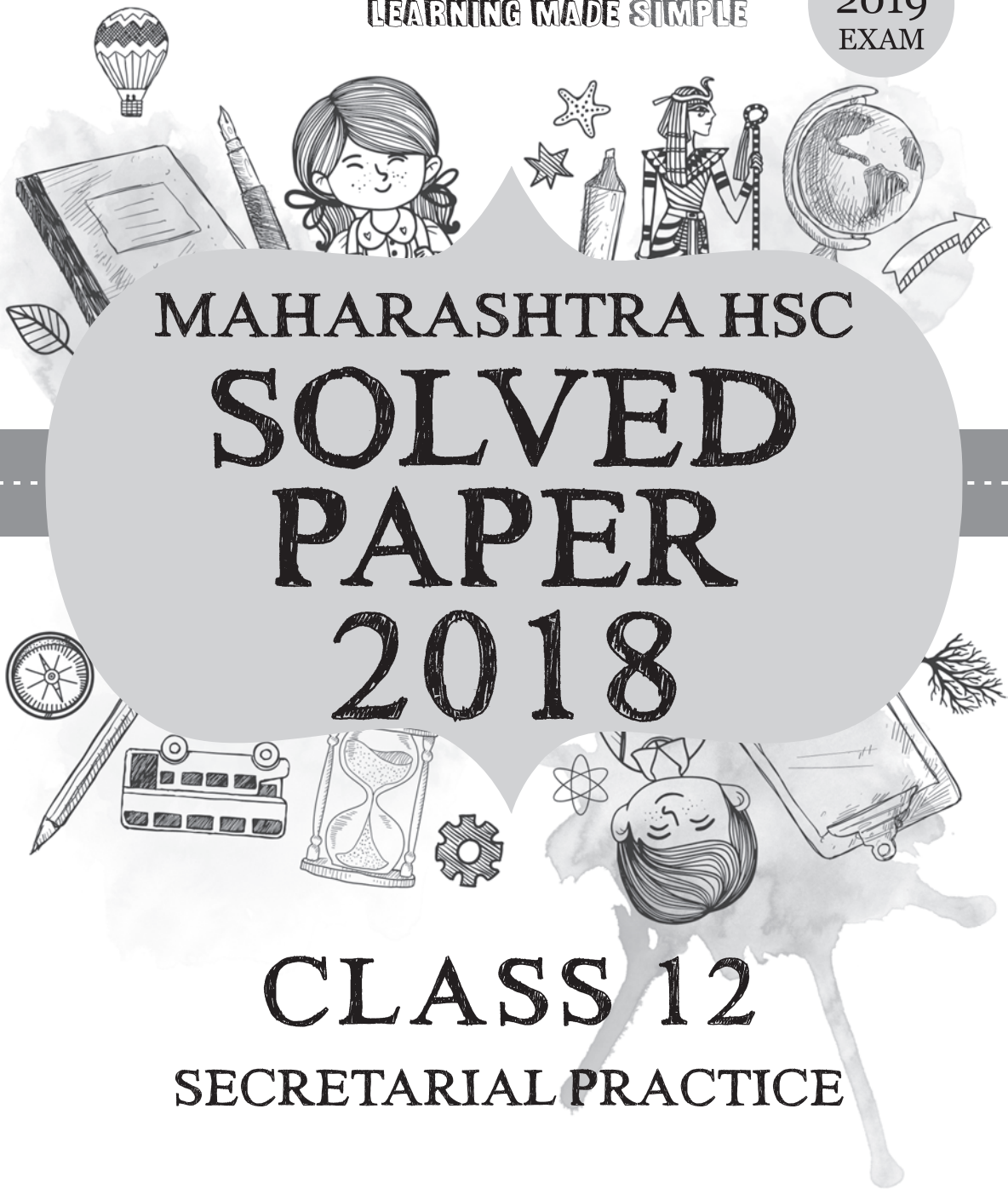


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FOR
2019
EXAM



MAHARASHTRA HSC
**SOLVED
PAPER**
2018

CLASS 12
SECRETARIAL PRACTICE

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LATEST SYLLABUS

Specific Objectives

- To acquire the knowledge of business finance, sources of business finance.
- To understand the role of secretary in the capital formation.
- To know about the declaration and payment of dividend.
- To acquire the knowledge of correspondence of a company secretary with members, debenture holders and depositors.
- To give the information about financial markets.

UNIT-1 Business Finance

- Business Finance – Meaning, role, objectives of financial management.
- Financial planning – Meaning and importance.
- Capital structure – Meaning and factors.
- Fixed and working capital – Meaning and factors affecting their requirements.

UNIT-2 Sources of Business Finance

- Nature and significance: Financial requirements and sources.
- Methods of raising finance
 - Equity and preference shares
 - Debentures and Bonds
 - Retained profits
 - Public deposits
 - Loan from commercial banks
 - Loan from financial institutions
 - Trade credit-Discounting of bills of Exchange
 - Global Depository Receipt, American Depository Receipt

UNIT-3 Role of a Secretary in the Capital Formation Part I

- Meaning of issue of shares at par, premium and discount, at bid price
- Meaning of Initial public offer.
- Meaning of bonus issue
- Meaning of rights issue
- Meaning of Employee stock option scheme
- Meaning of private placement.
- Issue of shares – procedure
- Allotment – Meaning, conditions for valid allotment, procedure
- Transfer and Transmission of shares – Meaning, provisions, procedure, difference.
- Issue of share certificate and share warrant – Meaning, provisions, procedure, difference.

UNIT-4 Role of a Secretary in the Capital Formation Part II

- Issue of debentures – procedure, conversion and redemption of debentures
- Deposits – invitation, acceptance, renewal, repayment, default and remedies
- Depositories and dematerialization of securities – meaning, importance, procedure, secretarial duties in issuing securities in dematerialized form

UNIT-5 Declaration and payment of dividend

- Meaning
- Provisions related to ascertainment of dividend, declaration of dividend and payment of dividend
- Procedure of payment of dividend.
- Provisions regarding unpaid / unclaimed dividend
- Interim and final dividend – Meaning and difference

...Contd.

UNIT-6 Correspondence of company secretary with members, debenture holders and depositors

- Allotment of shares
- Regret letter
- Lodgement notice
- Approval / Refusal of Transfer of shares
- Issue of bonus shares
- Distribution of dividend – notice
- Allotment of debentures
- Redemption of debentures
- Conversion of debentures into shares
- Payment of interest on debentures
- Letter thanking the investor for deposits
- Payment of interest (Basic information of TDS to be given)
- Renewal of deposits
- Repayment of deposits

UNIT -7 Financial markets

- Concept of Financial market
- Money market – nature, instruments.
- Capital market- nature and constituents – primary and secondary market.
- Distinction between capital market and money market.
- Stock Exchange – meaning, functions, BSE, NSEI, Trading procedure.
- Securities Exchange Board of India (SEBI) objectives, functions.

PROJECT WORK - Std. XII

- 1) Specimen presentation of different kinds of share certificates.
- 2) Specimen presentation of different kinds of debenture certificates.
- 3) Interview report of an underwriter.
- 4) Functional report of SEBI.
- 5) Visit report – Financial institution other than bank.
- 6) Presentation of prospectus and your observations.
- 7) Introduction to latest instruments of debts – (Refer Economic Times, Business Today, internet).
- 8) Informative report of public deposits offer by company.
- 9) Informative report of DEMAT account.
- 10) Report about dividend policy of any company.
- 11) Specimen presentation of letters issued by company
(Do not use specimen letters given in the book).
- 12) Collection of news clippings about share market.
- 13) Functional report of stock exchange.
- 14) Prepare specimen – Dividend warrant, Interest warrant

Note –

The above list of projects is given only as guidelines. Being creative and innovative, students may select any topic for project related to the syllabus.



Solved Paper	HSC Maharashtra Exam February 2018 Set No. J-525	Secretarial Practice
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Time : 3 Hours

Max. Marks : 80

Note :

1. All questions are compulsory.
2. Figures to the right indicate full marks for the questions.
3. Figures to the left indicate question numbers.
4. Answer to every question must be started on a new page.

1. (A) Select the proper option for the options given below and rewrite the sentences : [15]

- (1) Refusal to allot shares is conveyed through [5]
 - (a) Regret letter
 - (b) allotment letter
 - (c) call letter
- (2) If a share of ₹ 100 is issued at ₹ 100, it is said to be issued at
 - (a) Premium
 - (b) Par
 - (c) Discount
- (3) Wealth maximization of owner means maximization of of shares.....
 - (a) face value
 - (b) issue value
 - (c) market value
- (4) Unpaid/Unclaimed dividend shall be transferred to 'Investors' Education and Protection Fund on expiry of years.
 - (a) three
 - (b) seven
 - (c) six
- (5) A company with share capital must issue shares.
 - (a) equity
 - (b) preference
 - (c) right

- (B) Match the correct pairs of words from group A and B : [5]

Group 'A'	Group 'B'
(a) Dividend	(1) Security about repayment
(b) Financial plan	(2) 1875
(c) Secured debentures	(3) Return on investment of shareholders
(d) American depository receipt	(4) 1857
(e) Establishment of Bombay Stock Exchange	(5) Management of business funds
	(6) Repaid on maturity
	(7) Debenture certificate holder
	(8) Advance programming of financial management
	(9) Receipt is traded in a country other than USA
	(10) Receipt is traded in USA

- (C) Write a word or term or phrase which can substitute each of the following statements : [5]
- (1) A market where short term funds are borrowed and lent.
 - (2) The shares which are issued to existing equity shareholders as a gift.
 - (3) The bonds on which rate of interest remains constant throughout the life of the bond.
 - (4) The organisation which acts as intermediary between investors and depository.
 - (5) Documents used for payment of dividend to members.

2. Distinguish between the following (Any Three) : [15]

- (1) Dematerialisation and Rematerialisation
- (2) Transfer of shares and Transmission of shares.
- (3) Primary market and Secondary market.
- (4) Shares and Debentures.
- (5) Interim dividend and Final dividend.

3. Write notes on the following (Any Three) : [15]

- (1) Share warrant.
- (2) Importance of financial planning.
- (3) Initial public offer (IPO)
- (4) Global depository receipt
- (5) Provisions regarding unpaid / inclaimed dividend.

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4. **State, with reasons, whether the following statements are True or False (Any Three) :** [15]
- (1) The financial market contributes towards the nation's economic growth and development.
 - (2) The bond holders are owners of the company.
 - (3) Depositor's approval is must for renewal of deposit.
 - (4) A Share certificate is a bearer document.
 - (5) Debentures are never redeemed by the company.
5. **Attempt the following (Any Two) :** [10]
- (1) State the position of debenture holders in a company.
 - (2) Draft a letter of thanks to the depositor of a company.
 - (3) What are the factors affecting requirement of fixed capital ?
 - (4) Draft a letter to a debentureholder informing him about redemption of debentures.
6. Define 'preference shares'. Explain various types of preference shares. [10]
- OR**
- Draft a letter of allotment of shares to the applicant.

Solutions

1. (A) (1) (a) Regret letter
(2) (b) Par
(3) (c) Market value
(4) (b) seven
(5) (a) Equity [1×5=5]
- (B) Match the pairs
(a) 3,
(b) 8,
(c) 1,
(d) 10,
(e) 2. [1×5=5]
- (C) (1) Money Market
(2) Bonus Shares
(3) Fixed Rate Bonds
(4) Depository Participant
(5) Dividend warrant [1×5=5]
2. **Distinguish between**
(1) **Dematerialisation and Rematerialisation**

Ans.

Basis	Dematerialisation	Rematerialisation
(1) Meaning	The process in which shares in physical form are converted into an electronic form is called Dematerialisation of Shares.	The process in which shares in electronic form are converted again into physical form is called Rematerialisation of Shares.
(2) Account of Shares	On dematerialisation of shares, the account of the shares in the electronic form is maintained in the Demat Account by Depository Participants.	On rematerialisation of shares, the account of the shares in physical form is maintained by the company.
(3) Conversion	Shares are converted from original physical form into an electronic form.	Shares in electronic form are converted again into physical form.
(4) Option	Recently, SEBI has made dematerialisation compulsory for those shares and securities which are traded on large scale.	The process of conversion of shares from the electronic form back into physical form is optional and involuntary.
(5) Possession of Shares	Due to dematerialisation, the actual possession of shares and securities passes from the Investors to Depository Participants.	Due to rematerialisation, the actual possession of shares and securities passes from Depository Participant to Investors.

[1×5=5]

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(2) Transfer of Shares and Transmission of Shares

Basis	Transfer of Shares	Transmission of Shares
1. Meaning	The passing of ownership of the shares by one shareholder to another as a result of voluntary sale or gift of shares is called Transfer of shares.	The passing of ownership of of shares from one shareholder to another by the operation of law is called Transmission of the shares.
2. Kind of action	Transfer of shares take place when there is a sale / purchase / gift of shares. So it is a voluntary action.	Transmission of shares take place in the event of death or insolvency or lunacy of the shareholders. So it is a compulsory action.
3. Reasons	When both the parties <i>i.e.</i> , transferor and transferee are willing to transfer by submission of instrument of transfer by transferor. Transfer of shares take place.	Transmission of shares take place only when shareholders die or become lunatic the legal representative is required to submit an evidence that proves his legal status.
4. Initiative	Transfer of shares is initiated by the shareholders <i>i.e.</i> , transferor or by an authorised person.	Transmission of shares is initiated by the legal representative of the deceased shareholder.
5. Consideration	There must be adequate consideration in terms of money for transfer of shares unless they are transferred by way of gift.	The question of consideration in money does not arise because shares are always transmitted to legal representative without any consideration.

[1×5=5]

(3) Primary Market and Secondary Market.

Basis	Primary Market	Secondary Market
(1) Meaning	A security market in which new issue of securities <i>i.e.</i> fresh or newly issued fresh shares, or debentures are sold by the newly established or existing company is called Primary Market.	A security market in which second hand or existing securities are purchased and sold repeatedly is called Secondary Market.
(2) Functions	Its main function is to raise long-term funds through fresh issue of securities. So only buying of securities takes place securities can't be sold here by investors.	Its main function is to make available continuous and ready market for existing long-term securities. In this market, both buying and selling of securities by the investors takes place.
(3) Participants	The main participants of this market are financial institutions, mutual funds, underwriters, individual investors etc.	The main participants of secondary market are the participants of primary market, stock brokers and the members of stock exchanges.
(4) Listing Requirements	In case of primary market, listing of securities are not required.	In the case of secondary market, listing of securities are required for their authorised trading.
(5) Determinants of Price	In this market, the prices of securities are determined by the management of the Corporate houses with due compliance with SEBI's requirement in respect of new issue of securities.	In the secondary market, the prices of securities are determined by the forces of demand and supply of the securities in market.

[1×5=5]

(4) Shares and Debentures

Basis	Shares	Debentures
(1) Meaning	A share is a smallest unit in the total share capital of the company.	Debenture is a document given by a company as evidence of debt to its holders, usually arising out of loan and mostly secured by charge on assets.
(2) Nature of Capital	It is a permanent capital of the company. It is not repaid during the company's life time.	It is temporary capital of the company. It is repaid at a specific period.

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(3) Status	It represents owned capital and the shareholders' are owners of the company.	It represents borrowed capital and the debentureholders' are the creditors of the company.
(4) Return on Investment	Shareholders receive return in the form of dividend. Equity shareholders are paid dividend at a fluctuating rate.	They receive consideration in the form of interest which is pre-determined. The company is liable to pay interest even if it has no profits.
(5) Voting Rights	Shareholders' enjoy normal voting rights. They can participate in management of the company.	Debentureholders' do not have normal voting rights. They do not participate in the management of the company.

[1×5=5]

(5) **Interim dividend and Final dividend.**

Basis	Final Dividend	Interim Dividend
(1) Meaning	Dividend which is declared at the Annual General Meeting of the company is called Final Dividend.	Dividend which is declared between two annual general meetings of the company is called Interim dividend.
(2) Time when declared	Final dividend is declared after the conclusion of the financial year at Annual General Meeting.	Interim dividend is declared in between two consecutive Annual General Meeting.
(3) Authority to declare	It is declared as per the recommendations made by the BOD and declared by the shareholder by passing an ordinary 'Resolution' at the Annual General Meeting.	Interim dividend is declared by the BOD by passing a 'Resolution', if Articles of Association so authorises.
(4) Rate of Dividend	Ususally the rate of final dividend is higher than the rate of interim dividend.	The rate of Interim Dividend is comparatively lower than the rate of final dividend.
(5) Legal Aspects	Since final dividend is declared only after ascertaining the profits on the basis of audited accounts. Hence there are no legal issues in distributing final dividends. Its always safe and legal.	If the Company is unable to earn expected profit in the second half of the financial year, after declaring interim dividend, the directors shall be held personally liable to reimburse such disbursed amount to the company.

[1×5=5]

3. **Write short notes on the following :**(1) **Share Warrant :**

- (a) **Meaning**—A share warrant is a bearer document of title to shares, issued by a public company, under its common seal, duly stamped and signed by directors and secretary of company.
- (b) **Issuing Authority**—Only the public limited companies can issue share warrants.
- (c) **Approval**—The approval of the Central Government is required to issue share warrants.
- (d) **Nature of Shares**—A share warrant can be issued only in respect of fully paid up shares of a public limited company.
- (e) **Transfer**—As share warrant is a bearer document on which the name of the owner is not stated, so it can be transferred by mere delivery without following any legal procedure as in case of share certificate.

[1×5=5]

(2) **Importance of Financial Planning :**

- (a) **Elimination of waste**—Through Financial Planning, several factors such as change in government policy on tax, fluctuations in interests rate etc can be efficiently anticipated and duly tackled. If there is lack of proper Financial Planning, the organisation may suffer huge irreversible and uncompensable losses due to wasteful expenses.
- (b) **Co-ordination among different business functions**—Various business functions like production, distribution, marketing and human resources will hamper if they are not properly supported by effective financial planning. Financial Planning prescribes policies, procedures etc. defining how the funds should be used. Thus, there is uniformity in financial matters across the business functions which brings co-ordination among these.
- (c) **Dynamism**—Business organisation work in dynamic environment full of shocks and surprises. Thus, through effective financial planning organisation prepares itself in advance to face various environmental shocks and surprises promptly.

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- (d) **Communication**—Proper and effective Financial Planning facilitates the finance manager to communicate the various aspects of financial plan to the different departmental heads. This further helps to eliminate the wastage of time and effort, and effective implementation of financial plan brings growth of financial resources and increases goodwill of the organisation.
- (e) **Decision making**—Financial Planning helps a firm to take appropriate and timely decisions to achieve the desired goals. Thus, to implement any scheme or any project, there must be a budgetary provision in the Financial Planning.
- (f) **Integration**—Financial Planning is prepared and completed only when there is proper communication, consultation and cooperation of all the departments of the organisation. This in turn helps in integration of various organisational activities and promotes various activities, team spirit among all the executives of the company.
- (g) **Futuristic**—Financial Planning is done considering not only the present but also the future developments. It tries to link the present with future. This futuristic component of Financial Planning assists in advance programming. **(Any five) [1×5=5]**

(3) **Initial Public Offer :**

- (a) An Initial Public Offer is a type of public offering where shares are sold by the newly established company to the general public for the first time.
- (b) The public company makes an appeal to the general public to subscribe its shares by issuing a Prospectus.
- (c) The prospectus contains detailed information about the company its projects and shares. It also includes an application form which is supplied free of charge.
- (d) Investors use this application form to apply for the shares of company.
- (e) However, for raising capital by issuing shares, a public company has to comply with the specified provisions of the Companies Act and SEBI's guidelines. **[1×5=5]**

(4) **Global Depository Receipt :**

Introduction—Globalisation has facilitated Indian Companies to raise international finance by issuing shares to NRIs. But listing of shares in foreign stock exchanges is complicated, rigid and lengthy process. Avoiding such complications, an Indian company can get its shares listed on Foreign Stock Exchanges, using GDRs and ADRs.

Meaning—GDR and ADR are Dollar/Euro denominated instruments traded on foreign stock exchange, containing fixed number of shares. The 'Depository Banks' issue GDRs and ADRs to investors against Indian companies shares. Their holders get same rights like Indian shareholders. If the depository receipt is traded in USA, it is called ADR and if the depository receipt is traded in any country other than USA it is called GDR.

Advantages—They are the means of investment for NRI's and foreign nationals wanting to invest money in India. **[5]**

(5) **Provisions regarding unclaimed/unpaid dividend :**

- (1) The dividend which has not been paid to the shareholders within 30 days of its declaration is called 'Unpaid Dividend.' The amount of final dividend and interim dividend may remain unpaid/unclaimed. This dividend is transferred in a separate account called 'Unpaid Dividend Account of.....Company Limited/Company Private Limited in any scheduled bank within 7 days after the expiry of 30 days of declaration of dividend.
- (2) **Penal Interest**—If a company fails to deposit the amount of unclaimed dividend into a separate bank account within stipulated time period, it is liable to pay interest on the amount not transferred at the rate of 12% p.a. Such amount of interest is paid to the members who have not been paid dividends in proportion to their dues.
- (3) **Transfer to Investor's Education and Protection Fund**—According to the Provision of Section 205 (A) of the Companies Act, 1956, if the amount of unpaid dividend remains in the account for 7 years from the date of transfer to this account, a company is required to transfer such amount together with interest due on it to 'Investors' Education and Protection Fund, as established by the Central Government.
- (4) **Payment of Unpaid/Unclaimed Dividend**—Any person entitled to any amount transferred in IEPF is required to make an application for refund to the authority or committee appointed by the Central Govt.
- (5) **Penalty**—If any company commits default in compliance of above requirements, every officer of such company responsible for this lapse shall be punishable with fine up to ₹ 5,000 per day during which the default continues. **[1×5=5]**

4. (1) The financial market contributes towards the nation's economic growth and development.

This statement is **True**.

Reasons :

- (a) The place where people and institutions borrow money are brought together with those having surplus funds, is called a Financial Market.
- (b) The financial market contributes to national growth by facilitating continuous flow of surplus fund to business enterprises (sick and deficit units) through its allocative function ensuring higher rate of return to the savers/household by investing the scarce resources in the enterprises having higher productivity, increasing the rate of capital formation.

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- (c) The financial market contributes a lot to the development of the entrepreneurial class by financing their business requirements. It obtains funds from individual households private and public sector units, Central govt. etc. and supply these funds to those business units who need it for productive purpose.
- (d) The components of Financial Market is money market and capital market. It helps in accelerating the rate of industrial and economic development of the country. As a result, the standard of living and social welfare goes up.

Thus, Financial market contributes towards the nation's growth and development. [5]

- (2) The bond holders are owners of the company.

This statement is **False**.

Reasons :

- (i) Bond is an interest bearing certificate issued by a Government, Semi-Government, or business firms to raise capital.
- (ii) The bondholders are entitled to get a fixed rate of interest on the amount invested in bonds. It is paid compulsorily by the company even if profits are not earned.
- (iii) The holders of such debt security become the creditors of the company and they have no right to attend the general meetings and participate in the management through voting rights.
- (iv) Since bondholders are non-owners, they are not entitled to get dividend which is paid only to the owners of the company i.e., shareholders.
- Hence, bondholders are not the owners of the company. [5]

- (3) Depositor's approval is must for renewal of deposit.

This statement is **True**.

Reasons :

- (i) On maturity of deposits, a depositor may apply for renewal of the deposit, the renewal of deposits, the old deposit receipt is cancelled and in that place new deposit receipt is issued without repaying deposit amount.
- (ii) Usually, depositors expect safety and regular income in the form of interest on their investments. If they are satisfied with the above conditions, they get their deposits renewed for a further period.
- (iii) A company on its own cannot renew the deposits without approaching deposit holders. However, a company is authorised to renew its deposits only if the proposal to renew, is approved and sanctioned by BOD in Board meetings.
- (iv) Thus, if the depositors are willing and interested, the company can allow the renewal of deposits.
- Hence, depositors' approval is must for renewal of deposits. [5]

- (4) A Share certificate is a bearer document.

This statement is **False**.

Reasons :

- (i) A Share Certificate is a registered document of title of shares issued by the company under its common seal, specifying the number of shares held by a member is a bonafide holder of the shares mentioned therein.
- (ii) The particulars mentioned in the share certificate namely the name of the shareholder, the number of shares with their distinctive numbers, the amount paid on shares etc. are recorded in the Register of Members. Hence, a share certificate is a registered document of title of shares. It is not a Bearer Document.
- (iii) A bearer document is the one on which the name of the owner is not stated and it can be transferred by mere delivery.
- (iv) A share certificate is not such a bearer document. Being a registered document, it indicates the ownership of shares. A shareholder cannot transfer this document to another person without following the procedure of transfer laid down in Articles of Association of the company.
- Hence, a share certificate is not a bearer document. [5]

- (5) Debentures are never redeemed by the company.

This statement is **False**.

Reasons :

- (i) Debenture is a document issued by a company under its company seal and signed by the Director, acknowledging the loan accepted by the company from a party under certain terms and conditions stated therein.
- (ii) Debenture capital represents borrowed funds, which means, it has to be repaid after the expiry of certain period of time, with a fixed rate of return.
- (iii) On the basis of redeemability there are two types of debentures :
- (a) **Redeemable Debentures**—Which are repaid by the company on the expiry of specified time.
- (b) **Irredeemable Debentures**—These debentures are repaid by the company according to its convenience.

Therefore, it can't be said that debentures are never redeemed by the company. [5]

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5. (1) Debenture is a document issued by a company as an evidence of debt to its holder, usually arising out of loan and mostly secured by charge on assets of issuing company.

A person who purchases debenture of a company is called a debentureholder.

Debentureholders are not the owners like shareholders but are creditors of the company.

Fund contributed by debentureholders to company is borrowed funds to company received against assets.

Debentureholders get fixed rate of interest irrespective of loss or profit to the company as it is compulsory to be paid as per law.

They do not enjoy voting rights in the management of the company.

Debenture holders being creditors of the company have to be repayed after a specified time period on its maturity. [5]

- (2) Specimen of a letter of thanks to the depositor of a company is given below :

SHARMA & NAHAR INDUSTRIES LIMITED

124/B, Sharma Apartment, Cumballa Hill,

Mumbai—400 026.

Tel. No. 2382 4018

web : <http://www.snind.co.in>.

Fax No. 2382 6788

Date : 15th July, 2015

Ref. No. SN/DI/20/2015

To

Mrs. Nirmala A. Tawde,

S-54, Siddhivinayak Apartment,

Shivaji Park, Dadar (West),

Mumbai—400 028.

Sub. : Thanking depositor for fixed deposit

Madam

We have immense pleasure to inform you that your application for fixed deposit as per the terms and conditions stated in the advertisement published in the dailies. The Times of India and 'Loksatta' dated 1st July, 2015, has been accepted by our company. We are thankful to you for the initiative and the trust you have shown in depositing a substantial amount in our expanding and everygrowing manufacturing industry.

The details of the deposit accepted from you are shown in the following schedule :

Application No.	Date of deposit	Amount of deposit	Period of deposit	Maturity Date	Rate of interest	Amount of interest payable half years	Deposit Receipt No.
002764	10th July, 2015	₹ 1,00,000	36 months	9th July, 2018	12%	₹ 6,000	442358

Please note that we pay interest to our depositors regularly and without any delay. We welcome your suggestions and try our level best to give you prompt and satisfactory service in future also, so that you will have no cause for complaint or dissatisfaction.

We are once again thankful to you for reposing confidence in our company and hope you will continue to do the same in future.

Please find the Deposit Receipt enclosed herewith. Kindly acknowledge the same.

Thanking you.

Yours faithfully,

For Sharma & Nahar Industries Ltd.

Sd./.....

(Secretary)

Encl. : Deposit Receipt No 442358 dated 10/07/2015

[5]

(3) Factors affecting requirement of fixed capital :

- (i) **Nature of Business**—The nature of business plays a vital role in determining fixed capital requirement. The big business enterprises providing public utility services, manufacturer and industrial enterprise need large fixed investments. On the other hand, trading concerns require less fixed capital as they do not need large funds for land, building, plants and machinery.
- (ii) **Size of Business**—Larger the size of business, higher is the need of fixed capital. Hence, size of a firm either in terms of its assets and scale of operations affects the fixed capital requirements.
- (iii) **Growth and Expansion**—In order to manage growing production and turnover, a firm with higher growth prospects will require large amount of fixed capital.
- (iv) **Stage of Development of Business**—The requirement of fixed capital for a new established organisation is more than that of an existing or established organisation.
- (v) **Business Cycle**—Where there is boom period in an economy, the organisation needs to invest more in fixed assets so as to increase its production capacity. However, in recession the organisation avoids huge projects, and hence, it may not require more of Fixed Capital. [1×5=5]

(4) Specimen of a letter to the debentureholder informing him about redemption of debentures into shares.**ANKIT TEXTILES LIMITED**

109, Janpath, Pune-411 002.

Tel. No. (020) 242 1607

Fax No. (020) 242 1689

Ref. No. ATL/RD/24/2014

To

Brijesh Naik

282, Karuna Apartment,

Gamdevi, Mumbai-400 007.

Telegram : ANKIT

Web : atextilesltd@bsnl.net.in

Date : 16th January, 2015**Sub. : Redemption of 15% Debentures issued in April 2009.**

Dear Sir

In the financial year 2009-10, our company had issued to the public 20,000, 15% Redeemable debentures of ₹ 150 each (amounting to ₹ 30,00,000) for the period of 6 years. As per the terms of issue, the period of the above stated debentures expires on 31st March, 2015. The Board of Directors in the Board meeting held on 2nd January, 2015, has passed a resolution for the redemption of the debentures. You are holding 100, 15% Redeemable debentures of ₹ 150 each, issued by our company and maturing on 31st March, 2015.

You are requested to fill in the enclosed debenture redemption form and submit the same along with the original debenture certificate, duly discharged to the company's office on or before 1st March, 2015.

On receiving the duly filled in redemption form along with debenture certificate, the crossed cheque for the amount due will be sent to you, so as to reach you before 31st March, 2015.

Thanking you,

Yours faithfully,

For Ankit Textiles Limited

Sd./.....

(Secretary)

Encl. : Blank printed Debenture Redemption Form.

[5]

(6) Types of Preference Shares are :

- (1) **Cumulative Preference Shares**—Cumulative preference shares are those shares on which dividend is accumulated till it is fully paid. This means *i.e.*, if the company is not in a position to pay dividend to the preference shareholders in a particular year, it will be paid off in the next year. Preference shares are always cumulative unless and otherwise stated in Articles of Association.
- (2) **Non-cumulative Preference Shares**—Are those shares on which dividends does not accumulate *i.e.*, if the company is not in a position to pay dividend to preference shareholders in a particular year, it will lapse and will not be carried forward to the next year.

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- (3) **Participating Preference Shares**—These preference shareholders are eligible to participate in surplus profits besides preferential dividends. These shareholders participate in the prosperity of the business. The surplus profit which remains after the dividend payment to equity shareholders, is distributed to preference shareholders.
- (4) **Non-participating preference shares**—The preference shares are deemed to be non-participating, if there is no clear provision in Articles of Association. They are entitled to only fixed dividends as decided at the time of issue.
- (5) **Convertible Preference Shares**—These shareholders have right to convert their preference shares into equity shares after certain period of time.
- (6) **Non-convertible Preference Shares**—These shares can't be converted into equity shares during its tenure. They remain as preference shares only until they are repaid or redeemed.
- (7) **Redeemable Preference Shares**—Redeemable preference shares are those which are redeemed after particular period along with their dividend. The period of redemption of such shares is determined at the time of issue of shares itself.
- (8) **Irredeemable Preference Shares**—These are such shares which are not redeemable or paid back during the life time of the company. It is paid only at the time of winding up of the company. As per the Companies Act (Amendment made in 1988), the company is prohibited to issue Irredeemable Preference Shares. [10]

OR

Specimen of letter of allotment of shares is given as follows :

TASAI INDUSTRIES LIMITED

29, Palm View, M.G. Road,
Aurangabad-431002

Tel. No. 22325549

E-mail : tsaiind.ltd.@mtnl.net.

Fax No. 22325353

Date : 15th July, 2016

Ref. No. 37/AL/1204/15

To

Dr. Ashok Narkarni

504, 'C' Wing. Siddhivinayak Annexe,

Sun Mill Lane, S.J. Marg,

Lower Parel, Mumbai-400013.

Sub : Issue of 10,00,000 Equity shares of ₹ 10 each

Sir

With reference to your application No. 00117 dated 10th June, 2016, we are pleased to inform you that the Board of Directors by their Resolution No. 36 adopted at the Board meeting held on 1st July, 2016, have allotted you 150 equity shares of ₹ 10 each bearing number 3001 to 3150. The details of allotment are shown in the following schedule :

No. of Shares applied	No. of Shares allotted	Distinctive numbers of shares	Amount received as application money (₹ 3 per share)	Amount due on allotment (₹ 2 per shares)
150	150	3001 to 3150	₹ 450	₹ 300

The shares have been allotted in accordance with the rules laid down by the Securities and Exchange Board of India (SEBI) and with the permission of Bombay Stock Exchange (BSE).

You are requested to pay a sum of ₹ 300 (Rupees Three Hundred only) being the amount due on allotment to the company's bankers, the Union Bank of India, at any of its branches on or before 16th August, 2016.

The Share Certificate for the shares will be ready in due course. Please note that share certificate will be issued in exchange of this letter of allotment and the receipt for allotment money paid.

Thanking you.

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Your faithfully
For TASAI INDUSTRIES LTD.
Sd/
Secretary

Allotment Receipt TASAI INDUSTRIES LIMITED 29, Palm View, M.G. Road, Aurangabad-431001.	
Ref. No TSI/AL/1234/15	
Received from Dr. Ashok Narkarni the sum of Rupee Three Hundred Hundred only as allotment money due on One Hundred Fifty equity shares of ₹ 10 per share.	
Seal of the Company	Revenue Stamp only if Amount is more than ₹ 5,000
Date : 20.7.2016	For Union Bank of India Sd./ (Cashier)

Allotment Receipt (forwarded to Company)	
Ref. No ITI/AL/1234/15	
Received from Dr. Ashok Narkarni sum of ₹ 300 (Rupees Three Hundred only) on behalf of Tasai Industries Ltd. as allotment money on One Hundred Fifty Equity Shares numbered 3001 to 3150.	
Seal of the Company	For Union Bank of India Sd./ (Cashier)

[10]

