



General Instructions:

- i) Answer to the questions carrying 1 mark may be one word to one sentence.
- ii) Answer to the questions carrying 3 marks may be from 50-70 words.
- iii) Answer to the questions carrying 4-5 marks may be of about 150 words.
- iv) Answer to the questions carrying 6 marks may be of about 200 words.
- v) Attempt all parts of question together.

1. Who are usually the first directors of the company? (1)
2. Which certificate is known as the birth certificate of the company? (1)
3. What is the role of underwriters in the capital subscription stage of public limited Company? (1)
4. At which stage in the formation of a company does it interact with SEBI? (1)
5. Why is there no tax saving incase of preference share? (1)
6. Is it necessary for a public company to get its shares listed on a stock exchange?
What happens if a public company going for a public issue fails to apply to a stock exchange for permission to deal in its securities or fails to get such permission? (3)
7. Is it necessary for every company to file a prospectus? (3)
8. Distinguish between Memorandum of Association and Articles of Association on the basis of:
a) Alteration b) Necessity c) Validity (3)
9. A group of 15 people decides to form a company and hence appointed Creators Pvt. Ltd. Creators Pvt. Ltd. were assigned the job of scanning the business environment and to identify various business opportunities, after thoroughly exploring the environment. Creators Pvt. Ltd. suggested to start a "Cab services" in the posh areas of Delhi. Before converting the business opportunities into real project, Creators Pvt. Ltd. conducted feasibility studies and also suggested the name for the company. They have entered into contract on behalf of the company also.
a) Identify the stage in the formation of a particular form of business organization.
b) Under what category is Creators Pvt. Ltd is working?
c) The contracts which are entered into before incorporation, of above mentioned form of organization, are binding after incorporation? (3)
10. Identify the source of finance highlighted in the following cases: (4)
a) This source avoids risk of obsolescence and assets can be replaced as and when needed.
b) It is a permanent source of capital and is not redeemed during the life of the company.
c) It facilitate the purchase of goods and service without making immediate payment.
d) In case of winding up of the company the capital is refunded after payment of debentures but before payment of equity shareholders.
11. Mr. Abdullah wishes to invest in shares of a company. He expect a steady return without taking any risk of loss.
a) Name the type of shares in which he can invest.
b) State its any three merits. (4)

12. Ankit Ltd. is manufacturing company. The company has issued equity and preference shares to meet its requirement. Other sources of finance have not been considered at all. This has resulted in payment of large amount of taxes to government as dividend on share is not deducted from income of the company for the purpose of tax collection.
- a) State source of finance which can give benefit of tax saving.
 - b) State its any two merits. (4)
13. Almaas Ltd. has decided to expand its production capacity by modernizing its plant and machinery at an estimated cost of Rs. 2 crores. It does not have sufficient reserves to finance the expansion. Suggest any four sources of finance for the company. (5)
14. Due to the "festive season" (Christmas) coming soon. Allena decided to expand the business activities by building more inventories at an estimated cost of Rs. 20 lakhs. As finance manager of a company, advise the Directors about various sources of raising necessary finance for this purpose. (6)

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