

Principle of Commerce (English Medium) - 11th Class Principle of Commerce Chapter 6 Short Questions Preparation

Q1. Define the ordinary shares.

Ans 1: The shares on which the dividend is paid out of profit earned by the company after the payment of dividend on preference shares.

Q2. What is the meant by Single memembr Company.

Ans 1: i- There is only one memembr in this company.

Ans 2: ii- The company uses th words S.M.C. Private ltd. after its name.

Ans 3: iii- The liability of the sole owner is limited e.g. pearl consultancy S.M.C. Private ltd. Islamabad etc.

Q3. State the definiaton of listed public company.

Ans 1: 1- In this company minimum number of memembrs may be seven but there is no restriction for maximum.

Ans 2: 2- Shares of the company can be easily sold and trasferred.

Ans 3: 3- The libaility of the shareholders is limited to the value of shares purchased.

Q4. What do you men by issued capital.

Ans 1: It is that part of authorized capital, which ha sbeen issued of offered to public for subscription.

Q5. State the difference between the shareholder and debentureholder.

Ans 1: The people who provide finacne to company by purchasing shares are called shareholders.

Q6. Define prospectus of a company.

Ans 1: This document is advertised for raising the capital in this the general public is invited to purchase the shares An attested copy of prospectus should be submitted to registrar's office. It also contains the date of issues.

Q7. Define cumulative preference shares.

Ans 1: If the profit of company is not enough to pay dividend on any kind of shares then the right of dividend on these shares accumulates until all arrears of unpaid dividend have been paid.

Q8. What is issuance of shares at premium.

Ans 1: Issuance of shares at premium means that the shares are being issued at a higher price than the face value of shares.

Q9. Define dividend.

Ans 1: Dividend is a distribution of earnings made to shareholders by the company in proportion to the number of shares owned.

Q10. Write down the name of important documents of company.

Ans 1: i- Memorandum of association

Ans 2: ii- Articles of association

Ans 3: iii- Prospectus
