

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

Q1. What is meant by Holding company.

Ans 1: i- It is a company which holds more than 50% shares of another company.

Ans 2: ii- The company may have the powers to appoint more than 50% of directors of another company e.g. Nishat Mill Limited is the holding company of Nishat power limited etc.

Q2. 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.

Q3. Define interim dividend.

Ans 1: A dividend paid by the company to the shareholders during the course before the end of its financial year if it expects to earn huge profit.

Q4. What is meant by Single member Company.

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

Ans 2: ii- The company uses the 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.

Q5. 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.

Q6. Define cumulative preference shares.

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

Q7. Explain the preference shares of a joint stock company.

Ans 1: These are the shares whose holders have preferential rights in respect of the payment of dividend and repayment of capital in the event of winding up.

Q8. State the definition of listed public company.

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

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

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

Q9. Define non cumulative preference shares.

Ans 1: The holders of these shares are entitled to a fixed rate of dividend out of current year's profit, but if dividend is not paid on these shares in any year then it is never paid.

Q10. What is meant by Modarba.

Ans 1: Modarba is formed under Modarba Ordinance 1980. In Modarba one party contributes capital and other party participates with his skills e.g. NBP Modarba. etc.
