

Principles of Accounting - ICOM Part 2 Principles of Accounting Chapter 4 Short Questions Preparation

Q1. What are directors?

Ans 1: Directors are those shareholders who control the management of the company.

Q2. Write names of different name of company.

Ans 1: Some kinds of company are given below

1. Company limited by shares
2. Company limited by guarantee
3. Unlimited company
4. Association not for profit

Q3. What is reserve?

Ans 1: Reserve is the portion of profit which is not paid to properties but it is kept apart for meeting some known as unknown losses.

Example Reserve funds ,contingency reserve.

Q4. Define oversubscription.

Ans 1: In over subscription a company may receive application for a large number of shares than offered by it to the company. A company usually did not receive more application but sometimes.

Examples: Shabbir and co issues shares 100. But applications are received of 150 shares as oversubscription.

Q5. What is meant by preference share?

Ans 1: Preference share is a kind of share which are preferred to directors, These share are first allotted to the directors only, Only directors are entitled for these shares.

Q6. What are shares?

Ans 1: Today large scale operation of a company call for a large amount of capital, The total amount of capital is divided into smaller units. These units are called shares. These shares can be used for transferred to another person.

Q7. Define article of association, Or what is article of association?

Ans 1: Article of association is the second important documents on the incorporation of a company, It contain the rules and regulation for the internet management of a company. The article of association shall be printed ,divided into paragraphs ,numbered

consecutively ,signed by each subscriber and dated.

Q8. What are irredeemable debentures?

Ans 1: Those debentures which are payable after a long period of a time when the company goes into liquidation. These debentures are never repayable during the existence of the company, These are generally issued by railway and such other companies.

Q9. Write down six advantage of joint stock company.

Ans 1: Six advantage of joint stock company are given below:

1. Long life
 2. Limited liability
 3. Large Scale business
 4. Low cost of production
 5. Separate legal entity
 6. Easy transfer of shares
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Q10. Define memorandum of association.

Ans 1: Memorandum of association is the basic documents of company which contain the fundamental condition upon which alone a company can be incorporated ,
