name : Preena chhatrapati mastre.

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Q.1 : A)

1) The progress of converting raw materials into finished goods is called production cycle.

2) Shares issued free of cost to existing equity shares holders is called Bonus shares.

3) premature repayment of deposits can be done by a company but not before 3 months.

4) payment of dividend must be completed within 30 days from the date of declaration.

5) Funds borrowed and lent in money market are for short term.

B).

group A | Ans :

a) preference share holders → cautious investors.

b) Debentures → Borrowed capital.

3) Depository → coustodian of securities in electronic form

4) Interim dividend → Decided and declared by the board of directors.

5) SEBI → to protect the interest of investors in the securities market.

c)

1) → Debenture capital.

2) → Demand letter credit rating.

3) → Demat.

4) → Board meeting.

5) → Insurance companies.

D)

1) → False.

2) → False

3) → True

4) → True

5) → True.

Q.2.

1) overdraft.

→ A bank overdraft is an arrangement by which a customer, usually a current account holder, is allowed to overdraw, withdraw money in excess of his own balance, up to a certain limit sanctioned by the bank for a specified period. The Bank charges interest on the actual amount overdrawn every day. this facility is extended on the basis of collateral security of goods.

2) Financial market.

→ It is a market where financial assets i.e. financial instruments are exchanged or bought and sold. It represents the market which raises finance for the long term via capital market and for the short term via money market. The financial market help in the mobilisation of savings and converts it into investment.

Q-3.

2).

a) → ABC company Ltd. is an eligible public company so the company accept deposits in joint names.

b) → yes; the company accept deposits from its members.

c) → yes.

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3).

a) → No, Interim dividend cannot be paid out of free reserves. Interim dividend is declared out of profits of the current accounting year.

b) → yes, the board of directors has the power to decide and ~~cho~~ declare the same at the ~~power~~ board meeting.

c) → yes, the company should should distribute the interim dividend within 30 days of its declaration.

Q.4.

1). Initial public offer and further public offer.

→

Initial public offer	Further public offer
① meaning	
IPO refers to an offer of securities by an unlisted public company to the public for the first time.	FPO means an offer of securities by a listed public company to the public to raise subsequent capital.
② type of issuer company	
it is issued by an unlisted public company	it is issued by a listed public company.

③ when issued

It is usually issued by an existing company which wants to raise capital from the public for the first time.	It is usually issued by a listed public company when it wants to raise further capital from the public.

④ listing

company has to get itself listed for the first time before issuing IPO,	company making an FPO is already a listed company.

money market & capital market.

capital market.	money ~~market~~ market.
① time span of securities	
capital market mainly deals in the trading of medium and long term securit-ies wherein the maturity period is more than one year.	money market deals in the trading of short term securities wherein ; the maturity period can vary from one day to a maximum of one year.

② returns expected	
expected return are higher due to the possibility of capital gains in long-term and regular dividends.	expected return are lower due to ~~show~~ shorter duration.

③ instruments	
equity share, preference shares, debentures	treasury bills, commercial bills, certificate of deposits.

Q.5.

2).

→ this is a scheme through which a company encourages employees participation in the business of a company. under this scheme, the company offers certain shares, from the new issue to the whole time directors, officers, or employees of the company. the company offers the shares at a predetermined price which is usually less than the price offered to the general public. the employee stock option scheme (ESOS) must be approved by passing a special resolution in the general meeting.

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8)
→

securities can be held in two modes physical mode and electronic or dematerialised mode. physical mode means securities are held in the form of paper certificates.

① Delay in allotment of securities.
allotment of new securities takes a longer time.

② risk
certificate of papers can be lost, damaged, torn, stolen, misplaced during transit etc.

③ risk of bad delivery
Delievering certificates which are torn, false, etc.

④ efforts in Duplicating.
obtaining duplicate certificate (if the original certificate is lost) involves time, effort, money.

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Q.6.

1)
→ the person holding equity share capital is known as equity shareholder. the dividend received by equity shareholder is fluctuating. also. If a company does not earn profit in a particular year then equity shareholder will not get any dividend. Hence equity shareholders bear the maximum risk in the company they are described as shock absorbers when a company has a financial crisis.

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Q.07.

1)→

YASH INDUSTRIES LIMITED
Registered office: 105, Aurora tower, MG Road, ca
Pune-411012
CIN: U12333 MH 2000 PLC 300477.

Phone: 020-00832844 Website: www.yashindustrieslt
Fax: 020-50069015 Email: yash31@gmail.com
Ref.no: CIMR-SC/30/19-20 Date: 16th october 2019

Ms. pallavi Devgan
715, narayan peth,
laxmi road,
pune-411038

Sub: Issue of bonus share

Dear madam,

I am directed by the board of directors to inform you that in accordance with the resolution passed in the extra-ordinary general meeting of the company held on 14th October, 2019 shareholders have unanimously approved the recommendation of board of directors to issue bonus share.

The company has complied with the provisions for the issue of bonus shares.

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thanking you,

yours faithfully,
for Yash Industries limited

sign,
(Ms. Sudha. N. Nair)
company secretary.

Q.8.

1)

→ ① Helps in decision making :
most of the important decision of business enterprise are determined ~~of b~~ on the basis of the availability of funds. every decision in the business is needed ~~to~~ be taken in ~~the busin~~ keeping in the view of its impact on profitability.

② Helps in raising capital for a project :
whenever a business firm wants to start a new venture it needs to raise capital. a business firm can raise funds by issuing shares, debentures, bonds, or even by raising loans from the banks.

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3. Helps in research & development: research & development must be undertaken for the growth & expansion of the business.

4. Helps in smooth running of business firm: A smooth flow of corporate finance is needed so that salaries of employees are paid on time, loans are cleared on time, etc.

5. Brings coordination between various activities: corporate finance plays a significant role in the control and co-ordination of all activities in an organisation.

6. Promotes expansion and diversification: modern machines and modern techniques are required for expansion ~~div~~ & diversification.

7. managing risk: company has to manage several risks, such as sudden fall in sales, loss due to natural calamity, loss due to strikes etc.