



JUNE 2013 EXAMINATION

DATE: 5 JUNE 2013

TIME: 14H00 – 17H00

TOTAL: 100 MARKS

DURATION: 3 HOURS

PASS MARK: 40%

(JK-90)

ADMINISTRATIVE PRACTICE 2

THIS EXAMINATION PAPER CONSISTS OF 3 SECTIONS:

SECTION A:	CONSISTS OF:	
	(i) 10 MULTIPLE-CHOICE QUESTIONS	(10 MARKS)
	(ii) 10 MATCHING-STATEMENT QUESTIONS	(10 MARKS)
	ANSWER <u>ALL</u> THE QUESTIONS	
SECTION B:	CONSISTS OF 9 SHORT QUESTIONS	
	ANSWER <u>ALL</u> THE QUESTIONS	(60 MARKS)
SECTION C:	CONSISTS OF 3 LONG ANSWER QUESTIONS	
	ANSWER <u>ANY ONE</u> THE QUESTIONS	(20 MARKS)

INSTRUCTIONS:

1. Read the following instructions *carefully* before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers *exactly* as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don't waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall *after* the examination has taken place.

SECTION A**(20 MARKS)****ANSWER ALL THE QUESTIONS****(i) MULTIPLE-CHOICE QUESTIONS**

Choose the correct option for each of the following. Write only the question number and your chosen answer. For instance, if you think that the correct answer for number 1 is (a), then write it as 1. (a).

1. An audit committee should have:
 - (a) a majority of executive directors.
 - (b) 50% representation of shareholders who are financially illiterate.
 - (c) at least three independent auditors.
 - (d) a majority of independent non-executive directors.

2. All prices of shares on the JSE are quoted in:
 - (a) rands.
 - (b) cents.
 - (c) US dollars.
 - (d) rands and cents.

3. A prospectus is a document with which:
 - (a) only private companies are concerned.
 - (b) only public companies are concerned.
 - (c) all companies are concerned.
 - (d) only the government is concerned

4. Every prospectus must state that a copy has been filed with the:
 - (a) Department of Finance.
 - (b) company secretary.
 - (c) registrar of companies.
 - (d) registrar of new business.

5. Where a company, syndicate or person acquires control over the assets of a company in an indirect way by obtaining control of the board, this is known as:
 - (a) a take-over.
 - (b) a merger.
 - (c) a sell-out.
 - (d) a monopolisation.

6. Any party to an intermediate or large merger, including both the target firm and the acquiring firm, must:
- (a) report the matter to SARS.
 - (b) inform the Department of Labour.
 - (c) inform the Competition Commission.
 - (d) take steps that this knowledge is widely disseminated.
7. Where a company is unable to pay its debts, it may be wound up voluntarily as:
- (a) a creditor's winding up.
 - (b) a debtor's winding up.
 - (c) a director's winding up.
 - (d) a creditor's winding down.
8. What are the names given to the procedures by which the control of a company by its shareholders can be changed?
- (a) take-over, merger and absorption
 - (b) take-over, merger and liquidation
 - (c) take-over, buy-out and absorption
 - (d) sell-out, merger and absorption
9. If a member of a close corporation becomes insolvent, he or she:
- (a) is not affected.
 - (b) may apply for condonation from the court.
 - (c) may no longer be a member.
 - (d) may appoint a proxy.
10. A company registered under the Companies Act:
- (a) can become a member of a close corporation.
 - (b) cannot lend money to a close corporation.
 - (c) cannot act as an advisor to a close corporation.
 - (d) cannot become a member of a close corporation.

[10]

(ii) MATCHING-STATEMENT QUESTIONS

Match the statements in Column B to the terms in Column A. Write down the answers only, for example 1. (a).

Column A	Column B
1. executive director	(a) fixed interest-bearing loans offered to the public by the government
2. non-executive director	(b) a mix of investments that, combined, make up a total investment
3. issued capital	(c) an individual who is involved in the day-to-day management
4. a prospectus	(d) former broking members whose capital has fallen below the minimum required
5. a promoter	(e) a notice, circular, advertisement or other invitation offering shares of a company to the public
6. a compromise	(f) provides a medium for the investment of money from the public in stocks, shares and the capital market
7. associate members of the JSE	(g) an individual who is not involved in the day-to-day management
8. stocks	(h) an agreement between a company and its creditors or members which terminates a dispute
9. a unit trust	(i) the value of the share certificates actually issued
10. a portfolio is	(j) a person who was a party to the preparation of the prospectus

[10]

[20]

SECTION B: SHORT QUESTIONS

(60 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

List the internal rules that the JSE are primarily concerned with. [5]

QUESTION 2

The Stock Exchange lays down very stringent regulations which must be complied with before a person can become a broker member.

Give five of these regulations. [5]

QUESTION 3

Write a brief note on the definition of a corporation. [10]

QUESTION 4

Under what circumstances and at what rate may a company issue shares at a discount? [5]

QUESTION 5

- (a) List the types of offers for which a prospectus is essential. (5)
- (b) What are the four types of offer for which a prospectus is not required? (5) [10]

QUESTION 6

Every application form must be checked by scrutineers.

List five of the points that they must check. [5]

QUESTION 7

What are the advantages of a Renounceable Share Certificate? [4]

QUESTION 8

What does the transfer secretary do when a nominee who holds shares becomes deceased and the beneficial owner requests advice on how to deal with the situation? [5]

QUESTION 9

What procedure must the transfer secretary follow if a person has lost a share certificate?

[11]

[60]

SECTION C: LONG ANSWER QUESTIONS

(20 MARKS)

ANSWER ANY ONE OF THE QUESTIONS

QUESTION 1

Outline the role of the board of directors of a company as recommended by the King 2 Commission.

[20]

OR

QUESTION 2

Explain the procedure to be followed by a company to change the name of the company.

[20]

OR

QUESTION 3

Outline the procedure to be followed for the approval of a prospectus.

[20]

[20]

Section A: 20 marks

Section B: 60 marks

Section C: 20 marks

TOTAL: 100 MARKS