



NOVEMBER 2013 EXAMINATION

DATE: 6 NOVEMBER 2013

TIME: 14H00 – 17H00

TOTAL: 100 MARKS

DURATION: 3 HOURS

PASS MARK: 40%

(JK-90)

ADMINISTRATIVE PRACTICE 2

THIS EXAMINATION PAPER CONSISTS OF 4 SECTIONS:

<u>SECTION A:</u>	CONSISTS OF: (i) 10 MULTIPLE-CHOICE QUESTIONS (ii) 10 MATCHING-STATEMENT QUESTIONS ANSWER <u>ALL</u> THE QUESTIONS	(10 MARKS) (10 MARKS)
<u>SECTION B:</u>	CONSISTS OF 4 SHORT QUESTIONS ANSWER <u>ALL</u> THE QUESTIONS	(20 MARKS)
<u>SECTION C:</u>	CONSISTS OF 4 LONG ANSWER QUESTIONS ANSWER <u>ALL</u> THE QUESTIONS	(40 MARKS)
<u>SECTION D:</u>	CONSISTS OF 3 INTERPRETATIVE QUESTIONS ANSWER <u>ANY ONE</u> OF 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. The issued share capital is the:
 - (a) value of the share certificates authorised.
 - (b) value of the share certificates on the JSE.
 - (c) value of the share certificates actually issued.
 - (d) book value of the share certificates.

2. The authorised capital is the:
 - (a) book value of the share certificates.
 - (b) maximum amount of money that the directors are permitted by the company's Memorandum to raise from those who become members.
 - (c) maximum amount of money that the directors are permitted by the company's Memorandum to raise from any source.
 - (d) face value plus premium value of shares sold.

3. A unit trust:
 - (a) provides a medium for the reinvestment of money from the public in stocks, shares and the capital market.
 - (b) provides a medium for the investment of money from the public in stocks, shares and the capital market.
 - (c) provides a medium for the investment of money in a public trust company.
 - (d) is the trust placed in the directors of a company.

4. An associate member of the JSE is a:
 - (a) former broking member whose capital has fallen below the minimum required.
 - (b) non-executive member with less than five years' experience.
 - (c) member of the Association of Bankers.
 - (d) foreign national.

5. Brokerage and Commission may be paid in connection with an issue of shares. Such payments are likely to be made to:
 - (a) broking members of the JSE.
 - (b) the Bank.
 - (c) the company secretary.
 - (d) the government.

6. 'Put option' is the right to:
- (a) return unsold shares to the company who issued them on the primary market.
 - (b) put all the shares that you own for sale on the JSE at the best price.
 - (c) buy a fixed number of shares at a fixed and determined price at any time within a fixed and determined period from a named person.
 - (d) sell a fixed number of shares at a fixed determined price at any time before a specified date to a named person.
7. 'Call option' is the right to:
- (a) return unsold shares to the company who issued them on the primary market.
 - (b) put all the shares that you own for sale on the JSE at the best price.
 - (c) buy a fixed number of shares at a fixed and determined price at any time within a fixed and determined period from a named person.
 - (d) sell a fixed number of shares at a fixed determined price at any time before a specified date to a named person.
8. A prospectus is:
- (a) a notice of an employee's prospects.
 - (b) a notice, circular, advertisement or other invitation offering shares of a company to the public.
 - (c) a pre-listing document of a CC.
 - (d) an advertisement in the press about a new mining venture.
9. When a member of a company who holds shares is certified insane, a _____ is appointed by the Court.
- (a) curator bonis
 - (b) buyer
 - (c) purchaser
 - (d) manager
10. An auditor holds office:
- (a) for one year.
 - (b) for a maximum of five years.
 - (c) until he resigns or has his contract terminated.
 - (d) until the next AGM.

[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. an audit committee	(a) the percentage dividend (as last declared) in relation to the market price of the share
2. a take over	(b) my word is my bond
3. a creditor's winding up	(c) a company acquires control over the assets of a company in an indirect way by obtaining control of the board
4. a prospectus	(d) is the provision of a sinking fund for the shrinkage of a wasting asset
5. <i>dictum meum pactum</i>	(e) these shares show the greatest loss compared with their previous closing price
6. the dividend yield	(f) a mix of investments that, combined, make up a total investment
7. the price/earnings ratio	(g) should have a majority of independent non-executive directors
8. laggards	(h) a document with which only public companies are concerned
9. a portfolio	(i) a company is being wound up voluntary
10. amortisation	(j) a fair guide as to how a company is rated in relation to other companies in its sector of the market

[10]

[20]

SECTION B: SHORT QUESTIONS

(20 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

Under what circumstances may a company issue shares at a discount? [6]

QUESTION 2

Your local soccer club wishes to purchase shares in a new company. What documents would they need to attach to the application for shares? [5]

QUESTION 3

Every application form for shares must be checked by scrutineers. List five points that they must check. [5]

QUESTION 4

Which persons cannot act as auditors? [4]

[20]

SECTION C: LONG ANSWER QUESTIONS

(40 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

Outline five essential areas of activity in carrying out an audit. [10]

QUESTION 2

As the company secretary, you are asked by the accountant for a brief description of the essential restrictions on signing documents by married women. Summarise this information for him. [15]

QUESTION 3

Describe the different persons who may become members of a company. [12]

QUESTION 4

List the three people who would sign, and pay stamp duty, on transfer deeds. [3]

[40]

SECTION D: INTERPRETATIVE QUESTIONS

(20 MARKS)

ANSWER ANY ONE OF THE QUESTIONS

QUESTION 1

You are asked to document the requirements and conditions concerning the issuing of shares for presentation to a group of business studies students. Outline the relevant information using the following main headings:

- The conditions governing the issue and utilisation of option certificates (10)
- Which other people may be granted options over shares (10) [20]

OR

QUESTION 2

The King II report recommended changes to the way companies are run. Discuss the recommendations made in the report for directors of a company. [20]

OR

QUESTION 3

The rules and procedures concerning the position of company secretary are laid out in the Companies Act.

- (a) Itemise the procedures to be followed in the following instances:
- the appointment of the first company secretary of a public company (7)
 - the filling of a casual vacancy of a company secretary of a public company (6)
- (b) Write notes on the removal of a company secretary from a public company. (7) [20]

[20]

**Section A: 20 marks
Section B: 20 marks
Section C: 40 marks
Section D: 20 marks
TOTAL: 100 MARKS**