

Objectives

At the end of this chapter, students should be able to:

- List the requirements for accessing the capital market;
- Explain the nature of these requirements.

Introduction

For assessment of the capital market some requirements are necessary.

24.1 Requirements for Assessing Capital Market

- (i) It must be a public company.
- (ii) It must present company audited account.
- (iii) Must appoint market operators and consultants.

24.2 The Nature of a Public Company

A public liability company is defined by the sections of the Company Act 2004 as one which by its articles;

- (i) Allows the public to subscribe to its shares.
- (ii) Allows the shares to be transferred.

24.3 Nature of an Audited Account

Public Limited Liability Companies present their accounts to the shareholders but before the presentation, the account will be audited by auditors to have a fair view of the position of the company financially. This must be done in order to ascertain the actual profit to be able to declare dividend or bonus for the share holders. Unlike the private company, their accounts are audited but not published. It may be audited for the member but not for the public.

Features:

- i. Accounts must be audited by qualified auditors.
- ii. The audited account must be published.
- iii. The dividends must be based on the audited accounts.

Market Operators

There must be market operators to quote the price of shares as well as sell them through brokers, jobbers and other clerks.

24.4 Summary

In this chapter, students have learnt that:

1. The requirement for assessing capital market are audited account, market operators and it must be a public company.
2. Audited account must be audited by the qualified auditors and published.
3. Market operators work on commission and must comply with the rules and regulation of the market.

24.5 Revision Questions

1. List three requirements for accessing Capital Market.

2. Explain two of the requirements listed above.