

INTRODUCTION

(Bold and red mark alternative is the answer of the respective MCQ question)

- 1 The term company is defined under which sec of the Act?
(a) **Sec 3(1)** b) Sec4 (2) c)Sec2 (4) d)Sec1 (3)
- 2 Property of the company belongs to_____
(a) **Company** b) Share holders c) Members d) Promoters
- 3 Minimum numbers of members in case of public company_____
(a)1 b)2 c)5 **d)7**
4. Minimum number of members in case of private company is
(a)1 **b)2** c)3 d)
5. Maximum no. of members in case of private company is
a) **50** b)100 c)150 d)200
6. Maximum no .of members in case of public company is
a) 0 **b) unlimited** c) 50 d) 100
7. How many months did the company can continue its business u/s 45 _____
a)1 b)2 c)5 **d)6**
- 8 Minimum subscription should be received with in _____days
a)120 b) 125 c) 130 d) 135
- 9 If minimum subscription is not received application money should be refunded with in _____days
a) 20 **b)25** c)30 d)10
10. minimum paid up share capital in case of a private company is _____
a) **1 Lakh** b) 2 Lakhs c) 3 Lakhs d) 4 Lakhs
- 11 inimum paid up share capital in case of a public company is _____
a) 1 Lakh b) 3 Lakhs **c) 5 Lakhs** d) 7 Lakhs
- 12 Minimum no. of Directors in case of a public company is _____
a) 1 b)2 **c)3** d)4
- 13 Minimum no. of Directors in case of private company is _____
a)1 **b)2** c)3 d)4
- 14 he liability of members if company is limited by guarantee.
a) Unpaid value of shares b) **Guarantee amount**
c) Unlimited liability SIDDHATH ACADEMY d) None of the above
- 15 he liability of members if company is limited by shares

- a) **Unpaid value of shares**
- b) Guarantee amount
- c) Unlimited liability
- d) None of the above

16 XYZ Company conducted an AGM on 1 st Sept.2007. On that day due to fire accident in the Hall, all shareholders died. Will the company will be in existence?

- a) **Yes**
- b) **No**

17 Company’s owners are shareholders. So the company property belongs to the share holders. Do you agree with this statement?

- a) **Yes**
- b) **No**

18 Company will have fundamental rights.

- a) **True**
- b) **False**

19 XYZ Company shares are totally held by government. The company will be government.

- a) **True**
- b) **False**

20 If the company failed to refund application money within 130 days from the date of issue of prospectus on non receipt of minimum subscription who will be personally liable.

- a) Company
- b) **Directors**
- c) Shareholders
- d) None of these

21 Transfer of shares in the company is

- a) Restricted
- b) **Freely transferable**
- c) Prohibited
- d) None of these

22 Generally Company liability is

- a) **Limited**
- b) Unlimited
- c) Situation does not arise

23 Generally partnership firm liability is

- a) **Limited**
- b) Unlimited
- c) Situation does not arise

24 XYZ private company had reduced to a single member and continued business more than 6 months. The company’s liability will be.

- a) Limited
- b) **Unlimited**
- c) None of the above.

25 In the case of Company, Audit is

- a) **Compulsory**
- b) Optional
- c) None of the above

26 X Company is holding majority of shares in Y company. Will X and Y companies will be the same.
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- a) **Yes**
- b) **No**

27 X, is a director of X Company and X is also a director of Y Company this means X Co. and Y Co. both are same

a) True

b) **False**

28 Members of a company can enter contract with the company

a) **True**

b) False

29 Generally rights and obligations of the company are regulated in

a) A.O.A

b) **M.O.A**

c) Partnership deed.

d) None of these

30 Generally rights and obligations of the Partnership firm are regulated in

a) A.O.A

b) M.O.A

c) **Partnership deed.**

d) None of these

31 X is a director who has experience of 20 years on this basis X co. and taken him as a director. Can the X Co. say that the director X experience is company's experience

a) **Yes**

b) No

c) Situation does not arise.

Types of Companies

1. A _____ is a company limited by shares or by guarantee. An _____ company is a company not having any limit on the liability of its members.

2. _____ with limited liability are permitted to be registered under a licence granted by the C.G. without using the words "limited" or "private limited".

3. Section _____ defines Government company.

4. Auditor of a government company shall be appointed or reappointed by _____.

5. An _____ company is a company, the principal business of which consist in acquiring, holding and dealing in shares and securities.

6. A company formed under the act of the parliament or state legislature is called a _____.

7. Not less than _____ of the paid-up share capital of Public Financial Institutions (PFI) is held by or controlled by the C. G.

8. The membership of _____ is open to such people who themselves are the primary producers, which is an activity by which same agricultural produce is produced by such primary producers.

9. If a company is engaged in any other business to an appreciable extent, it will not be treated as an _____.

10. If the _____ holds more than half in nominal value of subsidiary's equity share capital, the relationship of holding company and subsidiary subsists between them.

11. A _____ company is a company which is incorporated in a country outside India under the law of that other country and has place of business in India.

12. The employees of Government Company are not the employees of _____.

13. _____ are permitted to delete the word " _____ " from their name.

14. An _____ company may or may not have share capital.
15. Members of _____ are not liable directly to the creditors of the company as in the case of partners of the firm.
16. The memorandum of a _____ must state the amount of guarantee; it may be in different denominations.
17. The voting power of _____ having share capital is determined by the shareholding and not by guarantee.
18. A member of a private company cannot appoint more than _____ to attend and vote at the meeting of the company.
19. A private company means which has minimum paid up capital of Rs. _____ and higher as may be prescribed by AOA. A public company means which has minimum paid up capital of Rs. _____.
20. A company created by grant or a charter by the crown is called a _____ and is regulated by that charter.

Answers:

1. A limited company, unlimited 2. Associations not for profit 3. Section 617 4. Comptroller and Auditor General of India (C & AG) 5. Investment 6. Statutory company / corporation 7. 51% 8. Producer companies 9. Investment company 10. Holding company 11. Foreign company 12. CG & SG 13. Government companies, "private" 14. Unlimited 15. Unlimited company 16. Company limited by guarantee 17. Guarantee company 18. One proxy 19. Rs. 1 lakh, Rs. 5 lakh 20. Chartered company

Promoter and Formation of companies

1. _____ are generally the persons who assume the primary responsibility of matters relating to promotion of company.
2. A _____ is not forbidden from making profit, but from making secret profit.
3. Disclosure by promoters to the company should be through the medium of the _____.
4. A _____ is not allowed to derive a profit from the sale of his own property to the company unless all material facts are disclosed.
5. In addition to disclosing secret profits, a _____ has the duty to disclose to the company any interest he has in transaction entered into by him.
6. _____ may be suspended by the court for taking part in the management of the company for a period of _____ in circumstances specified U/S 203.
7. A _____ is criminally liable U/S 63. He may be made liable to public examination if the court so orders.

8. A _____ has no legal right to claim promotional expenses for his services unless there is a valid contract.
9. Whatever be the nature of remuneration or benefit, it must be disclosed in the prospectus, if paid, within _____ preceding the date of the prospectus.
10. The persons who assume the primary responsibility of matters relating to promotion of a company are called _____. A promoter may be a natural person as a company. A person who may have so acted in the formation of a company may well be termed as a _____.
11. A _____ is neither an agent of, nor a trustee for, the company because it is not in existence. The promoter undoubtedly stands in a _____ position.
12. The other important document is _____ which contains the rules and regulation relating to the internal management of the company.
13. A scanned copy of duly stamped and executed MOA & AOA is also required to be attached with _____ and submitted _____.
14. When / where the articles of a public company having share capital appoint a person as a director, he must file his consent as an attachment to _____.
15. Where the location of a company is not finalized _____ can be filed later but within _____ from the date of incorporation.
16. _____ can also be filed within _____ of the registration of the company or appointment of first directors.

Answers:

1. Promoters 2. Promoter 3. B.O.D 4. Promoter 5. Promoter 6. Promoter, 5 yrs. 7. Promoter 8. Promoter 9. 2 yrs
10. Promoters, promoter 11. Promoter, fiduciary 12. A.O.A 13. E form 1, electronically 14. E-form 32 15. E-form 18, 30 days 16. E-form No. 32, 30 days

Power & Duties of directors

1. The liabilities of _____ are numerous as per the ICA, 1956
2. Certain powers are exercisable only at _____ and certain powers are exercisable with the approval of company in _____.
3. In some exceptional cases, the general body of shareholders is competent to act even in matters _____.
4. The position of directors in respect of company's properties and the rights conferred upon them to be exercised as directors is that of a _____.
5. Application for giving loans, providing security or guarantee in connection with a loan shall be made to the _____ in _____.
6. The _____ acting together are the authority in conducting the affairs of the company.

Answers:

1. Directors
2. Board meetings, general meeting
3. Delegated to the board
4. Trustee
5. CG, e-form 24AB
6. directors

Management & Control of companies

1. Every public company shall have at least _____ directors and every other company shall have at least _____ directors.
2. Directors are _____ of the company.
3. _____ of qualification shares in a company in which are is a director is not statutorily required.
4. _____ approval is required for increasing the number of directors in certain circumstances specified U/S 259 of the act.
5. A director may resign his office in manner provided by _____.
6. Provisions related to _____ shall not apply to private company unless it is a subsidiary of a public company.
7. No person shall hold office at the same time as small shareholders' director in more than _____ companies.
8. U/S 314 regarding _____ applies to public as well as private companies.
9. When a company is registered under Companies Act, it becomes a _____.
10. Prior to _____, the average size of business and trade agency was very small.
11. The _____ get only sitting fees for the Board Meetings attended by them, as they wield very (low) little or no powers.
12. The supreme executive authority in the control of a company and its affairs resides is persons known as "_____".
13. Directors are _____ of the money of the company, but not the debts due to the company.
14. There is no statutory requirement for a director to hold _____ in the company in which he is a director. U/S 270 – the qualification shares must be obtained within _____ months after his appointment as a director and nominal value shall not exceed Rs. _____ and a director who obtains his qualification shares as a _____ from promoters of a company is guilty of a gross breach of trust and he is liable to give up the shares.
15. A director appointed by _____ need not hold _____.
16. Where an increase in number of directors involves an alteration of the articles, a/an _____ would be necessary for the purpose.

17. Section 275 of ICA, 1956 prohibits the appointment of a person holding office of a director of the same time in more than _____.
18. First director means the director of the company who assumes office from the date of _____ of the company.
19. Those directors who have been biggest in office once their appointment shall _____.
20. When there are no validly appointed directors functioning, the shareholders have the right to appoint directors at the _____.
21. The reappointment of directors shall be effective from the day of the _____ meeting.
22. The directors are usually (appointed) elected by shareholders at general meeting by a/an _____ passed by _____ majority of votes.
23. Two or more directors should not be elected _____ or by _____.

24. The directors appointed by principle of _____ hold office for _____ and cannot be removed by the company in general meeting U/S 284.
25. It is the _____ of the BOD to appoint an alternate director.
26. _____ can be appointed only if provision to that effect exists in the MOA or AOA of the company, unless where a statute provides for such nomination.
27. As per U/S 255 of the Act, it should be ensured the total number of non-rotational directors does not exceed _____ of the total strength of the board.
28. _____ are in the same position and they owe same duties to the company as any other director.
29. _____ means a shareholder holding shares of nominal value of 20,000 rupees or less in a public company to which this section applies.
30. Pursuant to section 284(1) of the Act the shareholders of a company may by passing a/an _____ resolution at _____ remove director before the expiry of his period.
31. The shareholders cannot be restrained from calling _____ to remove existing directors and appoint new directors. 32. Tenure of small shareholders' directors is a maximum period of _____. At expiry the same person if so desires maybe elected for another period of _____.

Answers:

- 1.three, two 2. trustees 3. holding 4. CG 5. Articles 6. Managerial remuneration 7. Two 8. Office or place of profit 9. Legal entity 10. Second world war 11. Part-time directors 12. "Board of Directors" 13. Trustees, debts due to the company 14. Qualification shares, 2 months, Rs. 5000, secret gift 15. CG, qualification shares 16. Special resolution 17. Fifteen (public) companies 18. Incorporation 19. Retire first 20. AGM 21. Adjourned meeting 22. Ordinary resolution, simple 23. Enbloc or by single resolution 24. Proportional representation, three years 25. Prerogative (power) 26. Nominee directors 27. One third 28. Nominee directors 29. Small shareholders 30. Ordinary resolution, G.M. 31. AGM 32. Three years, 3 yrs

MOA & AOA

1. The first step in the formation of a company is to prepare a document called the _____.
2. The _____ of a company contains the fundamental provisions of the company's constitution.
3. The purpose of the _____ clause in the memorandum is _____.
4. Where a company is a subscriber to the M.O.A, it must be signed by a duly _____.
5. _____ witness can attest all the signatures provided be is not himself a subscriber (of) to the memorandum.
6. Pursuant to MCA-21 project, the soft copies of the MOA & AOA should be filed along with _____.
7. The _____ must make _____ to ensure that the name allowed by him is not misleading or intended to deceive with reference to its objects clause.
8. The MCA has also clarified that a _____ is not an official publication of a company within the meaning of section 147 of the act.
9. The _____ clause is of great importance because it determines the purpose and the capacity of the company.
10. It is _____ for a company to act beyond the limits of its _____.

11. The general rule is that act which is ultra vires the company is incapable of _____.
12. An ultra vires borrowing does not create a relationship a _____.
13. An ultra vires contract is null and void as that of contract with a _____.
14. A shareholder can get back the money paid by him to the company under an _____.
15. Ultra vires contracts are _____ and hence cannot become intra vires by reason of _____.
16. The members can get an _____ to restrain the company wherein ultra vires act has been or is about to be under taken.
17. The shares into which the capital is divided must be of fixed value, which is commonly known as _____ value of shares.
18. The amount actually paid by the shareholders is called the _____.
19. Out of the issued capital, the total amount actually subscribed or agreed to be subscribed is known as _____.
20. The rectification of the name must also be carried out if the Central Government so directs within a period of _____ from the date of registration of the company.
21. The direction of the CG is required to be complied within a period of _____ from the date thereof.
22. A notice of the change is required to be given to the registrar in _____ within _____ of such change.
23. U/S 637 B (b), the _____ has been empowered to condone delay in filing any document with the registrar.
24. The _____ of a company are its by-laws or rules and regulations that govern the management of its internal affairs and the conduct of its business.
25. The articles regulate the _____ of the affairs of the company by way of defining the powers of its officers and establishing a contract between the company and the members and between the members inter se.
26. In the case of a company _____ the articles shall state the number(s) of members with which it is to be registered.
27. A company has a statutory right to alter its _____.
28. Utmost caution must be exercised in the preparation of the _____.
29. The alteration of _____ must not constitute a fraud on the minority by the majority.
30. _____ binds the members in the same way as original articles.
31. The term “_____” signifies a person who is not a member of the company, even if he is a director of or solicitor to the company.
32. The _____ do not confer any _____ even upon a member in a capacity other than that of a member.
33. Every person dealing the company is deemed to have a “_____” (to) of the contents of its memorandum and articles.
34. The doctrine of _____ protects third parties who are entitled to an assurance that all procedural aspects of a transaction are carried out.
35. While the doctrine of “_____” seeks to protect the company against the outsiders, the principal of “_____” operates to protect the outsiders against the company.

Answers:

12. What is the liability of an expert for misstatement _____
a) Fine - 50,000 b) Imprison – 2 years c) Both a) & b) d) None of the above
13. What is the liability not delivering that can be imposed for statement in lieu of prospectus
a) Fine - 10,000 b) Imprisonment – 2 years c) Both (a) & (b) d) None of the above
14. _____ are the prospectus issued by the issuing house
a) Deemed prospectus b) Shelf prospectus issued by the issuing house
c) Red herring d) None of the above
15. _____ prospectus were issued in case securities were issued in stages
a) Deemed **b) Shelf** c) Red herring d) None of the above
16. _____ are required to file prior to making second and subsequent issue of securities in case shelf prospectus are filed:
a) Information memorandum b) Information articles c) Form 13 d) None of the above
17. Information memorandum + shelf prospectus together constitutes _____
a) Memorandum b) Articles **c) Prospectus** d) None of the above
18. Validity period of information memorandum is _____
a) 1 year b) 2 years c) 3 years d) 4 years
19. _____ prospectus were issued in order to test the market before finalizing issue size/price.
a) Deemed b) Shelf **c) Red herring** d) None of the above
20. If there is any variation in case of R.H.P _____ days should be given for withdrawal of application
a)1 b)3 c)5 **d)7**
21. In case of redherring prospectus the refund is made with an interest @ _____
a)12 b)13 **c)15** d)16
22. When there is a untrue statement in the prospectus. The shareholder who subscribed in secondary market can sue the company
a)Yes **b)No**
23. When there is any untrue statement in the prospectus. The shareholder who was A subscriber to the memorandum can sue the company
a)Yes **b)No**
24. Because of Misrepresentation in prospectus an expert will be criminally liable.
a)Yes **b)No**
25. What is punishment for directors, promoters and other persons for Misrepresentation in prospectus
a) 50,000 b) 2 years imprisonment **c) Both of the above** d) None
26. When a private company is converted into public company. In which form it should be
a) Schedule III **b) Schedule IV** c) Schedule VI d) None of these