

COMPANY LAW

Multiple Choice Questions & Answers

1. The most important document of a company is its _____.
 - A. prospectus.
 - B. annual report.
 - C. memorandum of association .
 - D. articles of association .

ANSWER: C
2. The rules and regulations for the internal management of a company are contained in its _____.
 - A. prospectus .
 - B. annual report .
 - C. memorandum of association .
 - D. articles of association .

ANSWER: D
3. Mark out the document that need not be prepared and registered with the registrar of companies in public limited companies.
 - A. statutory declaration
 - B. memorandum of association .
 - C. articles of association .
 - D. d. directors undertakings to take up and pay for qualification shares.

ANSWER: C
4. The union government may appoint such number of directors in a company as it may deem necessary
 - A. at its own initiative .
 - B. on the application of least 100 members of the company .
 - C. on the application of members holding at least 10% voting rights.
 - D. any of the above .

ANSWER: D
5. A director's election takes place in a general meeting through a separated Resolution passed by a _____ majority.
 - A. single.
 - B. two-thirds.
 - C. three-fourths.
 - D. five-sixths .

ANSWER: A
6. Which of the following is beyond the powers of the board of directors?
 - A. To issue debentures.
 - B. To make loans.
 - C. To remit the payment of any debt due by a director.
 - D. to issue prospectus.

ANSWER: C
7. The minimum subscription is to be received within _____ days of the offer.
 - A. 30.
 - B. 60.
 - C. 120.
 - D. 150.

ANSWER: C
8. The private company requires conversion of a public company into a _____.
 - A. an ordinary resolution .
 - B. a special resolution
 - C. a special resolution and union governments approval

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D. a special resolution and company law board approval

ANSWER: C

9. A share certificate once issued by the company binds it in two ways, namely by estoppel as to title and _____.
- A. by estoppel as to payment.
 - B. by estoppel as to profit.
 - C. by estoppel as to dividend.
 - D. none

ANSWER: A

10. Share capital of a company means _____.
- A. equity share capital .
 - B. preference share capital
 - C. equity and preference share capital .
 - D. equity and preference share capital and debentures.

ANSWER: C

11. A shareholder in a company _____.
- A. can be its debentureholder
 - B. cannot be its debentureholder
 - C. alone can become its debentureholder
 - D. must also become its debentureholder within a year of being a shareholder.

ANSWER: A

12. The dividend on preference capital is paid _____.
- A. whenever there are profits
 - B. only if there are profits.
 - C. even if there are no profits.
 - D. only when the directors recommend it .

ANSWER: D