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