

S.T.E.T WOMEN'S COLLEGE MANNARGUDI
PG AND RESEARCH DEPARTMENT OF COMMERCE
E-CONTENT
MULTIPLE CHOICE QUESTIONS



SUBJECT NAME:COMPANY LAW
SUBJECT CODE:16CACCM1D
CLASS: II.B.COM
M.BALAMIRTHAM
ASSISTANT PROFESSOR

1.The term company is defined under which sec of the act_____

A.Sec3(1)

B.Sec4(2)

C.Sec2(4)

D.Sec1(3)

Ans: (A).Sec3(1)

2._____ % of shares should be held by a company in another company so as to become subsidiary.

A.More than 50

B.More than 40

C.More than 30

D.More than 20

Ans: (A).More than 50

3.Acompany is formed by_____

A.Owners

B.Promoters

C.Directors

D.Government

Ans: (B).Promoters

4.A company is managed by_____

A.Owners

B.Promotres

C.Directors

D.Public

Ans: (D).Public

5.The word limited should be after the name of_____

A. Chartered company

B.Statutory company

C.Registered company

D.Partnership

Ans: (C).Registered company

6.The face value of share is called_____

- A.Book value
- B.Par value
- C.Market value
- D.None of these

Ans: (B).Par value.

7.Ordinary shares are also called:

- A.Equity shares
- BFOUNDERS shares
- C.Deferred shares
- D.Preference shares

Ans: (A).Equity shares.

8.Deferrred shares are generally issued to:

- A.Promoters
- B.Managing agents
- C.General public
- D.Government

Ans: (A).Promoters.

9.The minimum members in private limited company are_____

- A.2
- B.7
- c.10
- D.20

Ans: (A).2

10.What is known as a charter of a company?

- A. Memorandum of association
- B.Bye laws
- C.Articles of association
- D.Prospectus

Ans: (A). Memorandum of association.

11. Minimum paid up capital for a public company _____

A. 5,00,000

B. 4,00,000

C. 3,00,000

D. 2,00,000

Ans: (A). 5,00,000

12. The share capital of a company may be reduced by _____

A. An ordinary resolution

B. A Special resolution

C. A resolution of the board of directors

D. Company law board

Ans: (B). A Special resolution

13. The _____ on equity shares is not cumulative.

A. Dividend

B. Profit

C. Loss

D. Reserve

Ans: (A). Dividend

14. A directors election takes place in a general meeting through a separated resolution passed by a _____ majority.

A. 1

B. 2-3

C. 3-4

D. 5-6

Ans: (A). 1

15. Maximum members in case of private company _____

A. 50

B. 100

C. 75

D. None of these

Ans: (A).50

16. Which of the following is not a clause of memorandum of association.

- A. Situation
- B. Capital
- C. Subscription
- D. Directors.

Ans: (D).Directors.

17. Which of the following clause of memorandum of association cannot be altered.

- A. Name
- B. Object
- C. Situation
- D. Liability

Ans: (D).Liability

18. When the registered office of a company is changed within a city then it has to be intimated to the registrar within _____ days of such change.

- A. 60
- B. 45
- C. 30
- D. 7

Ans: (C).30

19. "Men may come and may come go but the company exist"- this explains which characteristics of the company as per companies act 1956.

- A. Separate legal entity
- B. Perpetual succession
- C. Capacity to sue
- D. None of these

Ans: (B).Perpetual succession

20.Number of clauses in memorandum of association is _____

A.5

B.6

C.7

D.8

Ans: (B).6

21.The articles of association needs to be signed by _____

A.All proposed directors

B.Registrar

C.Subscribers of memorandum

D.None of the above

Ans: (C).Subscribers of memorandum.

22.The certificate of capital will be issued by _____

A. Registrar of companies act

B.Controller of companies act

C.Registrar of capital issues

D.Controller of capital issues.

Ans: (D).Controller of capital issues.

23.If the proposed nominal capital is more than 25lakh at the time of incorporation then the company needs to submit along with the application.

A. Statement of capital

B.Certificate of incorporation

C.Certificate of capital

D.None of these

Ans: (C).Certificate of capital

24.A statement of nominal capital must be given at the time of incorporation by the company when the share capital is less than _____

A.50lakh

B.1Crore

C.10Lakh

D.25Lakh

Ans: (D).25Lakh

26. Among the following which documents are not mandatory to be submitted to the registrar along with incorporation application by a private company.

- A. Address of registered office & undertaking
- B. Undertaking and statement of capital
- C. Statement of capital & list of directors
- D. None of these

Ans: (A).Address of registered office & undertaking

27. The address of the registered office of the company must be notified to the registrar within _____ days of registration, if it is not done at the time of incorporation.

- A. 15
- B. 30
- C. 60
- D. 45

Ans: (B).30

28. Number of documents to be submitted, by a public ltd company, to the registrar while applying for incorporation of the company is _____

- A. 3
- B. 2
- C. 7
- D. 50

Ans: C.7

29. The application for registration of a company should be presented to the _____ of the state appointed under companies act, 1956.

- A. Controller
- B. Registrar
- C. Governor
- D. Registration office

Ans: (B).Registrar

30.The application for registration of a company should be presented to the registrar of the state in which the _____ of the company is to be situated.

- A. Manufacturing plant
- B.First branch
- C.Business office
- D.None of these

Ans: (C).Business office

31.The shares of a _____ company can be freely transferable.

- A. Private ltd
- B.Public ltd
- C.Partnership
- D.All of the above.

Ans: (B).Public ltd

32._____Are the company created by special act of the legislature.

- A. Registered company
- B.Public ltd company
- C.Private ltd company
- D.Statutory company

Ans: D.Statutory company

33.The prospectus must be issued to the public within _____ days of its date.

- A.30
- B.60
- C.90
- D.100

Ans: C.90

34._____ Capital means the sum mentioned in the capital clause of memorandum of association.

- A. Full capital
- B. Maximum capital
- C. Share capital
- D. Nominal capital

Ans: D. Nominal capital

35. Par value of shares means the _____ value of the shares.

- A. Actual
- B. Face value
- C. Market
- D. Dividend

Ans: B. Face value

36. The dividend payable to _____ share holders is payable on fixed figure or percent.

- A. Equity
- B. Non preference
- C. Preference
- D. All of the above.

Ans: (C). Preference

37. _____ Means the total amount of called up capital on the shares issued and subscribed by the share holders on capital account.

- A. Called-up capital
- B. Subscribed capital
- C. Nominal capital
- D. Paid-up capital

Ans: (A) Called-up capital

38. For example par value is Rs.10 and it is issued at Rs.15 then Rs.5 is the _____ amount.

- A. Profit
- B. Market value

- C.Dividend
- D.Premium

Ans: (D).Premium

39.A company is known as the _____ company of another company if it has control over that other company.

- A. Subsidiary
- B.Holding
- C.Controlling
- D.Statutory.

Ans: (B).Holding

40.A person cannot be a director of more than as per the Companies (Amendment) Act, 2000

- A. 5 companies.
- B.10 companies.
- C. 15 companies.
- D. 20 companies.

Ans: (C). 15 companies.

41.The remuneration payable to a whole time director of the company should not exceed.

- A. 5% of the net profits.
- B. 6 % of the net profits.
- C. 7 % of the net profits.
- D. 10% of the net profits.

Ans: A. 5% of the net profits.

42.The first directors of a public company are appointed by the.

- A. Public.
- B. Shareholders.
- C. Promoters.
- D. Government.

Ans: (C). Promoters

43. According to the Companies Act, 1956 a Private limited company must have at least directors.

- A. Seven.
- B. Three.
- C. Two.
- D. One.

Ans: (C). Two

44. Maximum managerial remuneration permissible under the Companies Act, 1956 for public limited companies is.

- A. 10% of the net profits
- B. 5% of net profit.
- C. 11% of net profit.
- D. 8% of net profit.

Ans: (C). 11% of net profit.

45. Under the Companies Act, which one of the following powers can be exercised by the Board of Directors?

- A. Power to sell the company's undertakings.
- B. Power to make call.
- C. Power to borrow money in excess of the paid up capital.
- D. Power to reappoint an auditor.

Ans: (B). Power to make call.

46. Who may be appointed as a director of a company?

- A. An individual
- B. A body corporate.
- C. A firm.
- D. An association.

Ans: (A). An individual

47. The nominal value of the qualification shares of a director must not exceed.

- A. Rs. 1000
- B. Rs. 2000.

C.Rs.4000.

D.Rs. 5000 or the nominal value of one share where it exceeds Rs.5000.

Ans: Rs. 5000 or the nominal value of one share where it exceeds Rs.5000.

48. According to section 255 of the companies Act, the Directors must be appointed by the.

A. Central Government.

B. Company Law Tribunal.

C. Company in General Meeting.

D. Board of Directors.

Ans: (C). Company in General Meeting

49. The Board of Directors can exercise the power to appoint directors in the case of. _____

A. Additional Directors.

B. Filling up the Casual vacancy.

C. Alternate Directors.

D. All the above.

Ans: (D). All the above

50. Annual general meetings should be held at _____

A. Company

B. Registered office

C. Corporate office

D. None of these

Ans: (B). Registered office

51. Notice of statutory meeting should be given with a period not less than _____

A. 21 Clear days

B. 14 Clear days

C. 7 Clear days

D. None of these

Ans: (A). 21 Clear days

52. Every annual general meetings must be held with _____

From the date of the balance sheet.

A.4 Months

B.6 Months

C.9 Months

D.None of these

Ans: (C).9 Months

53.In the given below who are not required to held statutory general meeting

A.Private company

B.Government company

C.Public company

D.Both (a) & (b)

Ans: D.Both (a) & (b)

54._____ Report is send by the directors to its members .

A. Statutory

B.Audit

C.Annual

D.None of these

Ans: (C).Annual

55.Quorum should be present at the_____

A.Middle of the meeting

B.End of the meeting

C.Commencement of meeting

D.Any time during meeting.

Ans: (C).Commencement of meeting

56.In case of private company the quorum should be _____

A.2 Members

B.3 Members

C.4 Members

D. None of these

Ans: (A).2 Members

57. A cost auditor makes his report to _____

- A. Members of company
- B. Directors of company
- C. Registrar
- D. C.G

Ans: (B). Directors of company

58. Every business transacted at an extraordinary general meeting is a _____
Business.

- A. Ordinary
- B. Special
- C. Both (a) & (b)
- D. None of the above

Ans: (B). Special

59. The resolution passed at annual meeting are _____

- A. Void
- B. Voidable
- C. Valid
- D. Void abinitio.

Ans: (C). Valid

60. In case of failure to convene the annual general meeting fine is up to
Rs. _____

- A. 25,000
- B. 50,000
- C. 75,000
- D. 80,000

Ans: (B). 50,000

61. In the event of company being wound up the tribunal shall prepare list of
contributories into.

- A. List A
- B. List B

C.List A and List B

D.List A or List B

Ans: (C).List A and List B

62.One of the following is the instance where the just and equitable clause for winding up can be adopted by the tribunal.

A. Oppression of minority by the majority

B.Inability to pay debts.

C.Commercial insolvency

D.Reduction of members below minimum

Ans: (A).Oppression of minority by the majority

63.As per sec.488,declaration of solvency of company by the directors in the case of voluntary winding up may be made within.

A.5 Weeks of passing resolution

B.One month

C.6 Months

D.None of these

Ans: (A).5 Weeks of passing resolution

64.A voluntary winding up means winding up by_____

A.Members or creditors

B.Members or contributors

C.Contributories or creditors

D.Share holders or tribunal

Ans:(A).Members or creditors

65.Statutory meeting of the company is held_____

A.Every year

B.After every two years

C.Once in the life time of the company

D.Every year at the discretion of the board of directors.

Ans: (C).Once in the life time of the company

66.Statutory meeting is not to be held if a new company is_____

- A.Public limited company
- B.Government company
- C.Private company (limited)
- D.FERA Company

Ans: (C).Private company (limited)

67.The first item in order of payment to be made by liquidator is_____

- A. Secured creditors
- B.Preferential creditors
- C.Liquidation expenses
- D.All of the above

Ans:(C).Liquidation expenses

68.Liquidator's statement of receipts and payment is known as:

- A. Cash flow statement
- B.Cash book
- C.Liquidator's final statement of account
- D.Deficiency account

Ans:(D).Deficiency account

69.A contributory is _____

- A.A creditor
- B.A shareholder
- C.A debenture holder
- D.A Convertible debenture holder

Ans:(B).A shareholder

70.Property of the company belongs to_____

- A.Section2(4)
- B.Section4(2)
- C.Section3(1)
- D.Section 1(3)

Ans:(C).Section3(1)

71.Property of the company belongs to _____

- A. Company
- B. Share holders
- C. Members
- D. Promoters

Ans: (A). Company

72. Which company shares can be freely transferable .

- A. Private Company
- B. Public Company
- C. Both (a) & (b)
- D. None of the above

Ans: (A). Private Company

73. Maximum managerial remuneration permissible under the Companies Act, 1956 for public limited companies is.

- A. 10% of the net profits.
- B. 5% of net profit.
- C. 11% of net profit.
- D. 8% of net profit.

Ans: (C). 11% of net profit

74. Under the companies Act, which one of the following powers can be exercised by the Board of Directors?

- A. Power to sell the company's undertakings.
- B. Power to make call.
- C. Power to borrow money in excess of the paid up capital.
- D. Power to reappoint an auditor.

Ans: (B). Power to make call

75. The Board of Directors can exercise the power to appoint directors in the case of

A. Additional Directors.

B. Filling up the Casual vacancy.

C. Alternate Directors.

D. All the above.

Ans: (D). All the above.

