

MCQ'S QUESTION BANK - LAW

COMPANY BASIC CONCEPTS

1. The term company is defined under which sec of the Act?
 a) Sec 3 (1) b) Sec 4 (2) c) Sec 2 (4) d) Sec 1 (3)
2. Property of the company belongs to
 a) Company b) Share holders c) Members d) Promoters
3. Which company shares can be freely transferable
 a) Private Company b) Public Company c) Both (a) & (b) d) None of the above
4. Minimum number of members in case of public company
 a) 1 b) 2 c) 5 d) 7
5. Minimum number of members in case of private company is
 a) 1 b) 2 c) 3 d)
6. Maximum no. of members in case of private company is
 a) 50 b) 100 c) 150 d) 200
7. Maximum no. of members in case of public company is
 1) 0 b) unlimited c) 50 d) 100
8. How many months did the company can continue its business u/s 45 _____
 a) 1 b) 2 c) 5 d) 6
9. Minimum subscription should be received with in _____days
 a) 120 b) 125 c) 130 d) 135
10. If minimum subscription is not received application money should be refunded with in _____days
 a) 20 b) 25 c) 30 d) 10
11. Liability of a member in case of a private company is
 a) Limited b) Unlimited c) Both (a) or (b) d) None of the above
12. Maximum no. of persons in case of partnership banking business _____
 a) 10 b) 20 c) 30 d) 5
13. Minimum paid up share capital in case of a private company is _____
 a) 1 Lakh b) 2 Lakhs c) 3 Lakhs d) 4 Lakhs
14. Minimum paid up share capital in case of a public company is _____
 a) 1 Lakh b) 3 Lakhs c) 5 Lakhs d) 7 Lakhs
15. Minimum no. of Directors in case of a public company is _____
 a) 1 b) 2 c) 3 d) 4
16. Minimum no. of Directors in case of private company is _____
 a) 1 b) 2 c) 3 d) 4
17. Age limit of Directors in case of public company is _____
 a) 65 b) 70 c) 75 d) 80
18. Age limit of Directors in case of private company is _____
 a) 65 b) 70 c) 75 d) No limit
19. The company's nationality is decided by its

- a) Shareholders
c) Place at books of accounts are kept
- b) Registered office
d) None of the above
20. The liability of members if company is limited by guarantee.
a) Unpaid value of shares
c) Unlimited liability
- b) Guarantee amount
d) None of the above
21. The liability of members if company is limited by shares
a) Unpaid value of shares
c) Unlimited liability
- b) Guarantee amount
d) None of the above
22. XYZ Company conducted an AGM on 1st 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
23. Company's owners are shareholders. So the company property belongs to the share holders. Do you agree with this statement?
a) Yes
b) No
24. Company will have fundamental rights.
a) True
b) False
25. XYZ Company shares are totally held by government. The company will be government.
a) True
b) False
26. If the company failed to refund application money with in 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
27. Transfer of shares in the company is
a) Restricted
b) Freely transferable
c) Prohibited
d) None of these
28. Transfer of shares in the partnership firm is
a) Restricted
b) Freely transferable
c) Prohibited
d) None of these
29. Generally Company liability is
a) Limited
b) Unlimited
c) Situation does not arise
30. Generally partnership firm liability is
a) Limited
b) Unlimited
c) Situation does not arise
31. Can the partners enter into the contract with the firm?
a) Yes
b) No
32. Partners are ----- of the firm
a) Owners
b) Employers
c) Agents
d) None of these
33. 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.
34. In the case of partnership firm. Audit is
a) Compulsory
b) Optional
c) None of the above.
35. In the case of Company. Audit is
a) Compulsory
b) Optional
c) None of the above
36. X Company is holding majority of shares in Y company. Will X and Y companies will be the same.
a) Yes
b) No

37. 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
38. Members of a company can enter contract with the company
a) True b) False
39. 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
40. 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
41. 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.

CLASSES OF COMPANIES

1. A company is named as govt. company if it is holds _____% of paid up share capital
a) more than 30 b) more than 40 c) more than 50 d) None
2. Which companies are exempted to add "Ltd" or "Pvt Ltd" at the end of their name
a) Private b) Govt c) Defunct d) Association not for profits
3. If the companies does not increase their paid up capital by 1/5 lakhs with in 2 years such companies are known as _____
a) Private b) Public c) Defunct d) Govt Company
4. Under which sec. a private company can voluntarily converted into public company _____
a) 34 b) 44 c) 54 d) 64
5. Under which sec. a private company can automatically converted into a public company _____
a) 34 b) 43 c) 53 d) 35
6. Central Government permission is required in case of _____ conversion _____
a) Private to public b) Public to private c) Both (a) or (b) d) None of the above
7. With in how many days prospectus or statement in lieu of prospectus should file with ROC
_____ days
a) 30 b) 40 c) 20 d) 50
8. _____% 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
9. Liability under _____sec. may be imposed only if it is proved that the companies business has been carried on with a view to defraud the creditors
a) 540 b) 541 c) 542 d) 543
10. In case of Non -Profit making Companies notice of general meeting should be given with in _____days
a) 14 b) 15 c) 21 d) 22
11. In case of companies other than Non -Profit making Companies notice of G.M. should be given with in _____days
a) 14 b) 15 c) 21 d) 22
12. In case of Non -Profit making Companies books of accounts are required to be preserved for _____years
a) 2 b) 4 c) 6 d) 8

- a) Prohibited b) Restricted c) Acceptable d) None of these
31. Maximum paid up capital in case of public company.
a) 50 Lakhs b) 100 Lakhs c) 125 Lakhs d) None of these
32. Y Pvt.Co. is subsidiary of X Co. which is a public Company? Mention Y is a
a) Private Co. b) Public Co. c) Government Co. d) None of these
33. Transfer of shares in the case of public company is
a) Prohibited b) Restricted c) Freely transferable d) None of these
34. Public Company and Public Sector Company both the companies are same.
a) True b) False
35. XYZ Co, is having 10% share capital held by another Public Company and 35% held by Central Government and 55% held by people then that Company is
a) Government Company b) Private Company c) Public Company d) None of these
36. XYZ Co, is having 15% share capital held by X Company and 50% held by Central Government and 10% held by State Government and 25% held by other people then that company will be
a) Government Company b) Private Company c) Public Company d) None of these
37. XYZ Company is a Government Company and X Co. is a subsidiary of XYZ Co. Then X Co. will be
a) Public Company b) Private Company c) Government Company d) None of these
38. Every Government Company may be a Public Company but every public company need not be Government Company. Do you agree with this statement
a) Yes b) No
39. X Co. having control on Board of Directors of Y Co. Can we say that Y Co. is subsidiary of X Co.
a) Yes b) No
40. Can sec.25 Companies alter their objects clause
a) Yes b) No
41. Sec.25 Companies should pay stamp duty for registering MOA and AOA.
a) Yes b) No
42. Can a partnership firm become a member of Sec.25 companies
a) Yes b) No
43. Every Company needs company secretary. So in the case of sec.25 companies the same is the case. Do you agree with this statement?
a) Agree b) Disagree
44. Can a Company hold an AGM on public holiday?
a) Yes b) No c) a) and b) are correct
45. Audit of a public company will be counted for the limit of audits
a) Yes b) No
46. Audit of a private company will not be counted for the limit of audits
a) Yes b) No
47. Statutory meeting must be held in case of a public company
a) Yes b) No
48. Statutory meeting must be held in case of a private company
a) Yes b) No
49. Private company can allot shares without receiving minimum subscription?

a) Yes

b) No

50. Public company can allot shares without receiving minimum subscription?

a) Yes

b) No

51. For every special resolution passed the form attached should be

a) Form no.32

b) Form no.18

c) Form no.23

d) None of these

52. NCLT came into force instead of company Law Board from

a) June 4th

b) May 4th

c) June 5th

d) None of these

53. In the process of conversion of a private company into a public company which prospectus must be issued

a) Deemed prospectus

b) Shelf prospectus

c) Statement in lieu of prospectus

d) None of the above

54. Company should file a prospectus in case of conversion of private company into a public company with in _____ from the date of resolution

a) 30 days

b) 45 days

c) 60 days

d) none of these

INCORPORATION OF COMPANIES

1. How many members should sign the MOA in case of public company _____

a) 1

b) 3

c) 5

d) 7

2. How many members should sign the MOA in case of private company _____

a) 1

b) 2

c) 3

d) 4

3. In case of appointment of Directors _____ form is to be filed

a) 29

b) 32

c) 18

d) 1

4. _____ is the conclusive evidence in case of company that statutory requirements have complied with

a) Certificate of Incorporation

b) Certificate of commencement of Business

c) Both

d) None of the above

5. Private company can start its business immediately after the issue of

a) Certificate of commencement of Business

b) Certificate of Incorporation

c) Both

d) None of the above

6. Public company Should start business only after getting certificate of

a) Incorporation

b) Commencement of business

c) None of these

7. Private company can start business only after getting certificate of

a) Incorporation

b) Commencement of business

c) None of these

MEMORANDUM & ARTICLES OF ASSOCIATION

1. The doctrine of indoor management is an _____ to the doctrine of constructive notice

a) Exception

b) Extension

c) Alternative

d) None of the above

2. The doctrine of _____ does not apply to acts void ab initio.

a) Ultra virus

b) Intra virus

c) constructive notice

d) Indoor management

3. A company can change its name at its own discretion by passing _____

a) Ordinary resolution

b) Special resolution

c) Boards resolution

d) None of the above

4. Any change in the address of the registered office must be communicated to the registrar with in:

a) 15 days

b) 30 days

c) 1 Month

d) 12 months

5. An act ultra virus the directors can be rectified if it is not ultra vires
a) the articles b) the memorandum c) Company Act d) None of the above
6. The lending of funds ultra vires, the company has no rights
a) under the company's Act b) contract Act c) under equity d) None of the above
7. If a new company get registered with a name which resembles the name of existing company then it should apply to whom?
a) NCLT b) SEBI c) ROC d) None of the above
8. Companies are now allotted a _____ in addition to their name
a) PAN b) SIN c) PIN d) CIN
9. In how many days did the company have its registered office after incorporation
a) 10 b) 20 c) 30 d) 40
10. Under which sec. if company fails to commence its main object the court may order winding up
a) 403 (f) b) 413 (f) c) 423 (f) d) 433 (f)
11. In case of forgeries acts done in the name of the company are
a) Valid b) Void c) Void ab initio d) None of the above
12. Signature of memorandum and articles should be done by _____ number of persons in case of public company
a) 7 b) 5 c) 4 d) None of these
13. Signature of memorandum and articles should be done by _____ number of persons in case of private company
a) 3 b) 4 c) 2 d) None of these
14. Can a company sign on behalf of a person in memorandum and articles
a) Yes b) No
15. Can a Minor be a subscriber
a) Yes b) No
16. Can Foreigners be subscriber
a) Yes b) No
17. MOA should be in form _____ in case of company limited by shares
a) Table A b) Table B c) Table C d) Table D
18. MOA should be in form _____ in case of company limited by guarantee not having share capital
a) Table A b) Table B c) Table C d) Table D
19. MOA should be in form _____ in case of company limited by guarantee and having share capital
a) Table A b) Table B c) Table C d) Table D
20. MOA should be in form _____ in case of a unlimited liability
a) Table A b) Table B c) Table E d) None of these
21. In the MOA there are 6 classes. We can alter all clauses expect one clause. What is that clause?
a) Objects clause b) Name clause c) Association clause d) None of these
22. If any body wants to file a case against the company they should file at what place _____
a) Company b) Registered Office c) BOD d) Books of accounts
23. A company must have a registered office from the day on which it commences business or 30th day after its incorporation _____ which ever is earlier

- a) before incorporation
 c) after issuing a proposal
- b) Soon after incorporation
 d) after obtaining certificate to commerce business.
7. A private company can borrow funds
 a) after incorporation
 b) after obtaining certificate to commerce business
 c) after holding first annual general meeting
- None of the above

PROSPECTUS

1. Private Company need not issue prospectus
 a) Yes
 b) No
2. Prospectus is required to be issued when right issue are made
 a) Yes
 b) No
3. Prospectus is not required to be issued when sweat equity shares are issued to directors and employees
 a) Yes
 b) No
4. Prospectus is required to be issued when issue is for Employees under Employee stock option scheme
 a) Yes
 b) No
5. When there is a untrue statement in a prospectus who can sue
 a) Subscribed in primary market
 b) Subscribed in secondary market
 c) Rights issue
 d) None of the above
6. Definition of prospectus was given under which sec.
 a) 2 (30) b) 2 (32) c) 2 (34) d) 2 (36)
7. Which of the following are not required to issue prospectus?
 a) Private company b) Incase of right issue c) Sweat equity issue d) All the above
8. _____ are the prospectus issued instead of full prospectus
 a) Abridged b) Statement in lieu c) Shelf d) Red herring
9. Which one of the following has a right to claim compensation for any loss due to mis-statement in prospectus
 a) Purchasing shares in Primary Market b) Secondary Market
 c) Subscribers to memo. d) All the above
10. _____ years of imprisonment will be imposed in case of issue of prospectus with untrue statements
 a) 1 b) 2 c) 3 d) 4
11. _____ includes an engineer, valuationer, accountant
 a) Expert b) Promoter c) Auditor d) Director
12. What is the liability of an expert for mis-statement _____
 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

7. Allotment of shares or debentures must be made after getting _____ subscription against entire public issue as per SEBI guidelines.
a) 80% b) 90% c) 100% d) None of these
8. If the refunds are delayed by more than 10 days after this period. The directors become liable to repay the money with how much interest as per SEBI Guidelines.
a) 10% b) 15% c) 20% d) None of these
9. Every Company who want to go for public issue and allot shares, they should make an applicant to stock exchange
a) Yes b) No
10. If the permission has not been granted or not applied for permission for listing through stock exchange. The allotment of shares will be void in case of public company
a) Yes b) No
11. If the company has not received permission for listing from stock exchange and repayment of amount delayed by more than 8 days the minimum interest should be paid is
a) 4% b) 3% c) 2% d) none of these
12. From the above how much will be maximum interest
a) 10% b) 12% c) 15% d) None of these
13. After the expiry of how much time the company must think that the permission was not granted
a) 11 weeks b) 12 weeks c) 10 weeks d) None of these
14. As per SEBI guidelines the application money should be minimum of _____
a) 10 b) 15 c) 20 d) 25
15. In case minimum subscription is not received and refund is delayed _____% of interest to be paid by the company.
a) 5 b) 6 c) 7 d) 8
16. As per SEBI application money should be refunded from the end of _____ day
a) 60 b) 70 c) 80 d) 90
17. An appeal is made to whom against stock exchange for refusing the permission of listing.
a) SAI b) NCLT c) MAT d) ROC
18. If permission from S.E is not obtained amount should be refunded with in how many days.
a) 2 b) 4 c) 6 d) 8

UNDERWRITING

1. A company cannot pay under writing commission unless it is authorized by its _____
a) Articles b) Memorandum c) Both a) & b) d) None of the above
2. Every company must go for under writing
a) Yes b) No
3. Under writing commission payment shall be authorized by AOA
a) Yes b) No
4. In case of shares under writing commission will be
a) 2% b) 3% c) 5% d) None of these
5. In case of debentures underwriting commission will be
a) 3% b) 4% c) 2.5% d) None of these
6. If company wants to place shares to brokers they should give a maximum of _____ as brokerage commission.

- a) Yes b) No
7. Which of the given below members are not shareholders
 a) Death of members b) Insolvent c) Share warrant holders d) All of the above
8. Which of the following is a right of the members of a company _____
 a) Right to have share b) Right Appoint Auditor c) Right Appoint Director d) All the above
9. Which of the following is not a member of a company?
 a) Partnership firm b) Foreigner c) Government d) HUF
10. For quorum the Joint holders will be collectively counted as _____ members.
 a) 1 b) 2 c) 3 d) 4
11. In the event of appointing a proxy joint holders shall sign the proxy form
 a) Singularly b) Jointly c) None of the above d) both (a) & (b)
12. A company can become a members of another company if it is so authorized by _____
 a) MOA b) AOA c) Both (a) & (b) d) None of the above
13. Which of the following is not true _____
 a) Every member is a contributory b) Every contributory is a member.
 c) Both (a) & (b) d) None of the above
14. For calculating number of members in a private company joint holders will be as _____
 a) 1 b) 2 c) 3 d) 4

SHARE CAPITAL

1. A company must inform the registrar about redemption of preference shares with in
 a) 21 days b) 15 days c) 30 days d) None of the above
2. Share premium amount is treated as the _____ capital of a company
 a) issued b) Reserve c) Subscribe d) None of the above
3. A company can create 'reserve capital' by passing _____
 a) an ordinary resolution b) a special resolution
 c) a board resolution d) None of the above
4. The capital which is part of the uncalled capital of the company which can be called up only in the event of its winding up it is called
 a) Issued capital b) Nominal capital c) Authorised Capital d) Reserve capital
5. XYZ Co. is a holding of XZ Pvt. Company. XZ Co. issued deferred shares. The issue is valid or void
 a) Valid b) Void c) Situation does not arise
6. What is the maximum period for redemption in case of preference shares issued by the company
 a) 10 years b) 15 years c) 20 years d) None of these
7. Capital redemption reserve must be used for issue of
 a) Fully paid bonus shares b) Fully paid equity shares
 c) Preference shares d) None of the above.
8. Part of the issued capital taken by public is called _____
 a) Subscribed b) Called – up capital c) Un called capital d) Paid up capital
9. Part of authorized capital which is offered by the company for subscription.
 a) subscribed b) Issued c) Un called d) called up
10. Stamp duty on registration of the company is payable based on _____ capital.

4. Is the holder of share warrant is eligible for voting?
a) Yes b) No
5. To issue a share certificate Central Government permission is necessary?
a) Yes b) No
6. To issue a share warrant Central Government permission is necessary?
a) Yes b) No
7. Private company can issue share warrant?
a) Yes b) No
8. Share certificate can be issued for partly paid up shares.
a) Yes b) No
9. Shares warrant should be issued when shares are fully paid up
a) Yes b) No
10. Share warrant can be transferred by delivery.
a) Yes b) No
11. Share certificate can't be transferred by delivery.
a) Yes b) No
12. Share warrant does not contain any name on face of it.
a) True b) False
13. Stamp duty to be paid at the time of issue of share certificate is.
a) Nominal b) High c) Very high d) None of these
14. Stamp duty to be paid at the time of issue of share warrant.
a) Nominal b) High c) Very high d) None of these
15. Voting Rights are available to share certificate holders.
a) Yes b) No
16. _____ specifies the time limit with in which share certificate is to be delivered
a) sec 110 b) sec 111 c) sec 112 d) sec 113
17. _____ is a document showing title
a) Share certificate b) Share warrant c) Both (a) & (b) d) None of the above
18. Extension of time limit is possible only in which of the following?
a) Shares b) Debentures c) Both (a) & (b) d) None of the above
19. In case of extension of time limit for issue of debenture certificate should be given by _____
a) NCLT b) ROC c) DCA d) None of the above
20. The period of extension granted by NCLT for issue of debenture certificate is _____
a) 5 b) 7 c) 9 d) 11
21. Which of the following can issue the share warrant
a) Public b) Private c) Both (a) & (b) d) None of the above
22. _____ are attached to the share warrant
a) Dividend coupon b) Warrant c) Certificates d) None of the above
23. C.G. approval is necessary in case of issue of _____
a) Share certificate b) Share warrant c) Both (a) & (b) d) None of the above
24. In case of _____ duplicate can be obtained if it lost

- a) Share warrant b) Share certificate c) Dividend coupon d) None of the above

25. Voting Rights are available to share warrant holders.

- a) Yes b) No

26. Duplicate certificate obtained if original certificate lost in case of.

- a) Share Certificate b) Share warrant c) Dividend warrant d) None of these

CALLS & FORFEITURE/SURRENDER OF SHARES

1. XYZ company goes for a public issue each share of face value Rs.10 the application money is Rs.2 allotment Rs.3, first call Rs.4, final call Rs.1. Is this valid

- a) Yes b) No

2. XYZ company goes for a public issue application called for on 1st April 2002, allotment made on 1st May, 2002, 1st call made on 1st June 2002, 2nd call made on 15th June 2002. Can the company do so?

- a) Yes b) No

3. Company to accept calls in advance from shareholders they should have permission in

- a) MOA b) AOA c) BOD d) None of these

4. Calls in advance have voting rights

- a) Yes b) No

5. Consideration shall be paid if share holder surrender his shares

- a) Yes b) No

6. Forfeiture can be made only if it is authorized by _____

- a) AOA b) MOA c) ROC d) C.G

7. Name of the member is struck off from the register in case of _____

- a) Issue of share certificate b) Share warrant c) Forfeiture d) None of the above

8. _____ Days be given for payment of call money from the date of service of notice

- a) 14 b) 13 c) 12 d) 11

9. _____ arises in respect of debt due on shares as well as on other transactions.

- a) Forfeiture b) Lien c) Both (a) & (b) d) None of the above

10. Return of partly paid shares by the shareholders to the company is _____

- a) Surrender b) Forfeiture c) Lien d) None of the above

11. _____ is a short cut to forfeiture

- a) Lien b) Surrender c) Right issue d) None of the above

12. No consideration shall be paid by the company in exchange of _____ shares

- a) Lien b) Forfeited c) Surrender d) None of the above

13. Interest out of capital can be paid only if it is sanctioned by _____

- a) MOA b) AOA c) NCLT d) C.G

TRANSFER & TRANSMISSION OF SHARES

1. Transfer deed should in form No.

- a) 6 B b) 5 B c) 7 B d) None of these

2. _____ is voluntary passage of the rights and duties of member from a share holder.

- a) Transfer b) Transmission c) Both (a) & (b) d) None of the above

3. The person who transfer his rights and duties is called _____
 a) Transferee b) Transferor c) Promisor d) Promisee
4. The person to whom the rights and duties are endorsed is called _____
 a) Transferee b) Transferor c) Endorser d) Endorsee
5. _____ is an instrument of transfer signed by the transferor in which the name & date are not filled.
 a) Forged transfer b) Blank transfer c) Both (a) & (b) d) None of the above
6. _____ transfer is null and void
 a) Forged b) Blank c) Both (a) & (b) d) None of the above
7. If the ownership of shares goes to another by operation of law is called as _____
 a) Transfer b) Transmission c) Both (a) & (b) d) None of the above
8. Transfer is effected by _____
 a) Sales b) Death c) Insolvency d) None of the above
9. Transmission is effected by _____
 a) Sale b) Death c) Insolvency d) Both (b) & (c)
10. In which of the following stamp duty & consideration not necessary _____
 a) Transfer b) Transmission c) Both (a) & (b) d) None of the above
11. _____ gets all liabilities of original owner
 a) Transferor b) Transferee c) Endorser d) Endorsee
12. Consideration is necessary in case of transmission
 a) Yes b) No
13. Consideration is necessary. In case of transfer
 a) Yes b) No
14. A share warrant is transferable by _____
 a) By Execution of transfer deed b) By delivery c) both a) and b) d) None of the above

DEBENTURES

1. _____ is issued in acknowledgement of any indebtedness
 a) Debenture certificate b) Share certificate c) Share warrant d) None of the above
2. Own funds are called _____
 a) Debenture capital b) Share capital c) Loan capital d) None of the above
3. In case of allotment Debenture Certificate is to be issued with in _____ months
 a) 1 b) 2 c) 3 d) 4
4. In case of application for transfer Debenture Certificate is to be issued with in _____ months
 a) 1 b) 2 c) 3 d) 4
5. Debenture forms part of _____
 a) Capital b) Loan c) Fund d) None of the above
6. Share holders are _____
 a) Owners b) Creditors c) Debtors d) None of the above
7. Debenture holders are _____
 a) Owners b) Creditors c) Debtors d) None of the above
8. Return paid on shares is _____
 a) Interest b) Dividend c) Commission d) None of the above

9. Return paid on debentures is _____
 a) Interest b) dividend c) Commission d) Tax
10. Which of the following have voting rights _____
 a) Share holders b) Debenture holder c) Both (a) & (b) d) None of the above
11. _____ is payable even if there are no profits
 a) Interest b) Dividend c) Commission d) None of the above
12. Debentures payable to a holder of certificate is called _____
 a) Bearer b) Unregistered c) Secured d) Both (a) & (b)
13. Debentures payable to person whose name appears both on Debenture Certificate and company's register is called _____
 a) Bearer b) Unregistered c) Registered d) None of the above
14. Debentures which have the charge on the property of the company is _____
 a) Secured b) Unsecured c) Registered d) None of the above
15. Debenture which are repayable only on the happening of an event of winding up is called
 a) Redeemable b) Irredeemable c) Perpetual d) Both (b) & (c)
16. For the purpose of debt equity ratio Fully Convertible Debentures are classified as _____
 a) Debt b) Equity c) Both (a) & (b) d) None of the above
17. In case of Partly Convertible Debentures non-convertible portion is classified as _____
 a) Debt b) Equity c) Both (a) & (b) d) None of the above
18. DRR is required to be created for debentures issued prior to _____
 a) 13.12.2000 b) 13.12.2001 c) 13.12.2002 d) 13.12.03
19. Amount due on redemption including interest should be claimed with in _____ years.
 a) 10 b) 9 c) 8 d) 7
20. The amount unclaimed on redemption is transferred to _____ fund.
 a) Investor education & protection b) Children welfare
 c) Workmen compensation fund d) None of the above
21. Re-issued debentures are treated as new debentures for the purpose of _____
 a) Debentures certificates b) Income Tax c) Stamp duty d) None of the above

CHARGES

1. Charge includes _____
 a) Loans b) Mortgage c) Security d) Hire
2. Commencement of winding up of a company does not affect the nature of _____
 a) A fixed charge b) A floating charge c) Both a) & b) d) None of the above
3. Which of the following authorities is empowered to extent time for registration of charges ____?
 a) C.G b) Company law board c) Court d) NCLT
4. _____ is a charge when it is made specifically to cover assets
 a) Fixed b) Specific c) Floating d) Both (a) & (b)
5. _____ is a charge created on a class of assets related to ordinary course of business.
 a) Fixed b) Specific c) Floating d) None of the above
6. Which of the following charge is not registered with the ROC _____
 a) Charge on immovable property b) Charge on uncalled share capital
 c) Charge on called made but not paid d) Charge on call made but paid

7. Unsecured debentures does not require any registration because it is not secured by _____
a) Fixed b) Floating charge c) Both (a) & (b) d) None of the above
8. Incase of any default is made in filing the particulars related to charge then penalty is upto _____ thousands
a) 5 to 10 b) 10 to 15 c) 15 to 20 d) None of the above
9. _____ Sec. contains the provision relating to modification of a charge.
a) 130 b) 135 c) 140 d) 145
10. Any charge is satisfied in full then which form is to be file with ROC _____
a) 17 b) 18 c) 19 d) 20
11. A charge requiring registration shall be filed with the registrar with in _____
a) 21 days b) 30 days c) 45 days d) None of the above
12. When a charge become void., the money secured there under becomes repayable with in _____ months
a) 1 b) 2 c) 10 d) immediately

GENERAL MEETINGS

1. Company limited by shares needs to hold statutory meeting
a) Yes b) No
2. Company limited by guarantee and having share capital needs to hold statutory meeting
a) Yes b) No
3. There is no need to held statutory meeting in case of Government company?
a) Yes b) No
4. Statutory meeting shall be conducted immediately after getting the certificate of commencement of business?
a) Yes b) No
5. What is the time limit for conducting statutory meeting?
a) 1 to 5 months b) 1 to 6 months c) 1 to 9 months d) None of these
6. 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
7. Notice of statutory meeting should be attested by at least.
a) 3 directors b) 2 directors c) 3 directors d) None of these
8. Notice of statutory meeting should be attested directors among them one should be compulsory M.D.
a) Yes b) No
9. A copy of the contents of statutory report should be sent to Registrar also
a) Yes b) No
10. If the statutory meeting is not held .The company may be wound up. Is it correct
a) Yes b) No
11. AGM should be held by every company
a) Yes b) No
12. The time gap between two AGM's shall not exceed.
a) 15 months b) 18 months c) 16 months d) None of these

13. First AGM must be held within _____ from the incorporation of the company
 a) 15 months b) 18 months c) 12 months d) None of these
14. XYZ co, incorporated on 1st Jan 2005. The AGM should be held on 1st July 2006. ROC extended that time to 1st Sep.2006.Is the AGM valid.
 a) Valid b) Invalid c) Situation does not arise
15. Every AGM must be held with _____ from the date of the Balance Sheet.
 a) 4 months b) 6 months c) 9 months d) None of these
16. First AGM must be held with in _____ from the date of the balance sheet
 a) 6months b) 9months c) 5months d) None of these
17. Any company can't held AGM on a public holiday
 a) Yes b) No
18. AGM should be held at
 a) Company b) Registered office c) Corporate office d) None of these
19. Central Government can exempt company from holding AGM
 a) Yes b) No
20. Failure to convene AGM u/s 166 penalty will be
 a) 50,000+250 per every day b) 75,000+250 per every day
 c) 1,00,000+250 per every day d) 25,000+250 per every day
21. Board of directors has the authority to issue notice of the GM'S
 a) Yes b) No
22. Notice of the G.M. should be sent to preference share holder also
 a) Yes b) No
23. Length of notice in the case of AGM is 21 clear days. Articles provided 25 clear days for length of notice. Is the AGM valid
 a) Valid b) Invalid
24. Length of notice in the case of AGM is 21 clear days. Articles provided that 15 clear days for length of notice. Is the AGM valid
 a) Valid b) Invalid
25. A shareholder appointed a proxy. The proxy must be a member of the company. Do you agree with this statement.
 a) Agree b) Disagree
26. All special business can only be transected by passing a special resolution. Do you agree with this statement
 a) Agree b) Disagree
27. In case of Public Company the quorum should be
 a) 5 members b) 7 members c) 2 members d) None of these
28. In case of private company the quorum should be
 a) 2 members b) 3 members c) 4 members d) None of these
29. In case of public company towards quorum proxies will also be counted
 a) Yes b) No
30. In case of private company towards quorum proxies will be counted
 a) Yes b) No

31. Preference shareholders will be counted towards quorum at General meeting
 a) Yes b) No
32. A body corporate appointed a person as a proxy he will be counted for quorum or not
 a) Counted b) Not counted
33. Joint shareholders appointed a person as a proxy. State whether he will be counted for quorum
 a) Yes b) No
34. President appointed a proxy. State whether that person will be counted towards quorum
 a) Yes b) No
35. Governor appointed a proxy. State whether that person will be counted towards quorum
 a) Yes b) No
36. XYZ is a company conducting an AGM. There are 3 members personally present and one member present in his individual capacity and as well as a representative of a body corporate. State whether the AGM is valid
 a) Valid b) Not valid
37. XYZ company provided in articles that quorum for the company should be 7 member is the company correct
 a) Correct b) Not correct
38. XYZ Company provided in articles that quorum for the company should be 2 members. Is the company correct
 a) Correct b) Wrong
39. Quorum should be present at the
 a) Commencement of meeting b) Middle of the meeting
 d) End of the meeting d) Any time during meeting.
40. State whether there is any provision in companies Act. That one member constitute quorum
 a) Yes b) No
41. In case of alteration in the object clause of memorandum the resolution shall be passed by show of hands
 a) Yes b) No
42. In case of alternation of AOA to deletion or insertion of provisions defining private company shall be passed by resolution through postal ballot.
 a) Yes b) No
43. In case of company opting for buy back of own shares. It should pass resolutions through postal ballot
 a) Yes b) No
44. _____ meeting given an opportunity to the member to know discuss on promotion & formation of the company.
 a) General b) EGM c) Statutory d) None of the above
45. _____ report is send by the directors to its members.
 a) Statutory b) Audit c) Annual d) None of the above
46. In the given below who are not required to hold Statutory General Meeting
 a) Private company b) Government Company c) Public company d) Both (a) & (b)
47. In case of Statutory General Meeting receipts & payments are prepared up to _____ days before the date of report
 a) 3 b) 5 c) 7 d) 9

- 87.** In which one or more of the following company a member does not have a right to appoint proxy:
 a) Public company having share capital **b)** Public company not having share capital
 c) Private company not having a share capital d) None of the above
- 88.** A proxy must bear revenue stamp worth.
 a) 30 paise **b)** 15 paise c) 45 paise d) 50 paise
- 89.** Total managerial remuneration cannot exceed ____% of net profit
a) 11 b) 12 c) 13 d) 14
- 90.** Which one or more of the following resolution need not be filed with the registrar
 a) Special resolution
 b) A resolution of Board relating to appointment of a managing director
c) A resolution approving the appointment of a sole selling agent
 d) An ordinary resolution
- 91.** In which one of the following cases an ordinary resolution may be passed _____
 a) Commencement of a new business b) alteration of articles
c) Compulsory winding up of the company d) none of the above
- 92.** Notice of Adjourn meeting is not required of a meeting is
a) Adjourn for want of quorum b) Adjourn sine die
 c) Adjourn for more than 30 days d) None
- 93.** M.M. ltd is incorporated on Jan 1, 2007. It must hold its first AGM before.
 a) Dec 31-2007 b) Dec 31-2008 **c)** June 30-2007 d) June 30 – 2008

COMPANY BASIC CONCEPTS

1.	a	2.	a	3.	a	4.	d	5.	b
6.	a	7.	b	8.	d	9.	a	10.	d
11.	c	12.	a	13.	a	14.	c	15.	c
16.	b	17.	a	18.	d	19.	b	20.	b
21.	a	22.	a	23.	b	24.	b	25.	b
26.	b	27.	b	28.	a	29.	a	30.	b
31.	b	32.	c	33.	b	34.	b	35.	a
36.	b	37.	b	38.	a	39.	b	40.	c
41.	a								

CLASSES OF COMPANIES

1.	c	2.	d	3.	c	4.	b	5.	b
6.	b	7.	a	8.	a	9.	c	10.	a
11.	c	12.	b	13.	d	14.	c	15.	b
16.	c	17.	a	18.	a	19.	b	20.	d
21.	b	22.	a	23.	b	24.	a	25.	c
26.	b	27.	b	28.	b	29.	a	30.	a
31.	d	32.	b	33.	c	34.	b	35.	c
36.	a	37.	c	38.	a	39.	a	40.	b
41.	b	42.	a	43.	b	44.	b	45.	a
46.	b	47.	a	48.	b	49.	a	50.	b
51.	c	52.	a	53.	c	54.	a		

INCORPORATION OF COMPANIES

1.	d	2.	b	3.	a	4.	a	5.	b
6.	b	7.	a						

MEMORANDUM & ARTICLES OF ASSOCIATION

1.	b	2.	d	3.	b	4.	c	5.	c
6.	a	7.	a	8.	d	9.	c	10.	d
11.	c	12.	a	13.	c	14.	a	15.	b
16.	a	17.	b	18.	c	19.	d	20.	c
21.	c	22.	b	23.	-	24.	b	25.	d
26.	d	27.	a	28.	a	29.	a	30.	a
31.	a	32.	a	33.	b	34.	b	35.	c

PROMOTERS

1.	a	2.	b	3.	d	4.	c	5.	b
6.	d	7.	a						

PROSPECTUS

1.	a	2.	b	3.	a	4.	a	5.	a
6.	d	7.	d	8.	a	9.	a	10.	b
11.	a	12.	a	13.	a	14.	a	15.	b
16.	a	17.	c	18.	a	19.	c	20.	d
21.	c	22.	b	23.	b	24.	b	25.	c
26.	b								

ALLOTMENT OF SHARES

1.	a	2.	a	3.	a	4.	b	5.	a
6.	b	7.	b	8.	b	9.	a	10.	a
11.	a	12.	c	13.	c	14.	d	15.	b
16.	a	17.	a	18.	d	19.		20.	

UNDERWRITING

1.	a	2.	b	3.	a	4.	c	5.	c
6.	c								

DEPOSITS

1.	b	2.	b	3.	a	4.	a	5.	b
6.	b	7.	b	8.	a	9.	b	10.	a
11.	c	12.	b	13.	a	14.	a	15.	b
16.	b	17.	a	18.	c	19.	b	20.	a
21.	c	22.	b	23.	d	24.	c	25.	a
26.	c	27.	c	28.	a	29.	c	30.	c
31.	a								

MEMBERSHIP

1.	b	2.	b	3.	a	4.	a	5.	b
6.	b	7.	d	8.	d	9.	a	10.	a
11.	b	12.	a	13.	b	14.	a		

SHARE CAPITAL

1.	c	2.	b	3.	b	4.	d	5.	b
6.	c	7.	a	8.	a	9.	b	10.	c
11.	a	12.	b	13.	a	14.	d	15.	b

16.	a	17.	b	18.	b	19.	b	20.	b
21.	a	22.	a	23.	b	24.	a	25.	b
26.	a	27.	d	28.	b	29.	a	30.	b
31.	d	32.	b	33.	a	34.	a	35.	a
36.	b	37.	d	38.	b	39.	b	40.	b
41.	b	42.	b	43.	b	44.	a	45.	c

SHARE CERTIFICATE & WARRANT

1.	b	2.	b	3.	c	4.	b	5.	b
6.	a	7.	b	8.	b	9.	a	10.	a
11.	a	12.	a	13.	a	14.	c	15.	a
16.	d	17.	c	18.	b	19.	a	20.	c
21.	a	22.	a	23.	b	24.	b	25.	b
26.	a								

CALLS & FORFEITURE/SURRENDER OF SHARES

1.	b	2.	b	3.	b	4.	b	5.	b
6.	b	7.	b	8.	a	9.	b	10.	a
11.	b	12.	c	13.	b				

TRANSFER & TRANSMISSION OF SHARES

1.	c	2.	a	3.	b	4.	a	5.	b
6.	a	7.	b	8.	a	9.	d	10.	b
11.	b	12.	b	13.	a	14.	b		

DEBENTURES

1.	a	2.	b	3.	c	4.	b	5.	b
6.	a	7.	b	8.	b	9.	a	10.	a
11.	a	12.	a	13.	c	14.	a	15.	d
16.	b	17.	a	18.	a	19.	d	20.	a
21.	c								

CHARGES

1.	b	2.	c	3.	d	4.	b	5.	c
6.	a	7.	c	8.	a	9.	b	10.	a
11.	b	12.	d						

GENERAL MEETINGS

1.	a	2.	a	3.	a	4.	b	5.	b
6.	a	7.	b	8.	a	9.	a	10.	a
11.	a	12.	a	13.	b	14.	b	15.	c
16.	b	17.	b	18.	b	19.	b	20.	a
21.	a	22.	a	23.	a	24.	b	25.	b
26.	b	27.	a	28.	a	29.	b	30.	a
31.	b	32.	a	33.	b	34.	a	35.	a
36.	a	37.	a	38.	b	39.	a	40.	a

41.	b	42.	a	43.	a	44.	c	45.	c
46.	d	47.	c	48.	a	49.	a	50.	c
51.	a	52.	d	53.	a	54.	b	55.	a
56.	a	57.	b	58.	d	59.	d	60.	b
61.	a	62.	b	63.	b	64.	a	65.	a
66.	a	67.	b	68.	d	69.	b	70.	a
71.	c	72.	b	73.	c	74.	b	75.	a
76.	a	77.	b	78.	c	79.	a	80.	a
81.	a	82.	d	83.	c	84.	b	85.	a
86.	a	87.	b	88.	b	89.	a	90.	c
91.	c	92.	a	93.	c				

PAYMENT OF BONUS ACT

1. Employees of LIC will cover under payment of Bonus Act 1965
a) Yes b) No.
2. Employees of RBI will not cover under payment of Bonus Act 1965.
a) Yes b) No.
3. Employees employed through contractors on building operations. Will cover under payment of Bonus Act 1956
a) Yes b) No.
4. Employees employed under Seamen as defined in the Merchant Shipping Act, 1958. Will not cover under payment of Bonus Act 1956.
a) Yes b) No.
5. Employees employed under Dock workers Act will cover under payment of Bonus Act 1956.
a) Yes b) No.
6. Employees Employed under Indian Red Cross Society will cover under payment of Bonus Act 1956.
a) Yes b) No.
7. Employees employed under educational institutions they will cover under payment of Bonus Act
a) Yes b) No.
8. Employees employed under IFCI will not cover under payment of Bonus Act.
a) Yes b) No.
9. Employees employed under any financial corporation established under state financial corporation Act will not cover under payment of Bonus Act.
a) Yes b) No.
10. Employees of DIC will cover under payment of Bonus Act 1956.
a) Yes b) No.
11. Employees of the Agricultural Refinance Corporation will cover under payment of Bonus Act 1956.
a) Yes b) No.
12. Employees of UTI will not cover under payment of Bonus Act 1956
a) Yes b) No.
13. Employees of IDBI will not cover under payment of Bonus Act 1956
a) Yes b) No.
14. Employees of every factory will cover under payment of Bonus Act 1956.

- a) Yes b) No.
15. Every other establishment other than factory in which there are more than _____ employees must be to come under payment of Bonus Act.
a) 15 b) 20 c) 25 d) 30
16. In an establishment 15 employees working with a salary below than Rs.3500 and 7 employees working with a salary more than Rs.3500. Is the establishment covered under payment of Bonus Act 1956?
a) Covered b) Not covered
17. Is there any chance under payment of Bonus Act to cover any establishment which is having employees less than 20?
a) Yes b) No
18. If an establishment in previous year covered under payment of Bonus Act. But in this year the employees had reduced to below 20. Is that establishment covered under payment of Bonus Act
a) Covered b) Not covered.
19. Bonus shall be paid to employees who are earning more than 3500 per month
a) Yes b) No.
20. Where any employee committed any fraud in that accounting year. Mention whether he is eligible for Bonus. Who has been dismissed from service?
a) Yes b) No.
21. Where any employee dismissed because of Riotous/ Violent behaviour in the premises whether he is eligible for bonus.
a) Yes b) No.
22. Where an employee dismissed but reinstated with back wages will be entitled to bonus.
a) Yes b) No.
23. A Temporary workman will be entitled to bonus.
a) Yes b) No.
24. A Temporary workman entitled to bonus on the basis of
a) Total No. of days worked b) All working days
c) No bonus will be allowable d) None of the above.
25. Employee of a Seasonal factory will be eligible for bonus.
a) Yes b) No.
26. An employee of a Seasonal factory will be given minimum bonus if he had not worked for sufficient days
a) Yes b) No.
27. Gross Profit of an employer in case of banking company will be calculated as per _____ under payment of Bonus Act,
a) Schedule I b) Schedule IV c) Schedule III d) None of these
28. Gross profit of an employer in case of any other company other than banking company will be calculated as per _____ under payment of Bonus Act.
a) Schedule I b) Schedule II c) Schedule III d) None of these
29. If the employer is company other than a banking company deduction will be allowed under 3rd schedule while determining available surplus _____ % of its paid up capital at the commencement of the accounting year
a) 7.5% b) 8.5% c) 9.5% d) None of these

- 30.** If the employer is a company other than a banking company. Deduction will be allowed under 3rd schedule is while determining available surplus _____ % of its reserves shown in the B/S at the commencement of the accounting year.
 a) 7% b) 5% c) 6% d) None of these
- 31.** If the employer is a foreign company. Deduction will be allowed under 3rd schedule is while determining available surplus _____ of the aggregate of the value of the net fixed assets and the current assets.
 a) 7.5% b) 9.5% c) 8.5% d) None of these
- 32.** If the employer is a Banking company. Deduction will be allowed under 3rd schedule is while determining available surplus _____ of its paid up equity share capital as at the commencement of accounting year
 a) 7.5% b) 8.5% c) 9.5% d) None of these
- 33.** If the employer is a Banking company. Deduction will be allowed under 3rd schedule is while determining available surplus _____ of reserves shown in its B/S at the commencement of the accounting year
 a) 5% b) 6% c) 7% d) None of these
- 34.** If the employer is a corporation deduction will be allowed under 3rd schedule is while determining available surplus _____% of its paid up capital as at the commencement of the accounting year
 a) 8.5% b) 7.5% c) 6% d) None of these
- 35.** If the employer is a corporation deduction will be allowed under 3rd schedule is while determining available surplus _____% of its reserves, shown in its B/S as at the commencement of the accounting year
 a) 5% b) 6% c) 7% d) None of these
- 36.** If the employer is a co-operative Society deduction will be allowed under 3rd schedule is while determining available surplus _____% of the capital invested by such society in its establishment at the commencement of the accounting year.
 a) 8.5% b) 6.5% c) 7.5% d) None of these
- 37.** If the employer is a partnership firm deduction will be allowed under 3rd schedule is while determining available surplus _____% of the capital invested
 a) 8.5% b) 7.5% c) 6% d) None of these
- 38.** If the employer is a partnership firm. The deduction will be allowed under 3rd schedule while determining available surplus _____% of G.P as remuneration to partners.
 a) 40% b) 25% c) 30% d) 60%
- 39.** Allocable surplus in case of the employer is company other than banking company **67%** of available surplus
- 40.** Allocable surplus in case of the employer is a banking company **60%** of available surplus
- 41.** While calculating Direct tax payable u/s 7 of the payment of Bonus Act which of the following should not be considered?
 a) Profits b) Capital gains
 c) Speculation loss d) Unabsorbed depreciation
- 42.** While calculating Direct tax payable u/s 7 of the payment of Bonus Act. Which of the following. Should not be considered?
 a) Exemption under I.T. Act b) Deduction under I.T. Act
 c) Loss carried forward d) All of the above
- 43.** What is minimum bonus u/s 10 of the payment of Bonus Act
 a) 8.3% or Rs. 100 ↑ b) 8.33% or Rs. 100 ↓
 c) 8.33% or Rs. 60 ↓ d) None of the above

3. Once an establishment covered under EPF Act will be continue to cover even if employees are less than 20.
a) Yes b) No
4. Establishment registered under the co-operative Societies Act 1912, employing less than 50 persons and working without the aid of power will not cover under EPF Act.
a) Yes b) No
5. Basic wages as per EPF Act will not include the cash value of any food concessions
a) True b) False
6. Basic wages as per EPF Act does not include D.A.
a) True b) False
7. Basic wages as per EPF Act include HRA
a) True b) False
8. Basic wages as per EPF Act. Does not include over time allowance
a) True b) False
9. Basic wages as per EPF Act does not include Bonus, Commission etc.
a) True b) False
10. Basic wages as per EPF Act include Time wages and piece rate wages.
a) True b) False
11. Contribution shall be made by the employer is _____ of basic wages and D.A and retaining allowance
a) 12% b) 10% c) 15% d) None of these
12. In addition to employer's contribution, employee shall match equal contribution
a) Yes b) No
13. Contribution made by employer towards EPF fund shall be deducted from employee wages
a) True b) False
14. The Provident Fund Scheme is mandatory to employer but not mandatory to employee. Do you agree with this statement?
a) Agree b) Disagree
15. In addition to the contribution employer has to pay _____% of wages as administration charges.
a) 0.17% b) 0.18% c) 0.10% d) None of these
16. In addition to the contribution employer has to pay _____% of wages as inspection charges
a) 0.19% b) 0.18% c) 0.17% d) None of these
17. Employer shall contribute towards Insurance Fund _____% of basic wages, dearness allowance, and retaining allowance.
a) 2% b) 3% c) 1% d) None of these
18. Employee also required to match the contribution.
a) True b) False

ANSWERS

1.	a	2.	a	3.	a	4.	a	5.	a
6.	a	7.	b	8.	a	9.	a	10.	a
11.	a	12.	a	13.	b	14.	b	15.	c
16.	b	17.	c	18.	b				