

**THK JAIN COLLEGE**  
**B.COM SEMESTER 2**  
**(UNDER CBCS SYSTEM)**

**MODEL QUESTION ON COMPANY LAW**

**F.M - 80 (MCQ TYPE)**

**TIME: 2 HRS**

**CHOOSE THE CORRECT ANSWER FROM THE ALTERNATIVES**  
**GIVEN BELOW :** **.....(40X1=40)**

- 1.** How many schedules are there in Companies Act 2013?
  - a) 5
  - b) 6
  - c) 7
  - d) 8
- 2.** As per which section the term company has been defined?
  - a) 2 (19)
  - b) 2 (20)
  - c) 2 (21)
  - d) None of these
- 3.** The maximum number of members of a private company is –
  - a) 400
  - b) 300
  - c) 200
  - d) 100

- 4.** Which document is required to commence a public company?
- a) Certificate of commencement of business
  - b) Memorandum of association
  - c) Article of association
  - d) None of these
- 5.** In case of public company the quorum is
- a) 5 members personally present
  - b) 6 members personally present
  - c) 4 members personally present
  - d) None of these
- 6.** What is the minimum number of directors of a private company?
- a) At least 4
  - b) At least 3
  - c) At least 5
  - d) None of these
- 7.** The managerial remuneration of a public company can not exceed
- a) 10 % of net profits
  - b) 11 % of net profits
  - c) 11.5 % of net profits
  - d) 12 % of net profits
- 8.** A company enjoys separate legal entity on the basis of
- a) Soloman V. Lakshman & Co.
  - b) Soloman V. Soloman & Co.
  - c) Ram V. Lakshman & Co.
  - d) None of these
- 9.** In which case the corporate veil is lifted?
- a) Reduction of membership below statutory minimum
  - b) Improper use of name
  - c) Protecting public policy
  - d) All of these

- 10.** Which section of the companies act 2013 defines one person company?
- a) 2 (60)
  - b) 2 (61)
  - c) 2 (62)
  - d) None of these
- 11.** The minimum number of person required to form a public company is
- a) 7
  - b) 8
  - c) 9
  - d) 10
- 12.** What is the registered paid - up of a public company ?
- a) 5.5 lakhs
  - b) 5 lakhs
  - c) 4.5 lakhs
  - d) 6 lakhs
- 13.** Holding company has been defined as per section
- a) 2 ( 60 )
  - b) 2 ( 61 )
  - c) 2 (46 )
  - d) None of these
- 14.** Which one of the following is fundamental document of the company?
- a) Memorandum of association
  - b) Article of association.
  - c) Prospectus
  - d) None of these
- 15.** How many clauses are there in the memorandum of association?
- a) 5
  - b) 6
  - c) 7
  - d) 8

- 16.** An act of company must not be beyond the object clauses , otherwise it will be .
- a) Ultravires
  - b) Ultrapower
  - c) Ultraviolation
  - d) None of these
- 17.** Any Act of the company which ultravires the Articles can be ratified by
- a) majority share holders
  - b) 1/3 of the share holders
  - c) 2/3 of the share holders
  - d) None of these
- 18.** Registration of the memorandum under the Act is
- a) Optional
  - b) Compulsory
  - c) Based on choice
  - d) None of these
- 19.** Which person shall be liable due to miss statement in the prospectus
- a) The directors at the time of issue of prospectus
  - b) Persons named in the prospectus as present or future directors
  - c) The promoters
  - d) All of the above
- 20.** Minimum subscription should be received within \_\_\_\_\_ days.
- a) 120
  - b) 125
  - c) 130
  - d) 135
- 21.** A promoter is
- a) Neither an agent nor a trustee of the company
  - b) Neither an agent nor a member of the company
  - c) Neither a shareholder nor a trustee of the company
  - d) None of these

- 22.** A share certificate is a kind of
- a) Interest and ownership in the company
  - b) Negotiable instrument
  - c) Promissory note
  - d) warrant
- 23.** What type of companies can issue share warrant?
- a) Private companies
  - b) Public limited companies
  - c) Subsidiary companies
  - d) None of these
- 24.** The nominal value of shares which are offered to the public for subscription and allotment is called
- a) Issued capital
  - b) Called up capital
  - c) subscribed capital
  - d) paid up capital
- 25.** The portion of uncalled capital which can be called only in the event of winding up is called
- a) Issued capital
  - b) Reserve capital
  - c) subscribed capital
  - d) paid up capital
- 26.** When shares are purchased for more than one company then these are called
- a) shares
  - b) stock
  - c) certificates
  - d) none of these
- 27.** Sweat equity shares can be issued after
- a) One year of commencement of business

- b) One and half year of commencement of business
- c) two year of commencement of business
- d) none of these

**28.** Which of the following person cannot be a member of a company?

- a) Minor
- b) Person of unsound mind
- c) An undischarged insolvent
- d) All of these

**29.** According to which section of the Companies Act the term “debenture” has been defined

- a) 2(55)
- b) 2(31)
- c) 2(30)
- d) 2(60)

**30.** How many Director Identification Number can be allotted to an individual?

- a) 1
- b) 2
- c) 3
- d) 4

**31.** In how many companies shall a person hold office as a director, including any alternate directorship.

- a)19
- b)20
- c)21
- d)22

**32.** Directors may be removed by

- a) Share holders
- b) National Company Law Tribunal
- c) Either a or b
- d) None of these

- 33.** For how many years an independent director shall hold office on the Board of a Company?
- a) For a term up to five consecutive years
  - b) For a term up to four consecutive years
  - c) For a term up to Six consecutive years
  - d) None of these
- 34.** Who can be the first Director of the Company until the directors are newly appointed ?
- a) Subscribers to the articles who are individuals
  - b) Subscribers to the memorandum who are individuals
  - c) Individuals who has drafted the prospectus
  - d) None of these
- 35.** Employees Stock Option may be given to the
- a) Whole time Directors
  - b) Officers
  - c) Employees of the company
  - d) None of these
- 36.** What is the tenure of Managing Director at a time?
- a) Cannot exceed five years.
  - b) Cannot exceed four years.
  - c) Cannot exceed three years.
  - d) Cannot exceed Six years.
- 37.** Liabilities of the Directors towards the company may arise from
- a) Ultra vires Act
  - b) Negligence
  - c) Breach of trust
  - d) All of these
- 38.** The gap between two Annual General Meetings should not be more than
- a) 15 months
  - b) 16 months
  - c) 17 months
  - d) 14 months

- 39.** What is the time period of giving Notice in case of a General Meeting of a Company?
- a) Not less than clear 22 days notice.
  - b) Not less than clear 21 days notice
  - c) Not less than clear 20 days notice
  - d) Not less than clear 23 days notice
- 40.** Which section of Companies Act ,2013 provides for calling of an extraordinary General meeting?
- a) Section 199
  - b) Section 101
  - c) Section 102
  - d) Section 100

**CHOOSE THE CORRECT ANSWER FROM THE ALTERNATIVES  
GIVEN BELOW :** **.....(20X 2=40)**

- 41.** What are the different kinds of resolutions under the Companies Act ,2013?
- a) Ordinary Resolutions
  - b) Special Resolutions
  - c) Resolutions requiring special notice.
  - d) All of these
- 42.** In case of Associate Company what is meant by “ Significant Influence”?
- a) Control of at least 20% of total share capital.
  - b) Control of at least 15% of total share capital.
  - c) Control of at least 25% of total share capital.
  - d) Control of at least 12.5% of total share capital.
- 43.** According to section 2(45) of the 2013 Act, Govt. company means
- a) Not less that 51% of the paid up share capital is held by the Govt.
  - b) Less that 51% of the paid up share capital is held by the Govt.
  - c) Not less that 49% of the paid up share capital is held by the Govt.



d) Less than 50% of the paid up share capital is held by the Govt.

**44.** One example of statutory company is

- a) Tata Iron and Steel company
- b) Bata India Limited
- c) Reserve Bank of India
- d) Hudson Bay Company

**45.** The doctrine of Ultra vires has been established in the case law of

- a) Akash Railway Carriage and Iron company Limited Vs Riche.
- b) Ashburi Railway Carriage and Iron company Limited Vs Riche.
- c) Solomon Vs Lakshman and Company
- d) None of these

**46.** Which one of the following statements is correct?

- a) A company has fundamental rights
- b) A company is not a citizen
- c) A company may have not nationality and residence
- d) A company has no capacity to sue

**47.** The circumstances when corporate veil to be lifted?

- a) To prevent tax evasion
- b) To ascertain the character of the company
- c) To protect public policy
- d) All of these

**48.** According to section 53 of Companies Act, 2013 any share issued by a company at discount shall be

- a) Voidable
- b) Illegal
- c) Void
- d) Intravires

**49.** In terms of section 52 (2) the "securities premium account" of the company is to be utilized for which of the following purposes?

- a) Unissued share of company
- b) Writing of preliminary expenses
- c) Payment towards redemption of shares
- d) All of the above.

- 50.** Section 55 of the companies Act 2013 empowers a company to issue
- a) Irredeemable preference share
  - b) Redeemable preference share
  - c) Participating preference share
  - d) Non convertible preference share
- 51.** Which document confer the power on the Board of Directors to avoid any person as an additional Directors
- a) Article of Association
  - b) Memorandum of Association
  - c) Prospectus
  - d) None of these
- 52.** What is the minimum and maximum number of directors in a public limited company?
- a) Minimum 4, maximum 14
  - b) Minimum 3, maximum 15
  - c) Minimum 3, maximum 16
  - d) None of these
- 53.** A person ceases to be a member of the company
- a) By transfer of shares
  - b) By surrender of shares
  - c) By forfeiture of shares
  - d) All of these
- 54.** Who can be the whole time key Managerial personnel?
- a) Managing Director
  - b) Chief executive officer
  - c) Manager
  - d) Either a or b or c
- 55.** As per sections 163 what proportion of directors in case of the public company must be appointed by the system of proportional representation.
- a) Not less than 2/3 rd of the total numbers of Directors
  - b) Not less than 1/3 rd of the total numbers of Directors
  - c) Not less than 1/2 of the total numbers of Directors
  - d) None of these

- 56.** The office of the director of the company shall become vacant if
- a) Disqualification specified in section 164.
  - b) Absence from Board of Directors meeting.
  - c) Contravention relating to entering into contract.
  - d) All of the above.
- 57.** According to which section of Companies Act, 2013 every company other than the OPC shall in each year hold a General Meeting.
- a) 96(1)
  - b) 95(1)
  - c) 94(1)
  - d) 93(1)
- 58.** In case of any allotment of any of its shares every company must deliver share certificate within
- a) Six months from the date of allotment.
  - b) two months from the date of allotment
  - c) One month from the date of allotment
  - d) None of the above
- 59.** For changing the registered office of the company
- a) It requires passing of special resolution
  - b) Approval of central Govt. is required
  - c) Consent of the debenture holders ,creditors and other person is required
  - d) All of the above.
- 60.** Prospectus which does not include complete particulars of the quantum or price of the securities included therein is called
- a) Shelf prospectus
  - b) Green-Herring prospectus
  - c) Red- Herring prospectus
  - d) None of the above.

