COMPANY LAW- 17UCO307

K1 LEVEL QUESTIONS

UNIT –I

1.. Minimum paid up capital for a public company

A. 500000 B. 400000 C. 300000 D. 200000

2. The minimum number of persons required to form a private company is ___________.

A. 7 **B. 2** C. 3 D. 4

3. The name of a company can be changed by________________.

A. an ordinary resolution B. a special resolution

C. the approval of the union government

D. a special resolution and with the approval of the central government

4. A change in a company registered office from one state to another may be effected by____.

A. an ordinary resolution B. a resolution of the board of directors

C. a special resolution

D. a special resolution and confirmation from the company law board

5.A private company is to become a public company if its average turnover in the previous three years exceeds___________.

A. Rs. 4 crore. B. Rs. 8 crore **C. Rs. 10 crore** D. Rs. 50 crore .

6. An association of 30 persons not registered under the companies Act but carrying on a business is a/an

___________.

A. illegal association B. partnership . C. private company D. public company.

7.Which of the following are characteristics of a company ?

A. It has unlimited liability. **B. It exists only in contemplation of law**

C. It has not a perpetual succession D. It comes to an end on the death of all its members.

8. .Since a company is regarded as an entity separate from its members, __________.

A. the property of the company is the property of its shareholders

B. the debts of the company are the debts of its shareholders.

C. the shareholders can enter into contracts with the company.

D. the shareholders have insurable interest in the property of the company

9. One of the following is NOT an advantage of the incorporation of the company?

A. perpetual succession

B. limited liabilities of members.

C. capital contribution forming part of the joint stock f the company.

D. Freedom to do any business

10. A private company becomes a public by process of law_____________.

A. where not less than 25 percent of its paid-up share capital is held by one or more bodies corporate.

B. where not less than 10 percent of it paid-up share capital is held by another single private company.

C. where less 25 percent of the paid-up share capital of a public company is held by it.

D. where not less than 20 percent of it paid-up share capital is held by another single private company.

UNIT –II

1. The ________defines the scope of a companys activities.

A. prospectus

B. statutory declaration

C. memorandum of association

D. articles of association

2. The __________defines a company’s relations with the outside world.

A. prospectus .

B. memorandum of association.

C. articles of association .

D. statement in lieu of prospectus .

3.______________ contains a model form of memorandum of association of a company limited by
shares.

A. Table A.

B. Table B.

C. Table C.

D. Table D.

4. Mark out the type of alteration that is permitted in the articles of association____.

A. that may not be in the company's interest .

B. that is contrary to the provisions of the companies act.

C. that increases a members liability without his written consent .

D. that is consistent with the memorandum of association

5. The most important document of a company is its___________.

A. prospectus .

B. annual report.

C. memorandum of association .

D. articles of association.

6. What is known as a charter of a Company?

A. Memorandum of Association

B. Bye laws

C. Articles of Association

D. Prospectus.

7.An act is said to be ultra vires a company when it is beyond the powers ____________.

A. of the company

B. of the directors .

C. of the directors but not the company.

D. conferred on the company by the Articles.

8. The altered Memorandum must be filed with the Registrar within ______________.

A. 1 month of the company Law Boards order .

B. 2 months of the company Law Boards order.

C. 3 months of the company Law Boards order.

D. 4 months of the company Law Boards order.

9. Which of the following companies need not have their own articles of Association ?

A. . Unlimited companies.

B. companies limited by guarantee.

C. private companies limited by shares.

D. public companies limited by shares.

10. The Articles of a company conflict with the Memorandum _______________.

A. the Articles shall prevail.

B. the Memorandum shall prevail

C. the directors will resolve the conflict.

D. the court will resolve the conflict.

UNIT –III

1. The principle that so far as the companys internal working is concerned , strangers dealing with the company are entitled to assume that everything has been regularly done has been laid down in the_____________.

A. doctrine of indoor management .

B. principle of constructive notice.

C. principle of management by exception .

D. management by objectives.

2. How many directors of a public company, unless the articles provide otherwise, must be appointed by
the company in general meeting

A. All the directors .

B. One half of the directors .

C. Two-thirds of the directors .

D. Three-fourths of the directors .

3. The **_______**constitute the top administrative organ of the company. .

A. general manager .

B. shareholders.

C. board of directors .

D. advisory panel .

4. Who/what appoints the first directors of a company ?

A. The shareholders in general meeting .

B. The Registrar of companies .

C. The articles of association .

D. The promoters .

5. The companies Act provisions as to qualification shares do not apply to **___________**.

A. independent private companies .

B. directors appointed by the union government.

C. directors representing special interests .

D. all of the above .

6. The doctrine of indoor management means__________.

A. strangers dealing with the company may assume that everything is done regularly

B. strangers must enquire into the regularity of proceedings .

C. strangers can afford to be negligent a s regularity is the companys responsibility .

D. constructive notice

7. The doctrine of constructive notice implies that __________.

A. every person dealing with the company is deemed to have notice of the documents field

B. with the registrar of companies

C. regularity of proceedings need be enquired into a notice of a weeks period is to be given for every

exchange of correspondence

D. indoor management

8. An exception to the doctrine of constructive notice is____________.

A. the doctrine of ultra vires .

B. the doctrine of indoor management .

C. lifting the corporate veil .

D. the doctrine of ultra vires in Articles of Association.

9. Protection can be claimed under the doctrine of constructive notice if __________.

A. the act is voidable .

B. no inquiries are made.

C. no inquiries are made.

D. resolution.

UNIT –IV

1.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. obtaining permission from the company law board

2. The articles of association can be altered by____________.

A. a resolution of the board of directors .

B. an ordinary resolution in general meeting .

C. a special resolution in general meeting .

D. obtaining permission from the company law board .

3. A change of registered office of a company from one place to another within the same city may be
effected by ___________-.

A. ordinary resolution .

B. confirmation from the regional director of the zone .

C. special resolution .

D. special resolution with union government approval

4. A/an _______may become a director of a company.

A. partnership firm .

B. person of unsound mind .

C. individual .

D. body corporate .

5. A directors 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 .

6. 30. . 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.

7. The total managerial remuneration to the directors and the manager in respect of any financial year
must not exceed __________percent of the net profit.

A. one .

B. three.

C. eleven.

D. ten .

8. Where a company has three directors , the maximum remuneration payable to all of them is ________% of the annual net profit

A. 5.

B. 10.

C. 20.

D. 25.

9. A part from the board of directors, a company can have_____________.

A. only a manager.

B. only a managing director .

C. both a manager and a managing director .

D. either a manager or a managing director .

10. A person cannot act as managing director of more than _______company /companies at a time.

A. one .

B. two .

C. four.

D. five.

UNIT –V

1. 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.

2. 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 6months.

D. None of these.

3. The object of winding up of a company by the Tribunal is.

A. To facilitate the protection of its assets.

B. To convert the company into private company if it is a public company.

C.To convert the company into public company if it is a private company.

D. To change the Memorandum and Articles.

4. 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.

5. Statutory meeting of the company must be held within.

A. One month of obtaining the certificate to commence business.

B. 3 months of obtaining the certificate to commence business.

C. 6 months of obtaining the certificate of incorporation.

D. 6 months of obtaining the certificate to commence business.

6. Statutory meeting of the company must be held within.

A. One month of obtaining the certificate to commence business.

B. 3 months of obtaining the certificate to commence business.

C. 6 months of obtaining the certificate of incorporation.

D. 6 months of obtaining the certificate to commence business.

7.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.

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

A.Public limited Company.

B. Government Company.

C. Private Company (Limited).

D. FERA company.

9. The first annual general meeting of the company must be held within.

A. 12 months from the date of incorporation.

B.12 months from the date of commencement of business.

C. 18 months from the date of its incorporation.

D.18 months from the date of commencement of business.

10.Who shall prepare the list of creditors after the passing of the bankruptcy order?

a) Bankruptcy trustee

b)Adjudicating Authority

c) Insolvency Professional Entity

d)Information Utility

COMPANY LAW- 17UCO307

K2 LEVEL QUESTIONS
UNIT –I

1. Define Company Law

A company is a third legal business structure and has entirely a different organizational structure from the sole proprietorship or partnership. Its formation is due to firstly, the sole proprietorship and partnership cannot meet the increased capital demand of industry and commerce. Secondly, the company ensures the protection of limited liability to the shareholders and investors.

2. Write any two Characteristic of Company.

- **Transfer of shares**
- **Separate legal entity**
- **Limited liability**

3. **Define** Private Company

A company under British law restricting the right of its stockholders to transfer their shares, limiting its members to 50 exclusive of shareholders who are present or former employees, and not inviting the public to subscribe for any shares or debentures

4. Define Public company

A public company is a company whose shares can be bought by the general public. Shares in a public company can be bought and sold on the stock exchange and so can be bought by the general public.

5. Define Promoter

A promoter is an individual or organization that helps raise money for some type of investment activity. Promoters may raise money for a company by offering investment vehicles other than traditional stocks and bonds, such as limited partnerships and direct investment activities. Often, promoters are paid in company stock or as a percentage of the capital raised

6.Define capital subscription

Capital Subscription A public company is allowed to raise their funds from the public by issuing shares and debentures. But before that it has to issue a prospectus for the public to subscribe to the capital of the company and undergo various other formalities

7. Define Certificate of Commencement of Business

Certificate of Commencement of Business under Companies Act, 2013. A Public and Private Limited company having share capital cannot commence business until it has obtained the certificate of commencement of business from the concerned Registrar of Companies.

8. Define exception to doctrine of indoor management.

A private company enjoys several exemptions and privileges under the Companies Act. Some of these privileges are given below areas 1.. Members: 2.. Commencement of business: 3.Prospectus: 4.Statutory meeting:

9. Define one person company

The Companies Act, 2013 completely revolutionized corporate laws in India by introducing several new concepts that did not exist previously. On such game-changer was the introduction of One Person Company concept

10. Define Limited Liability Company.

A Limited Liability Company, also known as an LLC, is a type of business structure that combines traits of both a sole-proprietorship and a corporation. An LLC is eligible for the pass-through taxation feature of a partnership or sole proprietorship, while at the same time limiting the liability of the owners, similar to a corporation

UNIT II

1.Define memorandum of association

The memorandum of association of company, often simply called the memorandum (and then often capitalised as an abbreviation for the official name, which is a proper noun and usually includes other words) is one of the most important documents and must be drafted with care

2. Define articles of association

The articles of association are concerned with the internal management of the company and aims at carrying out the objectives as mentioned in the memorandum. These define the company's purpose and lay out the guidelines of how the task is to be carried out within the organization

3. Define Ultra vires

Ultra vires is a Latin phrase meaning "beyond the powers". If an act requires legal authority and it is done with such authority, it is characterised in law as intra vires. If it is done without such authority, it is ultra vires. Acts that are intra vires may equivalently be termed "valid" and those that are ultra vires "invalid". Legal issues relating to ultra vires can arise in a variety of contexts: Companies and other legal persons sometimes have limited legal capacity to act

4. **Define alteration of Memorandum.**

The expression "alter" means to modify/change or vary; to make or become different in some respect. As per Section 2(3) of the Companies Act, 2013 (the Act) "alter" and "alteration" shall include the making of additions, omissions and substitutions

5. Define doctrine of indoor management.

The doctrine helps protect external members from the company and states that the people are entitled to presume that internal proceedings are as per documents submitted with the Registrar of Companies. The doctrine of indoor management evolved around 150 years ago in the context of the doctrine of constructive notice.

6. What do you mean by exception doctrine of indoor management

The doctrine of indoor management is subject to the following exceptions: 1. Knowledge of irregularity: Under the rule of indoor management the benefit cannot be claimed if a person dealing with a company has the knowledge of the irregularity in its internal management.

7. Define Doctrine of Constructive Notice.

The Memorandum and Articles, on registration, assume the character of public documents. The office of the Registrar is a public office and documents registered there are open and accessible to the public at large.

8. Name any two type of Contents of Memorandum of Association

Name Clause, Situation and Address Clause, Area of Business Objective Clause.

9. Name any two type of **Content of** Articles of Association

- **Classes of shares, their values and the rights attached to each of them.**
- **Calls on shares, transfer of shares, forfeiture, conversion of shares and alteration of capital.**
- **Directors, their appointment, powers, duties etc.**
- **Meetings and minutes, notices etc.**
- **Accounts and Audit.**

10. Write any two Characteristics of a Promoter:

- **A promoter conceives an idea for the setting-up a business.**
- **He makes preliminary investigations and ensures about the future prospects of the business**

UNIT III

1. Define Prospectus

It a document describing the major features of a proposed literary work, project, business venture, etc., in enough detail so that prospective investors, participants, or buyers may evaluate it

2. Define Deemed prospectus

Where a company allots or agrees to allot any shares or debentures of the company with a view to these being offered for sale to the public, any document by which the offer for sale to the public is made shall, for all purposes, be deemed to be a prospectus issued by the company

3. Write a difference between prospectus and statement in lieu of prospectus

The prospectus is often contrasted with the statement in lieu of prospectus, but they are not same, in essence, the statement in lieu of prospectus is issued when the company does not invite public subscription

4. What do you mean by statement in lieu of prospectus?

A statement in lieu of prospectus gives practically the same information as a prospectus and is signed by all the directors or proposed directors. In case the company has not filed a statement in lieu of prospectus with the registrar, it is then not allowed to allot any of its shares or debentures.

5. **What is misstatement in prospectus?**

As per Section 65 of the Act, a statement included in a prospectus shall be deemed to be untrue, if the statement is misleading in the form and context in which it is included *inter alia* **in the prospectus itself or contained in any report or memorandum appearing on the face thereof or by reference incorporated therein or issued therewith and where the omission from a prospectus of any manner is calculated to mislead, the prospectus shall be deemed, in respect of such omission, to be a prospectus in which an untrue statement is included. The liability accrues where any person subscribes for any shares or debentures on the faith of the prospectus for any loss or damage he may have sustained by reason of untrue statement included therein**.

6. Define minimum subscription.

Minimum subscription is the term which is used to represent the amount of the issue which has to be subscribed or else the shares can't be issued if it is not being subscribed. Company which is offering the shares to the public then they set a specific amount for the subscription which can be taken by the public in order to issue the shares

7. Define share.

A unit of ownership that represents an equal proportion of a company's capital. It entitles its holder (the shareholder) to an equal claim on the company's profits and an equal obligation for the company's debts and losses.

8. **Define debenture.**

A debenture is a type of debt instrument unsecured by collateral. Since debentures have no collateral backing, debentures must rely on the creditworthiness and reputation of the issuer for support.

9. Define bonus issue.

A bonus issue, also known as a scrip issue or a capitalization issue, is an offer of free additional shares to existing shareholders

10. What do you mean Rights issue?

Offering In stock, the ability of a shareholder to maintain the same percentage of ownership in a company should the company issue more stock by buying a proportional number of shares at or below the market price. This protects the investor from devaluation of his/her shares if the company decides to hold a round of financing.

UNIT IV

1.What is a qualification of directors?

Generally no formal or special education, experience, or skill is required to qualify to hold the office of a firm's director. But if a director possesses special expertise or knowledge, he or she is expected to employ it to the firm's advantage. In some cases the

articles of association of the firm impose a shareholding qualification for the directors which must be complied with.

2.Who can be appointed as a Director

Appointment of Directors. According to the Companies Act, only an individual can be appointedas a member of the board of directors. Usually, theappointment of directors is done by shareholders. A company, association, a legal firm with artificial legal personality cannot be appointed as director.

3.What is Director Disqualification?

The whole industry got surprised by the mass disqualification of directors and deactivation of DINs by the Registrar of Companies. This had been done by the authority to keep the compliances in line and not to obstruct a way. In order to remove the director disqualification and restoration of DIN, authority has provided them various opportunities even if the directors do not want to revive the Company or the Company is not in operations due to any reason.

4.Define Agenda

An agenda is a list of meeting activities in the order in which they are to be taken up, beginning with the call to order and ending with adjournment. It usually includes one or more specific items of business to be acted upon. It may, but is not required to, include specific times for one or more activities.

5.Define minutes.

Minutes are the official written record of the meetings of an organization or group. .The minutes of certain groups, such as a corporate board of directors, must be kept on file and are important legal documents.

6.Define AGM

Annual General Meeting (AGM) is a yearly meeting of stockholders or shareholders, members of company, firm and organizations. Annual General Meeting is held every financial year and it is mandatory for everyone

7.Define Extraordinary general meeting.

An Extraordinary General *Meeting* (an *EGM*) can be *defined* as a *meeting* of *shareholders* which is not an Annual General Meeting*(an* AGM). It is held when some urgent issue becomes about the *c*ompany arises or any situation of crisis and it requires the input of all senior executives and the Board.

8.Define board meeting.

It is a meeting of the board of directors of a company at which the policy of the company and major decisions as to its future actions are discussed. ... The powers of the board are usually set out in the company's articles of association.

9.Define Proxy

A proxy is an agent legally authorized to act on behalf of another party or a format that allows an investor to vote without being physically present at the meeting

10. Define quorum

It is the minimum number of members of a group or committee required to be in attendance in order for that group to be able to take official action. Groups that often have quorum requirements include legislative bodies, corporate boards of directors, and corporate shareholder meetings.

UNIT V

1. What is winding up of a company?

Winding up is the process of dissolving a company. While winding up, a company ceases to do business as usual. Its sole purpose is to sell off stock, pay off creditors, and distribute any remaining assets to partners or shareholders.

2. List out winding up process.

A winding up order is a Court order that forces an insolvent company into compulsory liquidation – a process in which the Court appoints an Official Receiver (OR) to liquidate all of the company's assets in order to repay creditors.

3. List out the types of winding up.

(1) Members voluntary winding up, (2) Creditors voluntary winding up, and (3) Compulsory winding up. Called liquidation in the US, it is not the same as bankruptcy or business failure.

4. What is liquidation?

Creditors' voluntary liquidation (CVL) is a process designed to allow an insolvent company to close voluntarily. If a limited company's liabilities outweigh its assets, or the company cannot pay its bills when they fall due, the company becomes insolvent.

5. What is Compulsory Liquidation?

Creditors petition the Court to liquidate the company because they believe it to be insolvent and incapable of paying its debts. One of the biggest creditors to petition the Court is HMRC when taxes are owed and government believes the company to be irreparably insolvent.

6. What is Members Voluntary Liquidation?

When a company is solvent and able to pay outstanding debt, a Members Voluntary Liquidation (MVL) can be commenced. There is no court involvement in this procedure.

7. What is Creditors' Voluntary Liquidation?

Creditors' Voluntary Liquidation is a procedure initiated by the directors - rather than the creditors as it may sound - because a company is insolvent and unable to its debts. Usually a CVL is requested before a compulsory liquidation can be petitioned by the Court.

8. List out the General Powers of a Company Director.

As per Sec. 291 of the Act, the Board is entitled to exercise all such powers and to do all such acts and things as the company is authorized to do. The exceptions are the acts, which can be done by the company only in the general meetings of the members as required by law.

9. List out the Specific Powers of a Company Director.

As per Sec. 262, in the case of a public company or a private company, which is a subsidiary of a public company, the power to fill a casual vacancy of directors is to be exercised at a Board meeting.

10. What is Appointment by the courts?

When a winding-up order is granted by the courts, the official receiver automatically becomes the office-holder. But the courts can also become involved in office-holder appointments in other circumstances.

COMPANY LAW- 17UCO307

K3 LEVEL QUESTIONS
UNIT –I

1. Define the term company and explain its characteristics?
2. Distinguish between private and public limited company?
3. Explain the kinds of company?
4. State the duties of promotor.
5. Briefly explain about the functions of promotors?
6. Describe the privileges of private limited company
7. Difference between Joint Stock Company and sole proprietorship.
8. Difference between joint stock company and partnership.
9. Explain capital subscription.
10. Write a note about formation of a company.

UNIT –II

1. State the contents of memorandum of association?
2. Write about alteration of memorandum of association?
3. Describe the contents of articles of association?
4. Write about alteration of articles of association?
5. Discuss the doctrine of constructive notice.
6. Discuss the doctrine of ultra-virus.
7. Distinguish between memorandum of association and articles of association
8. Discuss the doctrine of indoor management.
9. Explain the exception to doctrine of indoor management.
10. Explain the purpose of memorandum of association.

UNIT-III

1. Define prospectus and state the contents of prospectus?
2. Write a short on:
   Self-prospectus
   Deemed prospectus
   Information memorandum
3. Briefly explain the requirement of the companies act,2013 relating to:
   Issue of share certificate
   Signing and sealing of share certificate
   Issue of share warrant
4. State the SEBI Guidelines for bonus issue.
5. Distinguish between transfer and transmission of shares?
6. Explain the types of prospectus.
7. Explain the kinds of shares?
8. Explain the kinds of debentures?

9. Different between share holder and debenture holder.
10. Describe redeemable & irredeemable debenture?

UNIT-IV

1. State the provisions regarding appointment and removal of director?
2. Illustrate the rights and duties of director?
3. State the different types of meetings conducted in a company?
4. State the qualification of a director.
5. State the disqualification of an director.
6. Explain the roles of secretary in a company?
7. Difference between managing director and whole time director.
8. Explain quorum.
9. Explain proxy.
10. Explain extra-ordinary general meeting.

UNIT –V

1. Describe the modes of winding up?
2. Write notes about liquidator.
3. Illustrate the powers of liquidator?
4. Write a note on:
   A) Shares
   B) Debentures
   C) Liquidation
   D) Liquidator
5. Difference between liquidation Vs winding up.
6. Explain the role of NCLT under the insolvency and bankruptcy code 2016.
7. Explain the compulsory winding up by the court.
8. State the point in appointment of insolvency professional.
9. State the consequences of winding up.
10. Illustrate the duties of liquidator?

COMPANY LAW- 17UCO307

K4 LEVEL QUESTIONS

UNIT –I

1. Difference between a Private LTD and a Public LTD Company?
2. “A Company limited by Shares has no power to buy its own shares, Comment.
3. Explain the privileges of private limited company.
4. Explain about the functions of promoters?
5. Difference between Joint Stock Company and sole proprietorship.

UNIT –II

1. Expalin the Contents of a Memorandum of Association, how can you Alter the Contents of Memorandum of Association?
2. Discuss the Doctrine of Constructive Notice and Doctrine of Ultra Vires
3. Define promotor? State the duties and liabilities of promotor.
4. Difference between Joint Stock Company and sole proprietorship.
5. Distinction between Joint Stock Company and Partnership.

UNIT –III

1. Define Prospectus and what are the Contents of the Prospectus?
2. Write short notes on the following: –
   Shelf Prospectus
   Deemed Prospectus
   Information Memorandum
3. What amounts to Mis-Statements in a Prospectus.
4. Explain the kinds of shares and debenture?
5. State the right issue and their types of issue.

UNIT –IV

1. Explain the Provisions regarding Appointment and Removal of Directors?
2. “Every shareholder of a Company is known as a member while every member may not be known as a Shareholder.” Comment.
3. State the different types of meetings conducted in a company?
4. State the qualification and disqualification of an director.
5. Start the points to be covered in agenda and minutes.

UNIT –V

1. Discuss the various modes of Winding Up of a Company.
2. Illustrate the powers and duties of liquidator.
3. Distinctive between liquidation Vs winding up.

4. Explain the role of NCLT under the insolvency and bankruptcy code 2016.
5. State the points to be consider by the court when compulsory winding up.