



BUDDHA SERIES

(Unit Wise Solved Question & Answers)

Course – B.Com 3rd Sem

College – Buddha Degree College

(DDU Code-859)

Department: Commerce

Subject- Company Law

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Unit -1

1-Which Act governs the registration and regulation of companies in India?

- a) Partnership Act, 1932
- b) Companies Act, 1956
- c) Companies Act, 2013
- d) Indian Contract Act, 1872

Answer: c) Companies Act, 2013

2-Which is the document that defines the scope of a company's activities?

- a) Prospectus
- b) Article of Association
- c) Memorandum of Association
- d) Certificate of Incorporation

Answer: c) Memorandum of Association

3-Which type of company is not allowed to invite the public to subscribe for shares?

- a) Public Company
- b) Private Company
- c) Government Company
- d) Listed Company

Answer: b) Private Company

4-A company must have a minimum of how many members to be considered a private company?

- a) 1
- b) 2
- c) 3
- d) 7

Answer: b) 2

5-A public company must have at least how many directors?

- a) 2
- b) 3

c) 5

d) 7

Answer: b) 3

6-A Private Company must restrict the transfer of its:

a) Employees

b) Assets

c) Shares

d) Directors

Answer: c) Shares

7-The process of bringing a company into existence is called:

a) Liquidation

b) Promotion

c) Incorporation

d) Subscription

Answer: c) Incorporation

8-Which of the following is not a characteristic of a company?

a) Separate legal entity

b) Unlimited liability

c) Perpetual succession

d) Artificial person

Answer: b) Unlimited liability

9-Which document contains rules and regulations for the internal management of a company?

a) Prospectus

b) Memorandum of Association

c) Article of Association

d) Share Certificate

Answer: c) Article of Association

10-A company limited by shares means:

a) Shareholders' liability is limited to the unpaid amount on shares

- b) Company cannot raise capital
- c) Company has unlimited liability
- d) Shareholders must pay more than their share value

Answer: a) Shareholders' liability is limited to the unpaid amount on shares

11-Which clause of the Memorandum of Association states the objectives of the company?

- a) Capital Clause
- b) Name Clause
- c) Object Clause
- d) Liability Clause

Answer: c) Object Clause

12-Which document is issued to the public to invite them to buy shares of a company?

- a) Memorandum
- b) Articles
- c) Prospectus
- d) Certificate of Incorporation

Answer: c) Prospectus

13-Who is responsible for forming a company?

- a) Registrar
- b) Promoter
- c) Director
- d) Auditor

Answer: b) Promoter

14-Conversion of a private company into a public company requires alteration of:

- a) Share capital
- b) Articles of Association
- c) Object clause
- d) Registered office

Answer: b) Articles of Association

15-The minimum number of members in a public company is:

- a) 2
- b) 3
- c) 5
- d) 7

Answer: d) 7

16-Which type of company is formed under a special act of Parliament or State Legislature?

- a) Statutory Company
- b) Private Company
- c) Public Company
- d) Government Company

Answer: a) Statutory Company

17-Which company must issue a prospectus before allotting shares to the public?

- a) Private Company
- b) Public Company
- c) Government Company
- d) OPC

Answer: b) Public Company

18-The liability of members in a company limited by guarantee is:

- a) Unlimited
- b) Based on unpaid share capital
- c) Limited to amount guaranteed
- d) Fixed by the government

Answer: c) Limited to amount guaranteed

19-Which certificate signifies the legal existence of a company?

- a) Incorporation Certificate
- b) Commencement Certificate
- c) Share Certificate
- d) Trading Certificate

Answer: a) Incorporation Certificate

20-The clause in the Memorandum that mentions the registered office location is:

- a) Name Clause
- b) Capital Clause
- c) Registered Office Clause
- d) Subscription Clause

Answer: c) Registered Office Clause

21-A company formed for promoting art, culture, charity, etc., is known as a:

- a) Government Company
- b) Private Company
- c) Public Company
- d) Section 8 Company

Answer: d) Section 8 Company

22-The document that contains the company's rules and bye-laws is called:

- a) Memorandum
- b) Articles of Association
- c) Prospectus
- d) Share Certificate

Answer: b) Articles of Association

23-Which authority registers companies in India?

- a) RBI
- b) SEBI
- c) MCA
- d) Income Tax Department

Answer: c) MCA

24-Which of the following is not a type of company under the Companies Act 2013?

- a) Public Company
- b) Private Company
- c) Unregistered Company

d) One Person Company

Answer: c) Unregistered Company

25-Which of the following clauses is not included in the Memorandum of Association?

a) Name Clause

b) Directors Clause

c) Capital Clause

d) Liability Clause

Answer: b) Directors Clause

UNIT-2

1-Which of the following is not a type of share capital?

- a) Authorised Capital
- b) Issued Capital
- c) Working Capital
- d) Subscribed Capital

Answer: c) Working Capital

2-Equity shares are also known as:

- a) Preference shares
- b) Risk capital
- c) Debentures
- d) Fixed capital

Answer: b) Risk capital

3-Which of the following types of shares carries preferential rights?

- a) Equity Shares
- b) Preference Shares
- c) Debentures
- d) None of these

Answer: b) Preference Shares

4-A company can allot shares only after receiving a minimum subscription of:

- a) 50%
- b) 75%
- c) 90%
- d) 100%

Answer: c) 90%

5-Which document is required before allotting shares to the public?

- a) Memorandum of Association
- b) Articles of Association
- c) Prospectus

d) Certificate of Incorporation

Answer: c) Prospectus

6-Who is called a member of a company?

a) Auditor

b) Any employee

c) A person whose name is entered in the register of members

d) Director

Answer: c) A person whose name is entered in the register of members

7-Which of the following can acquire membership in a company?

a) Individual

b) Company

c) Firm

d) Both a and b

Answer: d) Both a and b

8-Transfer of shares means:

a) Gift of shares

b) Change in ownership voluntarily

c) Court order

d) None of these

Answer: b) Change in ownership voluntarily

9-Transmission of shares takes place in case of:

a) Sale

b) Death of shareholder

c) Transfer

d) Bonus issue

Answer: b) Death of shareholder

10-Transfer of shares requires:

a) Court permission

b) Application to ROC

c) Transfer deed

d) Government notification

Answer: c) Transfer deed

11-The liability of a member in a company limited by shares is limited to:

a) Paid-up capital

b) Nominal value of shares

c) Unpaid amount on shares

d) Unlimited amount

Answer: c) Unpaid amount on shares

12-Which of the following is not a category of debenture?

a) Convertible

b) Non-convertible

c) Redeemable

d) Equitable

Answer: d) Equitable

13-Debentures represent:

a) Ownership

b) Capital contribution

c) Loan to company

d) Shareholding

Answer: c) Loan to company

14-Which of the following debentures can be converted into equity shares?

a) Non-convertible debentures

b) Partially convertible debentures

c) Bearer debentures

d) Redeemable debentures

Answer: b) Partially convertible debentures

15-Fixed charge is created on:

a) Floating assets

- b) Current assets
- c) Specific immovable property
- d) Goodwill

Answer: c) Specific immovable property

16-Floating charge is created on:

- a) Specific property
- b) Current assets that change in nature
- c) Land and building
- d) Machinery

Answer: b) Current assets that change in nature

17-Allotment of shares must be communicated to:

- a) Government
- b) Registrar
- c) Applicants
- d) Bank

Answer: c) Applicants

18-A person becomes a member of a company when his name is entered into:

- a) Minutes book
- b) Memorandum
- c) Register of members
- d) Share certificate

Answer: c) Register of members

19-Which of the following is not a mode of acquiring membership?

- a) Application and allotment
- b) Transfer of shares
- c) Inheritance
- d) By appointment

Answer: d) By appointment

20-Who issues share certificates?

a) Registrar

b) Government

c) Company

d) Stock exchange

Answer: c) Company

21-A debenture holder is:

a) Owner of the company

b) Creditor of the company

c) Employee of the company

d) Director of the company

Answer: b) Creditor of the company

22-Charge created on stock-in-trade is called:

a) Fixed charge

b) Floating charge

c) Specific charge

d) None of the above

Answer: b) Floating charge

23-The return of allotment must be filed with the Registrar within:

a) 15 days

b) 30 days

c) 45 days

d) 60 days

Answer: b) 30 days

24-Preference shareholders get dividend:

a) Before equity shareholders

b) After equity shareholders

c) Only in loss

d) At the end of 10 years

Answer: a) Before equity shareholders

25-Allotment of shares without valid consideration is:

- a) Legal
- b) Voidable
- c) Void
- d) Acceptable under Companies Act

Answer: c) Void

UNIT-3

1-The minimum number of directors required in a public company is:

- a) 1
- b) 2
- c) 3
- d) 5

Answer: c) 3

2-The minimum number of directors required in a private company is:

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

Answer: b) 2

3-A person can be a director in how many companies at the same time (maximum)?

- a) 10
- b) 15
- c) 20
- d) Unlimited

Answer: c) 20

4-The director who manages the day-to-day affairs of the company is called:

- a) Independent director
- b) Whole-time director
- c) Managing director
- d) Nominee director

Answer: c) Managing director

5-A whole-time director is:

- a) A part-time director
- b) A government officer
- c) An employee of the company

d) An auditor

Answer: c) An employee of the company

6-Which of the following is NOT a type of director under Companies Act, 2013?

a) Nominee director

b) Shadow director

c) Alternate director

d) Additional director

Answer: b) Shadow director

7-Who appoints the first directors of a company?

a) Shareholders

b) ROC

c) Company Secretary

d) Mentioned in Articles of Association

Answer: d) Mentioned in Articles of Association

8-Disqualification for appointment of director includes:

a) Being a partner in another firm

b) Being an employee of government

c) Being of unsound mind

d) Being a shareholder

Answer: c) Being of unsound mind

9-The appointment of directors is done through:

a) Memorandum of Association

b) Board meeting

c) General meeting

d) Registrar of Companies

Answer: c) General meeting

10-Director's duties are listed in:

a) Section 166 of Companies Act, 2013

b) Section 21 of Indian Contract Act

c) Section 101 of IPC

d) None of the above

Answer: a) Section 166 of Companies Act, 2013

11-When a director resigns, the company must file the form with ROC within:

a) 7 days

b) 14 days

c) 30 days

d) 60 days

Answer: c) 30 days

12-The office of a director becomes vacant in case of:

a) Disqualification

b) Resignation

c) Non-attendance of meetings for 12 months

d) All of the above

Answer: d) All of the above

13-A director can be removed by:

a) Court order

b) Tribunal only

c) Shareholders by ordinary resolution

d) Registrar of Companies

Answer: c) Shareholders by ordinary resolution

14-A company must hold its first board meeting within:

a) 30 days of incorporation

b) 60 days of incorporation

c) 90 days of incorporation

d) 15 days of incorporation

Answer: a) 30 days of incorporation

15-Minimum number of board meetings in a year for a public company is:

a) 1

b) 2

c) 3

d) 4

Answer: d) 4

16-Quorum for a board meeting is:

a) 1/3rd of total strength or 2 directors, whichever is higher

b) Half of total directors

c) All directors

d) Any two directors

Answer: a) 1/3rd of total strength or 2 directors, whichever is higher

17-Which of the following is NOT a type of company meeting?

a) Annual General Meeting (AGM)

b) Extraordinary General Meeting (EGM)

c) Statutory Meeting

d) Shareholders Court Meeting

Answer: d) Shareholders Court Meeting

18-Annual General Meeting is required to be held by:

a) Every company

b) Every public company

c) Every private company

d) Listed companies only

Answer: b) Every public company

19-Extraordinary General Meeting is convened for:

a) Routine matters

b) Urgent/special business

c) Annual performance review

d) Compliance with ROC

Answer: b) Urgent/special business

20-Ordinary resolution requires:

- a) Simple majority
- b) Unanimous approval
- c) Approval of tribunal
- d) Government sanction

Answer: a) Simple majority

21-Special resolution requires:

- a) 51% majority
- b) At least 75% approval
- c) Only board consent
- d) None of the above

Answer: b) At least 75% approval

22-Minutes of company meetings must be prepared and signed within:

- a) 7 days
- b) 14 days
- c) 30 days
- d) 60 days

Answer: c) 30 days

23-Voting in company meetings can be done by:

- a) Show of hands
- b) Poll
- c) E-voting
- d) All of the above

Answer: d) All of the above

24-Resignation of director is effective from:

- a) The date stated in resignation letter
- b) Date company accepts it
- c) Later of (a) or (b)
- d) Immediately on submission

Answer: c) Later of (a) or (b)

25-The company's board of directors collectively is responsible for:

- a) Legal compliance
- b) Management and decision-making
- c) Representing shareholders
- d) All of the above

Answer: d) All of the above

UNIT-4

1. What does the principle of majority rule imply in company law?

- a) All shareholders have equal powers
- b) Majority decisions bind the minority
- c) Directors have all powers
- d) Members cannot question directors

Answer: b) Majority decisions bind the minority

2. Which section of the Companies Act, 2013 deals with oppression and mismanagement?

- a) Section 241
- b) Section 244
- c) Section 248
- d) Section 252

Answer: a) Section 241

3. Who can apply to the Tribunal for relief against oppression and mismanagement?

- a) Any director
- b) Central Government only
- c) Eligible members
- d) Creditors

Answer: c) Eligible members

4. What is the minimum number of members required to apply for relief under Section 241 for a company with share capital?

- a) 10% of total members
- b) 1/3rd of members
- c) 100 members or 10% of total strength, whichever is less
- d) 10% of issued share capital

Answer: d) 10% of issued share capital

5. In case of no share capital, how many members can file a petition for oppression?

- a) 50 members
- b) 20% of total members
- c) 10% of issued share capital

d) One member only

Answer: b) 20% of total members

6. Oppression in a company generally refers to:

a) Financial misstatements

b) Unfair treatment of minority shareholders

c) Bankruptcy

d) Resignation of directors

Answer: b) Unfair treatment of minority shareholders

7. Mismanagement refers to:

a) Profits in the company

b) Acts prejudicial to interests of company or members

c) Increase in share capital

d) Legal compliance

Answer: b) Acts prejudicial to interests of company or members

8. Who appoints the official liquidator in case of winding up?

a) Shareholders

b) Directors

c) National Company Law Tribunal (NCLT)

d) Registrar of Companies

Answer: c) National Company Law Tribunal (NCLT)

9. What is the primary duty of the official liquidator?

a) Conduct board meetings

b) Manage daily operations

c) Realize and distribute assets of the company

d) Promote the company

Answer: c) Realize and distribute assets of the company

10. Which of the following is NOT a ground for winding up of a company?

a) Company unable to pay debts

b) Losses exceed assets

c) Company is making profits

d) Just and equitable grounds

Answer: c) Company is making profits

11. Winding up under the order of Tribunal is called:

a) Voluntary winding up

b) Compulsory winding up

c) Automatic winding up

d) Simplified winding up

Answer: b) Compulsory winding up

12. A petition for winding up can be filed by:

a) Creditors

b) Company itself

c) Registrar

d) All of the above

Answer: d) All of the above

13. The term “just and equitable” ground is associated with:

a) Voluntary winding up

b) Compulsory winding up

c) Credit rating

d) Dividend distribution

Answer: b) Compulsory winding up

14. Voluntary winding up is initiated by:

a) Tribunal

b) Central Government

c) Company itself

d) Registrar

Answer: c) Company itself

15. Members’ voluntary winding up requires:

a) Resolution by Tribunal

b) Declaration of solvency

c) Court approval

d) No resolution

Answer: b) Declaration of solvency

16. In winding up, after repaying creditors, the balance is distributed to:

a) Employees

b) Shareholders

c) Government

d) Debtors

Answer: b) Shareholders

17. A contributory is:

a) Creditor

b) Debtor

c) Person liable to contribute in winding up

d) Government official

Answer: c) Person liable to contribute in winding up

18. Which tribunal handles cases of oppression and mismanagement?

a) Consumer Forum

b) NCLT

c) Supreme Court

d) SEBI

Answer: b) NCLT

19. Minority rights are protected under which legal doctrine?

a) Doctrine of Indoor Management

b) Doctrine of Ultra Vires

c) Foss v. Harbottle exception

d) Estoppel

Answer: c) Foss v. Harbottle exception

20. Tribunal may refuse a petition for oppression if:

- a) It is just
- b) It is trivial or lacks merit
- c) Minority is affected
- d) Financial loss is minor

Answer: b) It is trivial or lacks merit

21. Majority rule cannot override:

- a) Director's decision
- b) Company's business operations
- c) Statutory rights of minority
- d) Auditor's opinion

Answer: c) Statutory rights of minority

22. Liquidator must submit report to:

- a) Board of Directors
- b) Shareholders
- c) Tribunal
- d) Registrar

Answer: c) Tribunal

23. The primary purpose of winding up is to:

- a) Increase capital
- b) Restructure company
- c) Settle debts and distribute assets
- d) Merge companies

Answer: c) Settle debts and distribute assets

24. Mismanagement includes:

- a) Misuse of company funds
- b) Delay in filing taxes
- c) Non-compliance with ROC
- d) Delay in meetings

Answer: a) Misuse of company funds

25. Which of the following protects minority shareholders?

- a) Memorandum
- b) Articles
- c) Company law provisions
- d) Board resolution

Answer: c) Company law provisions