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QUESTION BANK

Title of the Paper

COMPANY LAW

Course: II B.Com.,
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ALLIED COURSE- IV

COMPANY LAW

UNIT – I

Definition of Joint Stock Company- Kinds – Formation- Incorporation – characteristic.

UNIT – II

Memorandum of Joint Stock Company – Contents – Doctrine of Ultra Virus – Articles – Association – Contents – Statement in lieu Prospects.

UNIT – III

Share Capital – Kinds of Shares – Voting Rights – Borrowing powers of companies.

UNIT – IV

Meeting and Resolutions – Statutory Meeting – Annual general meeting – Extra- Ordinary general Meeting – Resolutions – Ordinary & Special.

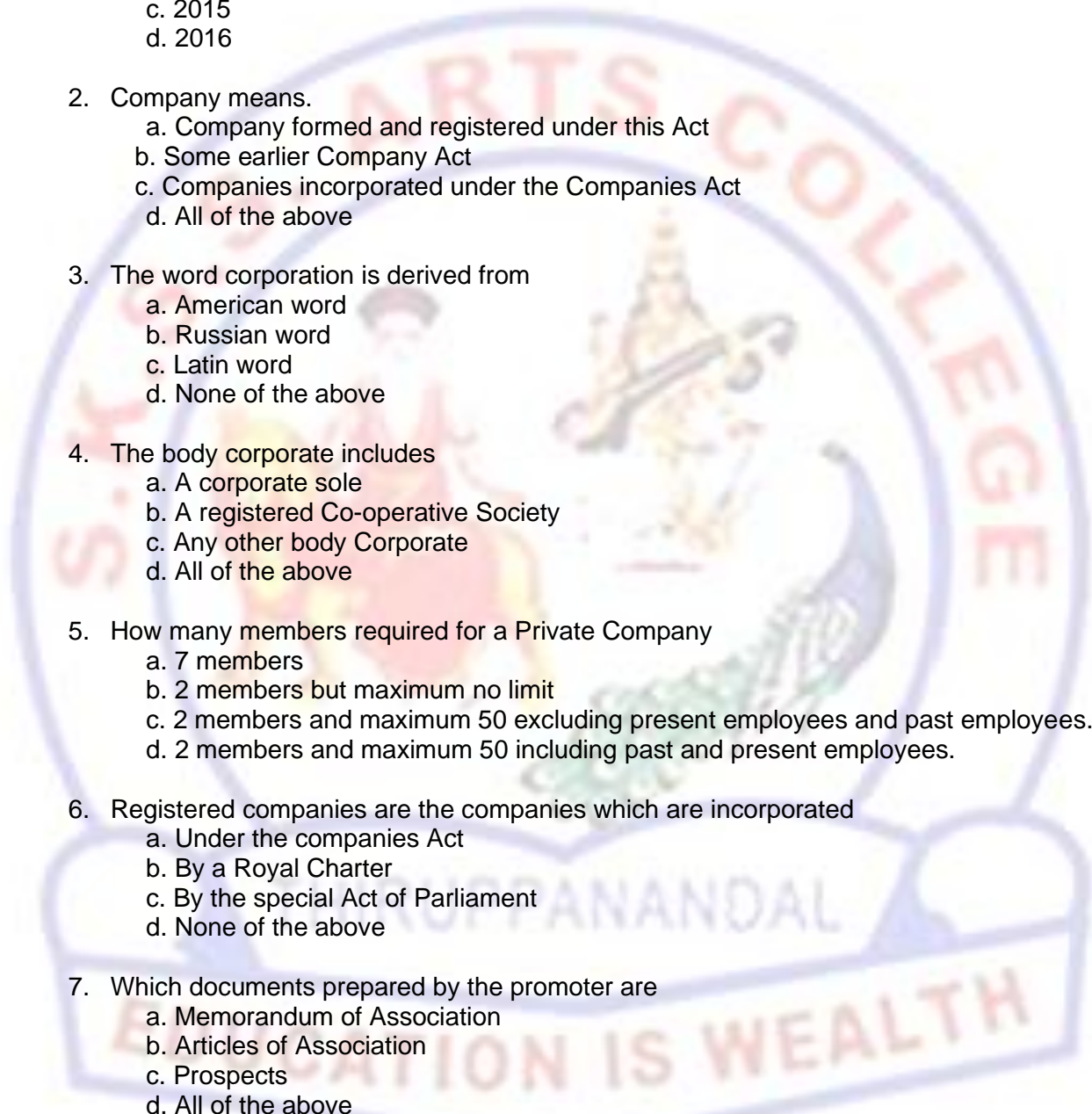
UNIT – V

Winding up of a company – Modes of winding up – winding up by the court- Voluntary winding up – Members' voluntary winding up – Creditors' voluntary winding up.



UNIT – I

CHOOSE THE CORRECT ANSWER

1. The New companies Act introduced in the year
 - a. 2011
 - b. 2013
 - c. 2015
 - d. 2016
 2. Company means.
 - a. Company formed and registered under this Act
 - b. Some earlier Company Act
 - c. Companies incorporated under the Companies Act
 - d. All of the above
 3. The word corporation is derived from
 - a. American word
 - b. Russian word
 - c. Latin word
 - d. None of the above
 4. The body corporate includes
 - a. A corporate sole
 - b. A registered Co-operative Society
 - c. Any other body Corporate
 - d. All of the above
 5. How many members required for a Private Company
 - a. 7 members
 - b. 2 members but maximum no limit
 - c. 2 members and maximum 50 excluding present employees and past employees.
 - d. 2 members and maximum 50 including past and present employees.
 6. Registered companies are the companies which are incorporated
 - a. Under the companies Act
 - b. By a Royal Charter
 - c. By the special Act of Parliament
 - d. None of the above
 7. Which documents prepared by the promoter are
 - a. Memorandum of Association
 - b. Articles of Association
 - c. Prospects
 - d. All of the above
 8. Incorporated company may be a company
 - a. Limited by shares
 - b. Limited by guarantee
 - c. Unlimited company
 - d. All of the above
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9. Which documents are required to be filled with the registrar at the time of incorporation of a public company?
- Memorandum of Association
 - Prospects
 - Statement of lieu prospects
 - A statement of the nominal capital
10. The information of a company involves are
- Promotion
 - Incorporation
 - Flotation or rising of capital
 - All the above

Answers : 1.b 2.d 3.c 4.d 5.c 6.a 7.d 8.d 9.a 10.d

SHORT QUESTIONS (2 MARKS)

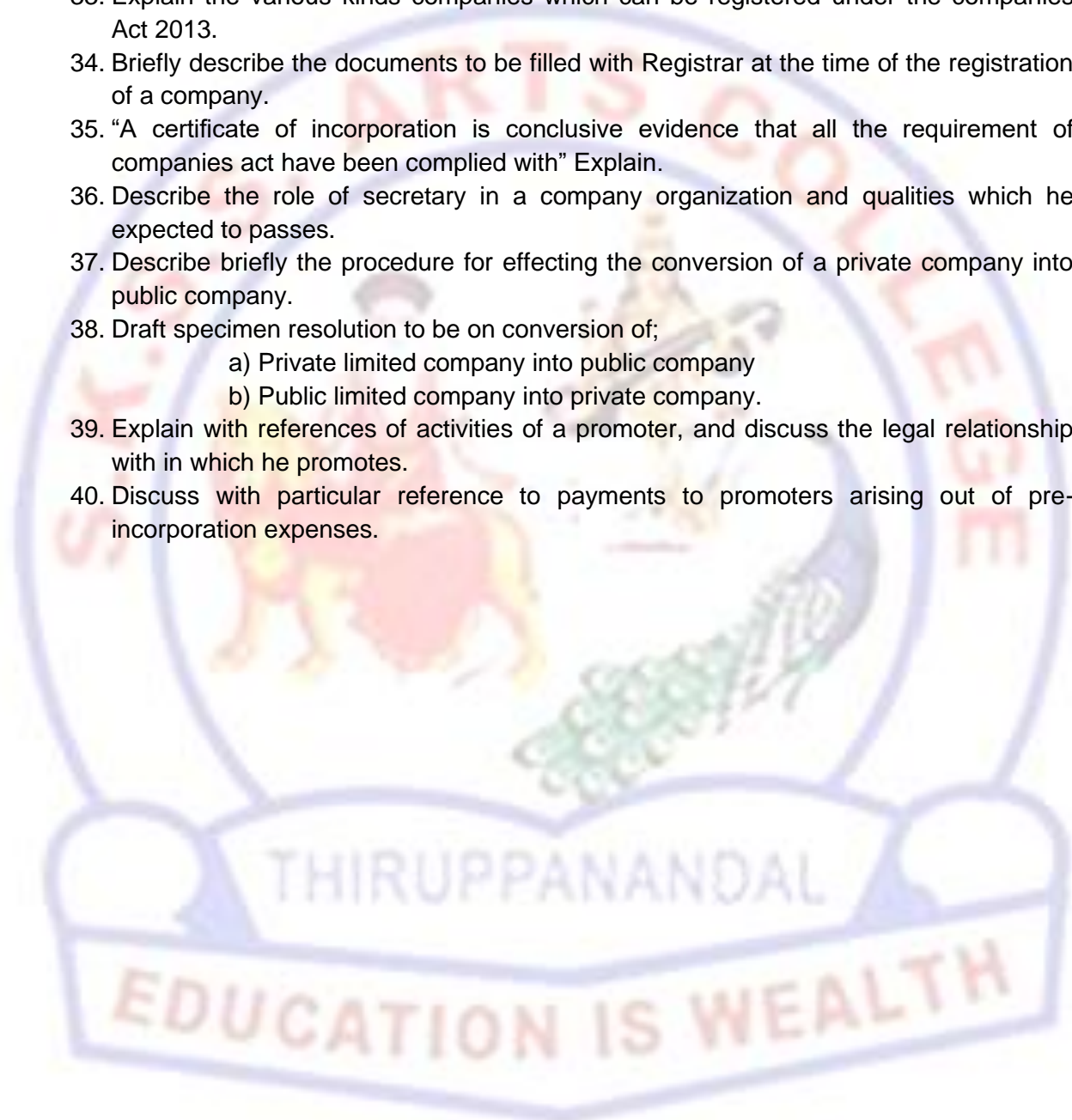
- What is a company?
- What is a company limited by guarantee?
- Define Government Company.
- Who appoints the first secretary of a company?
- What is holding company?
- Who issues a certificate of incorporation?
- Define joint stock company.
- What are qualification shares?
- Who issues a certificate of incorporation?
- How many persons are required to form a public limited company?

PARAGRAPH QUESTIONS (5 MARKS)

- Explain the various agencies through which the administration of the companies Act 2013 is carried out.
- What are the provisions of law and the procedure for the appointment of a secretary in a company?
- Distinguish between a private and public company.
- Who are promoters? State the duties and liabilities of promoters.
- Write short notes on;
 - Whole-time company secretary
 - Industrial licensing
 - Controller of capital issues.
- Narrate the advantages of incorporation of a company.
- Explain the main functions of a National Company Law Tribunal.
- State the law regarding compulsory registration formed for the purpose of carrying on business.
- Explain the procedure of incorporation.
- Examine the position of a secretary in the administration setup of a company.

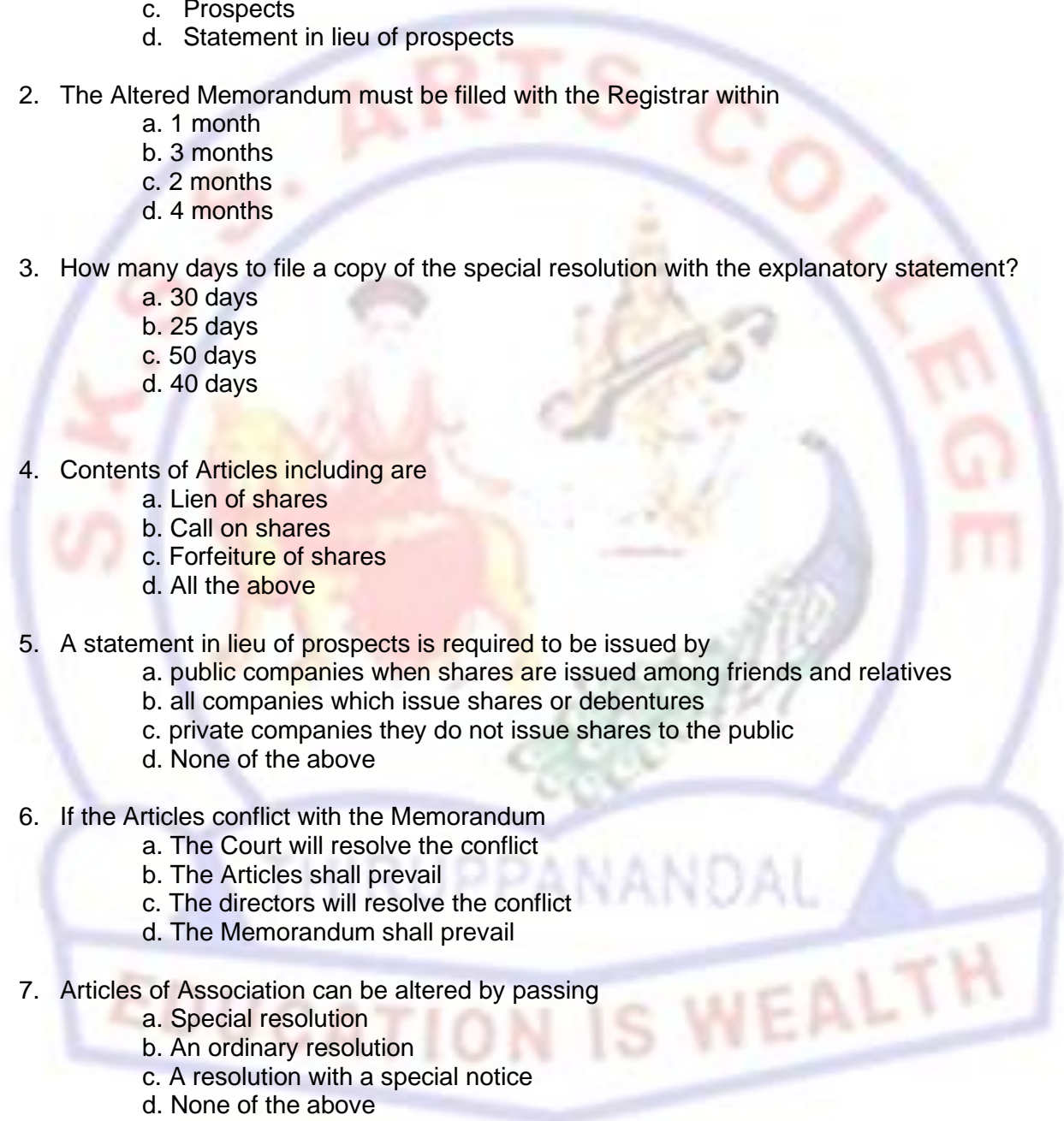
ESSAY TYPE QUESTIONS (10 MARKS)

31. Briefly trace the history of company Law in India.
32. Discuss briefly the duties of a company secretary? What are his liabilities?
33. Explain the various kinds companies which can be registered under the companies Act 2013.
34. Briefly describe the documents to be filled with Registrar at the time of the registration of a company.
35. "A certificate of incorporation is conclusive evidence that all the requirement of companies act have been complied with" Explain.
36. Describe the role of secretary in a company organization and qualities which he expected to passes.
37. Describe briefly the procedure for effecting the conversion of a private company into public company.
38. Draft specimen resolution to be on conversion of;
 - a) Private limited company into public company
 - b) Public limited company into private company.
39. Explain with references of activities of a promoter, and discuss the legal relationship with in which he promotes.
40. Discuss with particular reference to payments to promoters arising out of pre-incorporation expenses.



UNIT – II

CHOOSE THE CORRECT ANSWER

1. The charter of a company is its
 - a. Articles of Association
 - b. Memorandum of Association
 - c. Prospects
 - d. Statement in lieu of prospects
 2. The Altered Memorandum must be filled with the Registrar within
 - a. 1 month
 - b. 3 months
 - c. 2 months
 - d. 4 months
 3. How many days to file a copy of the special resolution with the explanatory statement?
 - a. 30 days
 - b. 25 days
 - c. 50 days
 - d. 40 days
 4. Contents of Articles including are
 - a. Lien of shares
 - b. Call on shares
 - c. Forfeiture of shares
 - d. All the above
 5. A statement in lieu of prospects is required to be issued by
 - a. public companies when shares are issued among friends and relatives
 - b. all companies which issue shares or debentures
 - c. private companies they do not issue shares to the public
 - d. None of the above
 6. If the Articles conflict with the Memorandum
 - a. The Court will resolve the conflict
 - b. The Articles shall prevail
 - c. The directors will resolve the conflict
 - d. The Memorandum shall prevail
 7. Articles of Association can be altered by passing
 - a. Special resolution
 - b. An ordinary resolution
 - c. A resolution with a special notice
 - d. None of the above
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8. Doctrine of constructive notice means
 - a. Notice of alteration of object clause to the Registrar
 - b. Notice of change of name to members
 - c. Notice to outsiders dealing with the company as to contents of Memorandum and Articles
 - d. Notice to public as to issue of prospects.
9. The purpose of Memorandum of Association is
 - a. Inform the prospective shareholders about the field in
 - b. The purpose for which their money is going to be used by the company.
 - c. What risk they are undertaking in making the investment
 - d. All the above
10. Articles of Association are not to be registered in case of
 - a. An unlimited company
 - b. A company limited by guarantee
 - c. A public company limited by shares
 - d. A private company limited by shares

Answers : 1.b 2.a 3.a 4.d 5.a 6.d 7.a 8.c 9.d 10.c

SHORT QUESTIONS (2 MARKS)

11. What is a Memorandum of Association?
12. What are the two main purposes of Memorandum Association?
13. What is Doctrine of Ultra virus?
14. Define Articles of association of a company.
15. Which companies must have their own Articles?
16. What is a prospect?
17. What are the contents of prospects?
18. What is a minimum of subscription?
19. What is misleading prospects?
20. What is an Ultra virus?

PARAGRAPH QUESTIONS (5 MARKS)

21. State the legal effect of Memorandum and Articles.
22. The object clause is the most important clause in the Memorandum of Association of a company? Why?
23. What is the secretarial procedure for the alternation of the objects clause in a Memorandum of Association?
24. State the effect of doctrine of Indoor Management.
25. State the law regarding the payment of underwriting commission.
26. Write a short Note on:
 - a. Registration of prospects
 - b. Preliminary expenses
 - c. Offer of sale

27. Explain the Underwriting Commission.
28. What is the legal requirement if a company wants to invite deposits from the public?
29. "The power of altering the articles is wide, yet it is subject to a large number of limitations" Explain.
30. Explain the Duties of the secretary at the commencement stage.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Discuss the Doctrine of Ultra virus with reference to the affairs of company.
32. Describe the secretarial procedure in relation to change of registered office from one state to another state.
33. Discuss the relationship between the Articles and Memorandum of Association of a company.
34. Discuss the scope of the "Doctrine of Indoor management".
35. Explain statement lieu of prospects.
36. Explain the certificate of commencement of business.
37. Explain the duties of secretary of a company at the subscription stage.
38. Explain the consequences of mis-statement of in prospects.
39. Discuss the effect of the Memorandum and Articles in their registration with the Registrar of companies.
40. Explain the steps before proceeding with the procedure of filling documents.



UNIT- III

CHOOSE THE CORRECT ANSWER

1. Share capital of a company means
 - a. Equity share capital
 - b. Equity and preference share capital
 - c. preference share capital
 - d. Equity and preference share capital and debentures

2. A company can reduce its share capital
 - a. By passing a special resolution are obtaining the permission of the Tribunal
 - b. By passing ordinary resolution and with the previous approval of the Central Government.
 - c. By passing a special resolution and confirmation of court
 - d. By passing a special resolution and with the sanction of then Regional Director of the company Law Board.

3. Alternation of capital of a company must be authorized by
 - a. The Articles and a resolution of the Board of Directors
 - b. The Articles and a resolution passed in the general meeting of shareholders
 - c. The Articles and a resolution passed in the general meeting of shareholders and with the previous approval of the Company Law Board
 - d. None of the above

4. A company shall not issue shares at a discount unless it is authorized by a resolution passed.
 - a. By the Board of Directors
 - b. In a general Meeting and approved by the Tribunal
 - c. By shareholder in a general meeting
 - d. By the company in general meeting and sanctioned by the Company Law Board

5. Amount received as premium on issue of shares may be utilized by the company.
 - a. For the payment of dividend to its members
 - b. In writing off the discount allowed on issue of debentures
 - c. For the payment of interest on share capital during construction of a factory
 - d. In paying off cash discount to Sundry Debtors

6. Borrowing Power of a company are
 - a. A trading company has an implied power to borrow money
 - b. Non-trading companies must be expressly authorized to borrow by their Memorandum and articles of association
 - c. A private company is entitled to borrow immediately after its incorporation.
 - d. All the above.

7. An annual is to be filed with the registrar by
 - a. A private company only
 - b. A public company Ltd. by shares only
 - c. Every company
 - d. A public company Ltd. by guarantee only

8. What are the effects of Ultra virus transactions of borrowing of company
 - a. Personal liability of Directors
 - b. Contract void
 - c. Ultra- virus Borrowings
 - d. All of the above

9. A new company is defined
 - a. Which has not completed 12 months of commercial operations and its audited operative results are not available.
 - b. Which has not completed one year of commercial operation
 - c. Which is setup by entrepreneur within a track record
 - d. None of the above

10. The one portion of capital of a company which can be called up in the of winding up of the company is called
 - a. Capital reserve
 - b. Authorized capital
 - c. Subscribed capital
 - d. Uncalled capital

Answers : 1.b 2.c 3.d 4.d 5.b 6.d 7.c 8.d 9.a 10.a

SHORT QUESTIONS (2 MARKS)

11. What do you mean by share capital of a company?
12. Define the term "Authorized Capital".
13. What is subscribed capital?
14. Define paid-up capital.
15. What do you mean by right issue?
16. What is reserve capital?
17. What is Borrowing Power?
18. Define Share Allotment.
19. What is Preference share?
20. What is irregular allotment?

PARAGRAPH QUESTIONS (5 MARKS)

21. Explain fully the different methods by which a company can alter its share capital.
22. Indicate in detail the steps for a public company has to take for raising additional equity capital.
23. Where a company has borrowed money from government.
24. What are the powers of the central government to convert such loans into shares in the company?
25. Write a short notes on:
 - a. Conversion of debentures issued to government into shares
 - b. Variation of shareholders rights
26. Explain the purpose of borrowing power.

27. Write a short notes on:
- Allotment shares
 - Partial allotment
 - Spitting allotment
28. Draft the following
- Resolution of appointment of bankers
 - Resolution of allotment of shares
 - Letter of allotment
29. State the guidelines for the issue of bonus shares.
30. Explain the ultra virus Borrowing Power.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Discuss the various kinds of share capital.
32. Discuss the voting right of the members in a public company limited by shares with reference to both equity and preference share capital.
33. Discuss the relevant procedure for the reduction of share capital.
34. Enumerate the formalities required to be observed by the secretary of public company in connection with allotment.
35. Describe the statutory conditions which must be satisfied before a public company can proceed with the work of allotment of shares.
36. Briefly explain the types of charges of Borrowing powers,
37. Explain the concepts of "capital" in relation to a limited company and state the various senses in which the term "capital" is used in company law.
38. Describe the restriction on Borrowing of Powers of the company.
39. Briefly explain the requirements of the companies Act 1956 relating to
- Issues of shares certificates
 - Sealing and signing of share certificates
 - Issue of warrants.
40. Discuss in detail the law practice regarding in forfeiture of shares and the reissue of forfeited shares.



UNIT – IV

CHOOSE THE CORRECT ANSWER

1. A domestic associations means
 - a. Social
 - b. Political
 - c. Business
 - d. All of the above
2. The statutory meeting is required to be hold by
 - a. All companies
 - b. Only public company
 - c. Only private company
 - d. None of the above
3. The statutory meeting of a public company must be held within
 - a. A period of not less than one month from the date at which the company is entitled to commence business
 - b. One year of its incorporation
 - c. Within six months of its incorporation
 - d. Six months of its commencement of business
4. The proper authority for convening a general meeting of a company is
 - a. Board of Directors
 - b. Managing Directors
 - c. Chairman of the Board of Directors
 - d. Shareholders
5. The first annual general meeting of a company should be held with
 - a. 15 months of its incorporation
 - b. 18 months of its incorporation
 - c. 6 months of close financial year
 - d. 9 months of close financial year
6. A proxy can
 - a. Attend a meeting but cannot vote
 - b. Attend a meeting can speak
 - c. Attend a meeting but cannot speak
 - d. Make written representation though he is not allowed to speak
7. A special resolution must be filed with the Registrar for registration within
 - a. 14 days
 - b. 21 days
 - c. 30 days
 - d. 45 days of its passing

8. If the board of directors fails to convene an extraordinary general meeting on the requisition of members.
 - a. The requirements themselves may convene the meeting
 - b. The Company Law Board may call the meeting
 - c. Chairman of the Board of Directors
 - d. Shareholders

9. An ordinary resolution is one which is passed in a general meeting by
 - a. A simple majority of votes including the casting votes of chairman
 - b. Three- fourths majority of votes
 - c. Two- thirds majority of votes
 - d. None of the above

10. A special resolution is not necessary to
 - a. Issues shares at a discount
 - b. Reduce share capital
 - c. Appoint sole selling agent
 - d. Appoint an auditor other than the retiring auditor

Answers : 1.d 2.b 3.a 4.a 5.d 6.c 7.c 8.a 9.a 10.d

SHORT QUESTIONS (2 MARKS)

11. Define meeting.
12. What do you mean by annual general body meeting?
13. Who is the proper authority for convening an annual general meeting?
14. What is meant by quorum?
15. What is notice?
16. What is meant by "taking a poll"?
17. When is a resolution said to be an ordering resolution?
18. How much majority is required to pass a special resolution?
19. Define a resolution requiring special notice.
20. Give three cases in which an ordinary resolution is required.

PARAGRAPH QUESTIONS (5 MARKS)

21. Define the annual general meeting. What are the objects of holding such meeting?
22. State the rules relating to the holding of annual general meeting.
23. Draft the notice of the statutory meeting of a public limited company.
24. Distinguish between ordinary business and special business.
25. State the provisions of the companies' resolution required.
26. Differences between a "motion" and a "resolution".
27. Draft the following documents;
 - a. Proxy form
 - b. List or register of proxies
 - c. Ballot paper
28. Explain the scope and nature of different kinds of meeting.
29. Draft suitable notice for the annual general meeting of a public company.
30. What is the work that the secretary has to do before, at and after, an annual general meeting?

ESSAY TYPE QUESTIONS (10 MARKS)

31. Explain the classification of meeting.
32. Describe the duties of the company secretary before the holding of statutory meeting.
33. Draft the agenda of the first meeting of the Board of Directors of a public company limited by shares.
34. "The success or failure of a meeting on Chairman". Discuss this statement.
35. Discuss the provisions of the Companies Act 2013, regarding these resolutions in brief.
36. Explain the different kinds of resolution that can be passed at a meeting of a company and the circumstances necessitating them.
37. Explain the special resolution. Draw up a notice of a meeting with three items on the agenda for passing special resolutions.
38. Enumerate the Invalid resolutions.
39. Distinguish between a floating charge and a fixed charge.
40. What is an explanatory statement in a notice calling a meeting? When does such a statement become necessary under the law?



UNIT – V

CHOOSE THE CORRECT ANSWER

1. A company has to submit a statement of affairs to the Official Liquidator within
 - a. 14 days
 - b. 21 days
 - c. 30 days
 - d. 45 days

2. A company may be wound up by Tribunal
 - a. By passing an ordinary resolution
 - b. By passing an special resolution
 - c. If the Memorandum permits such winding up
 - d. If default is made in holding an annual general meeting.

3. A petition to the Tribunal for winding up a company cannot be made by
 - a. Any shareholder of the company
 - b. Any creditor
 - c. The Registrar of Companies
 - d. Employees of the company

4. When a winding up order has been made by the Tribunal but there is no liquidator, the property of the company vests in the
 - a. Tribunal
 - b. Court
 - c. Central Government
 - d. Committee of inspection

5. Committee of Inspection the liquidator in a winding up by the Tribunal has power, without the sanction of the Tribunal.
 - a. Raise money on the security of the company's assets.
 - b. Sell immovable property
 - c. Draw, accept and indorse bills of exchange
 - d. All of the above

6. A Tribunal in a winding up may order public examination of any officer of the company
 - a. On the application of contributory of the company only
 - b. On the application of creditor of the company only
 - c. On the report of the Official Liquidator only.
 - d. On the application of any of these persons.

7. On the application any of these persons. After obtaining of certificate to commence business a company may be wound up if it does not commence business within
 - a. 6 months
 - b. 1 year
 - c. 2 years
 - d. 3 years

8. An official liquidator who becomes liquidator in a compulsory winding up of a company is appointed by the
 - a. Central Government
 - b. Registrar
 - c. Court
 - d. Creditors

9. A voluntary winding up is deemed to commence from the date
 - a. Of passing of resolution to this effect
 - b. The liquidator takes charge of the company
 - c. The liquidator notices his appointment to the Registrar
 - d. When the declaration of solvency is made by the Board of directors.

10. The contents of the petition made to the Tribunal for the winding up of a company must contain
 - a. Name of the company with the date of its incorporation
 - b. Address of the registered office
 - c. Amount of paid-up capital
 - d. All of the above

Answers : 1. b 2. b 3. d 4. a 5. c 6. c 7. b 8. a 9. a 10. d

SHORT QUESTIONS (2 MARKS)

11. Define winding up.
12. When can a creditor file a petition for the winding up of a company to the Tribunal?
13. What do you understand by the term 'winding up' in relation to a company?
14. When does compulsory winding up of a company commence?
15. Who is liquidator?
16. When is Committee of Inspection appointed by the Tribunal?
17. What is the liability of B List contributories?
18. What is voluntary winding up of a company?
19. When declaration of solvency of a company is made involuntary winding up?
20. What is winding up subject to the supervision of Tribunal?

PARAGRAPH QUESTIONS (5 MARKS)

21. Explain the importance of the declaration of winding up of the company.
22. Write short note on Winding up of unregistered companies.
23. What are the circumstances under which the Registrar of companies is competent to file an application for the winding up company?
24. When can a company be voluntarily wound up? What procedure is followed in case of such a winding up?
25. At what moment does a winding up by the Tribunal commence? What are the consequences of a winding up order?
26. Explain the difference between secured and unsecured creditors.

27. Draft a specimen of notice of general meeting to pass special resolution for voluntary winding up.
28. Bring out content of petition of winding up.
29. Write a short notes on:
 - a. Special resolution of the company
 - b. default in holding statutory meeting
30. Explain the purpose of winding up company by the Tribunal.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Explain briefly different modes of winding up?
32. Explain the duties of the company secretary in respect of the compulsory winding up of the company.
33. If in a members voluntary winding up the liquidator suddenly realizes that the company is not solvent, what should he do?
34. Describe the duties and powers of a liquidator appointed by the Tribunal.
35. Explain the statement of affairs of the winding up of company.
36. Explain the power of liquidator of a winding up.
37. Briefly explain the draft notice for final meeting and dissolution of company.
38. Explain the types of voluntary winding up.
39. Explain the compared members and creditors' voluntary winding up.
40. Briefly give the statutory provision regarding the liability of a contributory.

