# Formation of a Company

Question 1. The dividend payable to (a) Equity (b) Non-preference (c) Preference (d) All of the above	shareholders is payable on fixed figure or percent
▼ Answer	
Answer: (c) Preference	
Question 2. A company is known as the other company. (a) Subsidiary (b) Holding (c) Controlling (d) Statutory	company of another company if it has control over that
▼ Answer	
Answer: (b) Holding	
Question 3. A private company means a company which has a minimum paid up capital of Rs (a) 1,00,000 (b) 5,00,000 (c) 50,00,000 (d) None of the above	
▼ Answer	
Answer: (a) 1,00,000	
Question 4. The Prospectus must be issued to the public within days of its date.  (a) 30 (b) 60 (c) 90 (d) 100	
▼ Answer	
Answer: (c) 90	







## Question 5.

\_\_\_\_\_ means the total amount of called up capital on the shares issued and subscribed by the shareholders on the capital account.

- (a) Called-up capital
- (b) subscribed capital
- (c) nominal capital
- (d) Paid-up capital

#### **▼** Answer

Answer: (a) Called-up capital

#### Ouestion 6.

Par value of shares means the \_\_\_\_\_ value of the shares

- (a) Actual
- (b) face
- (c) Market
- (d) dividend

#### **▼** Answer

Answer: (b) face

#### Question 7.

Among the following which documents are not mandatory to be submitted to the registrar along with an incorporation application by a private company.

- (a) Address of Registered office & undertaking
- (b) Undertaking and statement of capital
- (c) Statement of capital & list of directors
- (d) List of directors and statement of capital

#### **▼** Answer

Answer: (a) Address of Registered office & undertaking

#### Question 8.

The articles of association need to be signed by

- (a) All proposed directors
- (b) Registrar
- (c) Subscribers of memorandum
- (d) None of the above

#### **▼** Answer

Answer: (c) subscribers of the memorandum

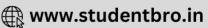
### Question 9.

"Men may come and men may go but the company exists"- this explains which characteristics of the company as per companies Act 1956.

(a) Separate legal entity







- (b) Perpetual Succession
- (c) Capacity to sue
- (d) None of the above

#### **▼** Answer

Answer: (b) Perpetual Succession

#### Question 10.

\_\_\_\_\_ cannot give an invitation to the public to subscribe for any shares in or debentures of the company

- (a) Subsidiary company
- (b) Statutory Company
- (c) Private company
- (d) Registered company

#### ▼ Answer

Answer: (c) Private company

#### Question 11.

A proposed name of a Company is considered undesirable if

- (a) It is identical to the name of an existing company
- (b) It resembles closely the name of an existing company
- (c) It is an emblem of the Government of India, the United Nations, etc.
- (d) In case of any of the above

## ▼ Answer

Answer: (d) In case of any of the above

## Question 12.

Application for approval of name of a company is to be made to

- (a) SEBI
- (b) Registrar of Companies
- (c) Government of India
- (d) Government of the State in which Company is to be registered

## ▼ Answer

Answer: (b) Registrar of Companies

#### Question 13.

The application for registration of a company should be presented to the \_\_\_\_\_\_ or the state appointed under Companies Act 1956

- (a) Controller
- (b) Registrar
- (c) Governor
- (d) Registration officer
- ▼ Answer



Answer: (b) Registrar Question 14. Powers, rights, remuneration, qualification, and duties of directors are discussed clearly in (a) Memorandum of Association (b) Articles of Association (c) Prospectus (d) None of the above **▼** Answer Answer: (b) Articles of Association Question 15. Private company prohibits any invitation or acceptance of deposits from persons other than its (a) Members (b) directors (c) Partners (d) Banks **▼** Answer Answer: (a) Members Question 16. Section 12 of Companies Act 1956, deals with (a) Incorporation (b) Share capital (c) Number of Directors (d) Shareholders **▼** Answer Answer: (a) Incorporation Question 17. The shares of a \_\_\_\_\_ company can be freely transferable (a) Private Itd (b) Public Itd (c) Partnership (d) All of the above **▼** Answer Answer: (b) Public Itd Question 18. Which of the following is not a clause of memorandum of association (a) situation





- (b) capital
- (c) subscription
- (d) directors

## **▼** Answer

Answer: (d) directors

Question 19.

A private company means a company which has a minimum paid up capital of Rs.\_\_\_\_\_

- (a) 1,00,000
- (b) 5,00,000
- (c) 50,00,000
- (d) None of the above

#### **▼** Answer

Answer: (b) 5,00,000

Question 20.

The certificate of capital will be issued by

- (a) Registrar of Companies Act
- (b) Controller of companies Act
- (c) Registrar of capital issues
- (d) Controller of capital issues

#### **▼** Answer

Answer: (d) Controller of capital issues

Ouestion 21.

Which of the following clause of the Memorandum of Association cannot be altered?

- (a) Name
- (b) Object
- (c) Situation
- (d) Liability

## **▼** Answer

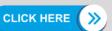
Answer: (d) Liability

Question 22.

The company will be considered as a separate person and different from its members from the date of \_\_\_\_\_

- (a) Start of business
- (b) Apply for registration
- (c) Receive incorporation certificate
- (d) Mentioned in the certificate
- **▼** Answer







# Answer: (d) Mentioned in the certificate

Question 23.

A prospectus is issued by

- (a) A private company
- (b) A public company seeking investment from public
- (c) A public enterprise
- (d) A public company

## **▼** Answer

Answer: (b) A public company seeking investment from public

