

**SEMESTER - III**

**COURSE - B.COM (P)**

**SUBJECT - COMPANY LAW**

**ASSIGNMENT**

1. Discuss the process of Online registration of a Company.
2. What is lifting of the Corporate Veil? Discuss the Judicial Interpretations under which the Corporate Veil may be lifted.
3. What is a Private Company? Discuss the privileges enjoyed by it.
4. The fundamental attribute of Corporate Personality is that Company is a legal entity distinct from its members. Elucidate the statement citing relevant case laws.

**CLASS TEST**

1. Distinguish between a Public and a Private Company.
2. "A Company is an artificial person created by law." Comment.
3. What is a Memorandum of Association? Explain the laws relating to alteration of Object Clause.
4. Write a note on buy back of shares.

**MULTIPLE CHOICE QUESTIONS**

1. A Public Company can be converted into a Private Company by passing
  - a) an ordinary resolution
  - b) a special resolution
  - c) a special resolution and with the approval of Central Government
  - d) a special resolution and with the approval of ROC
2. An Associate Company holds \_\_\_\_ share capital of the Holding Company.
  - a) 50%
  - b) 60%
  - c) 20%
  - d) 40%
3. The Article of Association must be signed by
  - a) Proposed Directors
  - b) Subscribers to Memorandum
  - c) Promoters
  - d) Company Secretary
4. \_\_\_\_\_are not binding on the Company whereas \_\_\_\_\_are binding

- a) Pre-Incorporation Contracts, Provisional Contracts
- b) Provisional Contracts, Pre-Incorporation Contracts
- c) Pre-Incorporation Contracts, Preliminary Contracts
- d) Illegal Contracts, Pre-Incorporation Contracts

5. The Liability Clause of the MOA can be changed by the permission of

- a) ROC
- b) Court
- c) NCLT
- d) None of the above

6. An act ultra vires the AOA can be ratified if it is not ultra vires the

- a) Powers of BODs
- b) MOA
- c) Powers of Shareholders
- d) Can not be ratified

7. If XYZ Ltd. is the Holding Co. of PRLtd. then which of the following statements is not true

- a) XYZ Ltd. controls the composition of BODs of PR Ltd.
- b) XYZ Ltd. holds more than 50% of the Nominal Value of EquityShares
- c) Both a & B
- d) None of the above

8. Which of the following Company is registered under Companies Act 2013?

- a) Government Company
- b) Public Company
- c) Private Company
- d) All of the above

9. A Public Company must have at least \_\_\_ Directors whereas a Private Company must have at least \_\_\_ Directors.

- a) 3, 2
- b) 2,3
- c) 2, 5
- d) 8, 10

10. Which of the following statements is false?

- a) No legal formality is required to form a Company
- b) The Shareholder of a Company have limited liability
- c) A Company can own property in its own name
- d) A Company is managed by elected representatives of shareholders

11. The Registered Office Clause of MOA of a Company contains

- a) The name of the State in which the registered office is to be situated
- b) The name of the City/ Town only

- c) The name of ROC
- d) Complete address of the Company

12. Which of the following are the functions of a Promoter?

- a) Decides Name of the Company
- b) Nomination of Director
- c) Settles the details of MOA & AOA
- d) a & c
- e) All of the above

13. The minimum application amount is \_\_\_\_\_ of the Nominal Value of a Share

- a) 10%
- b) 1%
- c) 15%
- d) 5%

14. The shares of \_\_\_\_\_ Company are freely transferable

- a) Private
- b) Public
- c) OPC
- d) All of the above

15. Find the odd one out

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

16. The liability of the members of the Company can be limited by

- a) Shares
- b) Guarantee
- c) Both a & b
- d) None of the above

17. Joint Shareholders are counted as

- a) Two
- b) One
- c) Number of Holders

18. The whole process of the Company formation may be divided into 4 stages. The sequence is

- a) Promotion, Incorporation, Commencement & Capital Subscription
- b) Incorporation, Commencement, Promotion & Capital Subscription
- c) Capital Subscription, Commencement, Promotion & Incorporation
- d) Promotion, Incorporation, Capital Subscription & Commencement

19. A husband and wife, who were the only 2 members of a Private Company, are shot dead by dacoits. Does the Company also die with them?

Short answer text

20. The directors of a Company borrowed 5 lacs from Tarun, they had the power to borrow such money, but only subject to the ordinary resolution, passed at the general meeting of the Company. In fact no such resolution was passed. Is the Company bound to repay the loan to Tarun?

Short answer text

21. A Company cannot buy back shares out of

- a) Capital Redemption Reserve
- b) Securities Premium
- c) Free Reserves

22. As per Sec. 62 a Company can make further issue of Share Capital as

- a) Rights Issue
- b) Bonus Issue
- c) ESOS
- d) All of the above
- e) Option a & c

23. \_\_\_\_\_ Prospectus means a Prospectus in respect of which the securities are issued for subscription in one or more issues over a certain period without issue of further Prospectus

- a) Abridged Prospectus
- b) Red Herring Prospectus
- c) Shelf Prospectus
- d) Prospectus

24. The Prospectus must be issued to the Public within \_\_\_\_\_ days of its date of Registration with the ROC.

- a) 30
- b) 60
- c) 90
- d) 100

25. "Conclusiveness of a \_\_\_\_\_ cannot be disputed on any grounds whatsoever."

- a) Certificate of Commencement
- b) Certificate of Incorporation
- c) Both

## **SOLUTIONS**

- 1. b
- 2. c
- 3. b
- 4. a
- 5. d

6. b

7. c

8. d

9. a

10. a

11. a

12. e

13. d

14. b

15. c

16. c

17. b

18. d

19. No the Company will exist even if all the members die as a Company is an artificial legal person created by law and can be ended by law.

20. The Company is liable as it is the internal requirement of the Company (Doctrine of Indoor Management)

21. a

22. e

23. c

24. c

25. b