

**I. CHOOSE THE BEST ANSWER:**

1. The relationship between outsiders and the company is defined in \_\_\_\_\_
  - (a) Prospectus
  - (b) Articles of Association
  - (c) Memorandum of Association
  - (d) Certificate of Incorporation
2. Table A of the Companies Act is a \_\_\_\_\_
  - (a) Model minutes book
  - (b) Model form of Balance Sheet
  - (c) Model of AOA
  - (d) Model of MOA
3. Which of the following is created by a Special Act of Parliament or in State Assemblies?
  - (a) Chartered company
  - (b) Foreign company
  - (c) Government company
  - (d) Statutory company
4. The Board of directors of a company is elected by \_\_\_\_\_
  - (a) Creditors
  - (b) Debtors
  - (c) Debenture holders
  - (d) Share holders (members)
5. Companies established as a result of a charter granted by the King or Queen of a country is called \_\_\_\_\_
  - (a) Chartered companies
  - (b) Statutory companies
  - (c) Registered companies
  - (d) Foreign companies

**II. VERY SHORT ANSWER QUESTIONS****1. What are the different types of companies?**

- |                    |               |
|--------------------|---------------|
| ★ Incorporation    | ★ Control     |
| ★ Membership       | ★ Nationality |
| ★ Member Liability |               |

**2. Define a Company.**

“A company is an artificial person created by law having a separate entity with a perpetual succession and a common seal”.

- *Sec 2 of Companies Act 2013*

### 3. What is meant by Limited liability?

The liability of the members of the company is limited to contribution to the assets of the company up to the face value of shares held by him.

### 4. Explain any two characteristics of a company.

#### i). Limited Liability:

The liability of the members of the company is limited to contribution to the assets of the company up to the face value of shares held by him.

#### ii). Common Seal:

The common seal is the official signature of the company.

### 5. What is meant by Chartered Company?

- ❖ Chartered companies are established by the King or Queen of a country.
- ❖ Powers and privileges of chartered company are specified in the charter.

## II. SHORT ANSWER QUESTIONS:

### 1. What are the advantages of Companies?

- ✿ Large amount of capital is necessary for conducting business on a large scale.
- ✿ The liability of a shareholder is limited.
- ✿ Transaction of Shares between two individuals is easy.

### 2. What is meant by Private Company?

- ☆ It is a type of company which is formed with minimum two shareholders and two directors.
- ☆ Maximum of 200 persons can become shareholders in a private company.
- ☆ The name of private company should be suffixed with pvt ltd or (p) ltd.

### 3. What is meant by Government Company?

- Υ A public enterprise incorporated under the Indian Companies Act, 1956.
  - Υ These companies are owned and managed by the central or the state government.
- “Government Companies” as any company in which not less than 51% of the is held by.

- Section 617 of the Companies Act, 1956

### 4. What is meant by Foreign Company?

- ➞ A foreign company means a company which is incorporated in a country outside India under the law of that country.
- ➞ After the establishment of business in India, the following documents must be filed with the Registrar of Companies within 30 days from the date of establishment.

## IV. LONG ANSWER QUESTIONS

### 1. What are the contents of Memorandum of Association?

#### i). Name Clause:

- ✿ The name clause requires to state the legal and recognized name of the company.
- ✿ The company name is allow to be registered.

#### ii). Situation Clause:

- ➔ It requires to show the physical location of the registered office of the company.
- ➔ It is required to keep all the company registers in this office.

#### iii). Objective Clause:

- ✿ It is required to state the ancillary objectives.
- ✿ To facilitate the achievement of the main objectives.

#### iv). Liability Clause:

- ✿ It requires to state the extent to which shareholders of the company are liable to the debt obligations of the company.
- ✿ There are companies limited by shares and limited by guarantee.

#### v). Capital Clause:

- ↔ It requires to state the company's authorized share capital.
- ↔ It is also required to list the company's assets under this clause.

### 2. What are the contents of Articles of Association?

- ❖ Amount of shares, capital, value and type of shares.
- ❖ Rules regarding issue of shares and debentures.
- ❖ Manner of transfer of shares.
- ❖ Declaration of dividends.
- ❖ Borrowing powers of the company.
- ❖ Seal of the company.

### 3. What is meant by Prospectus?

#### Meaning:

- ✿ **According to Section 2(36) of the Companies Act**, any document inviting the public to buy its shares or debentures comes under the definition of prospectus.

#### Contents:

- ✿ The name, addresses and occupation of directors and managing directors.

- ✿ The number and classes of shares and debentures issued.
- ✿ Particulars about the directors, secretaries and the treasurers and their remuneration.
- ✿ The amount for the minimum subscription.
- ✿ The estimated amount of preliminary expenses.
- ✿ Name and address of the auditors, bankers and solicitors of the company.

#### 4. What is meant by Multi National Company?

- ➔ It operates in more than one country
- ➔ Carries out production, marketing and research activities on international Scale in those countries.
- ➔ Seeks to maximize profits world over.
- ➔ A domestic company or a foreign company can be a MNC.

#### **Examples:**

*Microsoft Corporation, Nokia Corporation, Nestle, Coca-Cola, International Business Machine, PepsiCo, Sony Corporation.*

#### 5. What is meant by Holding and Subsidiary company?

##### **i). Holding Companies:**

- ✿ As per Section 2(87) “subsidiary company” in relation to any other company means a company in which the holding company.
- ✿ Controls the composition of the Board of Directors.
- ✿ Exercises or controls more than one-half of the total share capital either at its own.

##### **ii). Subsidiary Companies:**

- ✿ In relation to any other company means a company in which the holding company.
- ✿ Controls the composition of the Board of Directors.
- ✿ Exercises or controls more than one-half of the total share capital either at its own together with one or more.

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