

VIVEKANANDA COLLEGE THAKURPUKUR KOLKATA-700063

NAAC ACCREDITED 'A' GRADE



Topic: Formation and Incorporation of Company

Course Title: B.Com (UNDER CBCS SYSTEM)

Paper: Company law

Unit: 02

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Name of the Department: COMMERCE

A. Multiple Choice Questions (MCQs)

- The incorporation of a company generally requires stages which are :**
 - Promotion of a company
 - Registration of a company
 - Flotaion of a company
 - All of the above
- The persons who think the idea of forming a company and take necessary steps in its formation are known as —**
 - Directors of company
 - Shareholders of company
 - Promoters or company promoters
 - None of these
- Promoter is a person who is—**
 - Elected as director
 - Appointed as chairman
 - Appointed as managing director
 - Engaged in promoting a company
- The minimum number of persons required to form a public company is—**
 - 2
 - 7
 - 9
 - 10
- The minimum number of persons required to form a private company is—**
 - 2
 - 6
 - 7
 - 10
- The minimum number of persons required to form a one person company is—**
 - 1
 - 2
 - 3
 - 7
- The company formed under section 3(1), whether public or private, may be—**
 - a company limited by shares
 - a company limited by guarantee
 - an unlimited company
 - either (a) or (b) or (c)
- The documents required to be filed with the Registrar at the time of incorporation of a public company include—**
 - the Memorandum and Articles of Association of the company duly signed by all subscribers
 - the address for correspondence till its registered office is established
 - a statement of the nominal capital of the company
 - both (a) and (b)
- A declaration by an advocate, a chartered accountant and other professionals shall be filed at the time of incorporation in—**
 - Form No. INC 7
 - Form No. INC 8
 - Form No. INC 9
 - Form No. INC 11
- An application for incorporation of a public company shall be filed, with the Registrar within whose jurisdiction the registered office of the company is proposed to be situated, in—**
 - Form No. INC 7
 - Form No. INC 8
 - Form No. INC 9
 - Form No. INC 11

11. An application for incorporation of one person company shall be filed with the Registrar of Companies in—
- (a) Form No. INC 2 (b) Form No. INC 7
(c) Form No. INC 8 (d) Form No. INC 9
12. The particulars of interests of each person mentioned in the Articles as the first director of the company along with his consent to act as director of the company shall be filed in—
- (a) Form No. INC 7 (b) Form No. INC 8
(c) Form No. INC 11 (d) Form No. DIR 12
13. The Registrar, on the basis of documents and information filed under section 7(1), shall register all the documents and information and issue a—
- (a) Certificate of commencement of business (b) Certificate of incorporation of business
(c) Corporate identity number (d) None of these
14. On being satisfied the Registrar shall issue the certificate of incorporation of the company in—
- (a) Form No. INC 7 (b) Form No. INC 8
(c) Form No. INC 10 (d) Form No. INC 11
15. On and from the date mentioned in the certificate of incorporation issued under section 7 (2), the Registrar shall allot to the company—
- (a) a PAN (b) a TAN
(c) a Corporate Identity Number (d) None of these
16. If any person furnishes any false or incorrect documents with the Registrar in relation to the registration of a company, he shall be liable for—
- (a) payment of fine of Rs. 50,000 (b) action under section 447
(c) both (a) and (b) (d) either (a) or (b)
17. Where a company has been got incorporated by furnishing any false or incorrect information, the Tribunal may—
- (a) direct that liability of the members shall be unlimited
(b) direct removal of the name of the company from the register of companies
(c) pass an order for the winding up of the company
(d) either (a) or (b) or (c)
18. The documents required to be filed with the Registrar at the time of incorporation of OPC—
- (a) Memorandum and Articles of Association of OPC
(b) Affidavit from the subscriber and the first Director to the Memorandum in Form No. INC 9
(c) Consent of nominee in the Form No. INC 9
(d) All of the above
19. An integrated process for incorporation of company and appointment of 3 directors of the proposed company shall be filed with the Registrar in
- (a) Form No. INC 2 (b) Form No. INC 3
(c) Form No. INC 7 (d) None of these
20. The Simplified proforma for incorporation of company electronically shall be made to the Registrar in
- (a) Form No. INC 32 (b) Form No. INC 32 (SPICE)
(c) Form No. INC 34 (d) Form No. INC 35

21. Which of the following company is allowed to follow the simplified proforma for incorporating company electronically?
- Company having more than 7 subscribers
 - Company having not more than 7 subscribers
 - Company having DIN for not more than 3 proposed Directors
 - Both (b) and (c)
22. The certificate of incorporation contains—
- A Corporate Identity Number (CIN)
 - The date of issue of CIN
 - The signature of the Registrar of Companies with his seal
 - All of the above
23. The Certificate of Incorporation is the conclusive evidence that—
- all the legal requirements of registration have been complied with
 - the company is properly registered
 - the company came into existence on the date of certificate of incorporation
 - all of the above
24. Which of the following is the legal effects of the Certificate of Incorporation?
- The company comes into existence and it becomes a legal person independent from its members
 - The Memorandum and Articles of Association become binding upon the company and all its members
 - The company acquires a perpetual succession
 - All of the above
25. The term 'promoter' has been defined in—
- Section 2(52)
 - Section 2(69)
 - Section 2(68)
 - Section 2(70)
26. The term promoter means a person—
- Who has been named as such in a prospectus
 - Who is identified by the company in the annual return referred to in section 92
 - Who has control over the affairs of the company, direct or indirectly whether as a shareholders, director or otherwise
 - either (a) or (b) or (c)
27. Which of the following statements is true?
- A company may have more than one promoter
 - A person who acts in a professional capacity is not a promoter
 - A promoter is a person in accordance with whose advice, directions or instructions the Board of Directors of the company is expected to act
 - All of the above
28. Which of the following persons may act as a promoter?
- A partnership Firm
 - An association of persons
 - A company or body corporate
 - All of these

29. The legal position of a promoter is that—

- (a) he is not the agent because there is no principal in existence
- (b) he is not the trustee because there is no trust in existence
- (c) he stands in a fiduciary relationship towards the company which he brings into existence
- (d) all of the above

30. Which of the following is the function of promoter—

- (a) To investigate the idea and know whether the formation of the company is possible and profitable
- (b) To settle the details of the Memorandum and Articles of Association of the company
- (c) To arrange for the preparation of the prospectus and its issue
- (d) All of the above

31. The fiduciary position of a promoter may be—

- (a) not to make any profit at the expense of the company
- (b) to make full disclosure to the company of all relevant facts relating to the formation of a company
- (c) not to make an unfair use of position
- (d) all of the above

32. A promoter of a company is personally liable—

- (a) Under section 26 *i.e.*, matters to be stated and information to be given in the prospectus;
- (b) Under section 35 *i.e.*, civil liability for mis-statements in prospectus
- (c) Under section 34 *i.e.*, criminal liability for mis-statements in prospectus
- (d) All of the above

33. Which of the following is the usual ways of paying remuneration to a promoter for his services—

- (a) Promoter may sell his own property to the company for cash at a profit provided he makes full disclosure to this effect
- (b) Promoter may be given an option to buy certain number of shares in the company at par
- (c) Promoter may be paid a lump-sum remuneration
- (d) Any one of the above

34. All contracts which are purported to be made on behalf of a company before its incorporation are known as—

- (a) Preliminary contracts
- (b) Commercial contracts
- (c) Provisional contracts
- (d) None of the above

35. Which of the following statements is true?

- (a) A company, when it comes into existence, is not bound by a pre-incorporation contract even where it takes the benefit of the contract entered into on its behalf
- (b) A company cannot, after incorporation, enforce the contract made before its incorporation
- (c) The promoters remain personally liable on a contract made on behalf of a company not yet in existence
- (d) All of the above

36. A contract is entered into by the promoters on behalf of a company before its incorporation. The company,

- (a) can ratify the contract
- (b) cannot ratify the contract
- (c) cannot ratify the contract but is entitled to obtain the benefits accruing to it under the contract
- (d) may ratify that part of the contract which is beneficial and reject the part which is detrimental

37. The liability of promoters in connection with pre-incorporation contract shall come to an end
- (a) if the company makes a fresh contract in terms of the pre-incorporation contract
 - (b) if the company does not make a fresh contract within a limited time either of the parties may rescind the contract
 - (c) both (a) and (b)
 - (d) either (a) or (b)
38. The quantum of registration fees payable by companies to be incorporated in India depends on—
- (a) The issued capital of the company
 - (b) The Nominal capital of the company
 - (c) The paid-up capital of the company
 - (d) The called up capital of the company
39. Which of the following statements is false?
- (a) A promoter has legal right to claim promotional expenses for his services
 - (b) A promoter shall have no legal rights to promotional expenses for his services, unless there is a valid contract
 - (c) When a promoter makes proper disclosure, he may expect to be rewarded for his services.
 - (d) None of the above

Answers

- A. 1. (d), 2. (c), 3. (d), 4. (b), 5. (a), 6. (a), 7. (d), 8. (d), 9. (b), 10. (a), 11. (a), 12. (d), 13. (b), 14. (d), 15. (c), 16. (b), 17. (d), 18. (d), 19. (b), 20. (b), 21. (d), 22. (d), 23. (d), 24. (d), 25. (b), 26. (d), 27. (d), 28. (d), 29. (c), 30. (d), 31. (d), 32. (d), 33. (d), 34. (a), 35. (d), 36. (b), 37. (c), 38. (b), 39. (a).