



Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

I B.Com Professional Accounting (2017-2020)
Semester II

Core: Global Corporate and Business Law- 218B
Multiple Choice Questions.

1. A contract which cannot be enforceable in a court of law _____.
- A. Voidable contract
 - B. Void contract
 - C. Valid contract
 - D. None of the above

ANSWER: B

2. In the context of the English legal system, which of the following courts ONLY has civil jurisdiction?
- A. Magistrates court
 - B. High Court
 - C. County court
 - D. Supreme court

ANSWER: C

3. An advertisement to sell a thing by auction is _____.
- A. an offer.
 - B. an invitation to offer.
 - C. no offer at all.
 - D. a contract.

ANSWER: B

4. In the context of employment law, which of the following is an AUTOMATICALLY fair ground for dismissing an employee?

- A. Refusal to join a trade union
- B. Unofficial industrial action
- C. Redundancy
- D. Legal prohibition

ANSWER: B

5. Which of the following business forms does the use of the abbreviation Ltd after the name of a business indicate?

- A. A limited liability partnership
- B. A private limited company
- C. A sole trader

D. A limited partnership

ANSWER: B

6. Jas has been continuously employed for six years. Which of the following states the minimum period of notice she is entitled to?

- A. One month
- B. Six weeks
- C. Three months
- D. One Year

ANSWER: B

7. The offer may be communicated _____.

- A. orally
- B. By conduct only
- C. By a written mode
- D. All the above

ANSWER: D

8. Which of the following is indicated by the abbreviation Ltd at the end of a companys name?

- A. The shares are not transferable
- B. The shares may not be offered to the public
- C. The shares are freely transferable on the stock exchange
- D. None of the above

ANSWER: B

9. Mo has a significant holding in the shares of Nova Ltd. He wishes to use his shareholding to remove Owen from the board of directors but is not sure how to do so. Which of the following must be used to remove a director from office?

- A. An ordinary resolution with special notice
- B. A special resolution
- C. A written resolution
- D. An ordinary resolution

ANSWER: A

10. A written ordinary resolution requires the approval of which of the following?

- A. More than 50% of those actually voting
- B. More than 50% of those entitled to vote
- C. Unanimous approval of those entitled to vote
- D. All of the above

ANSWER: A

11. Employment law is a mixture of common law and statutory provisions. Which of the following is purely based on statute law?

- A. Unfair dismissal
- B. Wrongful dismissal
- C. Summary dismissal
- D. None of the above

ANSWER: A

12. A contract creates_____.

- A. rights in personam.
- B. rights in rem.
- C. only rights no obligations.
- D. only obligations and no rights.

ANSWER: B

13. Jos contract of employment states that she is employed in Glasgow. When her employer tells her that she has to work in London, some 500 miles away, Jo immediately resigns. Which of the following may this be considered an example of?

- A. Summary dismissal
- B. Unfair dismissal
- C. Constructive dismissal
- D. All the above

ANSWER: C

14. An agreement not enforceable by law is said to _____.

- A. void.
- B. voidable.
- C. valid.
- D. unenforceable.

ANSWER: A

15. Which parties are bound by the terms of the tender when one party submits a tender?

- A. The person submitting the tender
- B. The person requesting the tender
- C. Neither party
- D. Both parties

ANSWER: A

16. In the context of contract law, a bid at an auction is which of the following?

- A. An invitation to treat
- B. An acceptance
- C. A counter-offer
- D. An offer

ANSWER: D

17. Bee injured her eye after failing to close a safety gate on a machine as instructed. She was also not wearing mandatory safety goggles as required by her contract of employment. Which of the following is this an example of?

- A. Volenti non fit injuria
- B. Res ipsa loquitur
- C. Contributory negligence
- D. Novus actus interveniens

ANSWER: A

18. For necessities of life _____.

- A. A minor is liable
- B. A minor's estate is liable
- C. The guardian is liable
- D. All the above

ANSWER: B

19. What is the effect of a finding of contributory negligence in the law of tort?

- A. It removes the requirement to pay damages
- B. It reverses the payment of damages
- C. It decreases the level of damages
- D. All the above

ANSWER: C

20. A specific offer can be accepted by _____.

- A. any person.
- B. any friend of offered.
- C. a person to whom it is made.
- D. any friend of offeree.

ANSWER: C

21. Consideration _____.

- A. money
- B. money worth
- C. promise
- D. all the above

ANSWER: D

22. Consideration must be something which the promisor _____.

- A. is already bound to do.
- B. is not already bound to do.
- C. may voluntarily do.
- D. must not do.

ANSWER: B

23. In the context of the English legal system, which of the following courts ONLY has criminal jurisdiction?

- A. Crown Court
- B. Magistrates court
- C. County court
- D. Supreme court

ANSWER: A

24. Imran claims that Zak owes him £1,000 as a result of a breach of contract. In which court will Imran start his action against Zak?

- A. The county court
- B. The High Court
- C. The magistrates court
- D. Crown court

ANSWER: A

25. In the context of case law, which of the following applies to an obiter dictum?

- A. It is binding on all future courts
- B. It is binding on all lower courts
- C. It is not binding on any courts
- D. It is not binding outside the court it was issued in

ANSWER: C

26. Contributory negligence arises as a result of the fault of which of the following?

- A. A third party
- B. The respondent
- C. The claimant
- D. None of the above

ANSWER: C

27. An agreement made with out consideration is _____.

- A. valid.
- B. illegal.
- C. voidable.
- D. void.

ANSWER: D

28. A promise to subscribe to a charity. The promise is a _____.

- A. voidable contract.
- B. void agreement.
- C. void contract.
- D. valid contract.

ANSWER: C

29. The law treats employees differently from the self-employed and has established a number of tests to distinguish between the two categories. Which of the following is NOT a test for establishing an employment relationship?

- A. The control test
- B. The subordinate test
- C. The integration test
- D. The economic reality test

ANSWER: B

30. On attaining the age of majority a minors agreement _____.

- A. can be ratified by him.
- B. cannot be ratified by him.
- C. becomes void.
- D. becomes valid.

ANSWER: B

31. Breach of which of the following terms does NOT allow the possibility of the aggrieved party terminating the contract?

- A. A condition
- B. An innominate term
- C. A warranty
- D. All the above

ANSWER: C

32. Which of the following, in the context of entering into a contract, constitutes a binding offer to sell a unique item of furniture?

- A. Placing an advert in a newspaper with a price attached
- B. Placing it on display inside a shop with a price attached
- C. Telling someone the price you may be willing to accept for it
- D. Telling someone you will reduce the marked price on it by 10%

ANSWER: D

33. Abe issued an invitation to tender for a contract and Bea submitted her terms. Which of the following statements is accurate?

- A. Abe made an offer and Bea made a counter-offer
- B. Abe made an offer which Bea accepted
- C. Both Abe and Bea made invitations to treat
- D. Abe made an invitation to treat and Bea made an offer

ANSWER: D

34. A contract by an idiot is _____.

- A. voidable.
- B. enforceable.
- C. invalid.
- D. void ab initio.

ANSWER: D

35. In the context of statutory interpretation, which of the following requires judges to consider the wrong which the legislation was intended to prevent?

- A. The literal rule
- B. The golden rule
- C. The mischief rule
- D. None of the above

ANSWER: C

36. It is not unusual for some company investments to carry cumulative dividend rights. Which of the following statements about the declaration of cumulative dividends is correct?

- A. They are paid when profits are available for that purpose
- B. They are paid in the form of a bonus issue
- C. They are paid out of capital
- D. They are not paid until profits reach a certain percentage

ANSWER: A

37. Which of the following statements in relation to effective consideration is correct?

- A. It must be sufficient but need not be adequate
- B. It must be adequate but need not be sufficient

- C. It must be both adequate and sufficient
- D. None of the above

ANSWER: A

38. Flaw of capacity to contract may arise from _____.

- A. want of consideration
- B. unsoundness of mind.
- C. illegality of object.
- D. uncertainty of object.

ANSWER: B

39. In the context of the English legal system, which of the following defines the ratio decidendi of a judgement?

- A. The future application of the case
- B. The legal reason for deciding the case
- C. The facts of the case
- D. The decision in a previous case

ANSWER: B

40. Dan has been accused of a criminal offence and is due to be tried soon. He denies responsibility, claiming that the prosecution has no evidence that he committed the offence in question. Which of the following describes the standard of proof in a criminal case?

- A. Beyond reasonable doubt
- B. On the balance of certainty
- C. On the balance of probability
- D. Beyond evident doubt

ANSWER: A

41. Which of the following statements relating to limited liability partnerships is correct?

- A. They are limited to a maximum of 20 members
- B. They must have a minimum of two members
- C. They must have at least one unlimited member
- D. All the above

ANSWER: B

42. Which of the following CANNOT petition for the compulsory winding up of a company on the grounds of INSOLVENCY under s.122 Insolvency Act 1986?

- A. The members of the company
- B. The board of directors
- C. The companys creditors
- D. The Secretary of State

ANSWER: A

43. Money laundering involves a number of phases in the overall procedure. Which is the following are recognised phases in money laundering?

- A. Distribution
- B. Relocation
- C. Management

D. Integration

ANSWER: B

44. In the context of the law of agency, an agent will NOT be liable for a contract in which of the following instances?

A. Where the agent fails to disclose that they are acting as such

B. Where the agent intends to take the benefit of the contract and does not disclose they are acting as an agent

C. Where the agent acts on their own behalf although claiming to be an agent

D. None of the above

ANSWER: A

45. The Employment Rights Act (ER1996 sets out remedies in relation to unfair dismissal. Which of the following is NOT a potential remedy for unfair dismissal under the ERA 1996?

A. Reinstatement

B. Re-engagement

C. Re-employment

D. None of the above

ANSWER: C

46. Which of the following can be accepted so as to form a binding contract?

A. A supply of information

B. A quotation of price

C. A statement of intent

D. An agreement to enter into a future contract

ANSWER: B

47. Contracts are legally enforceable agreements. Which of the following statements regarding contractual agreements is true?

A. They must be in writing

B. They must be evidenced in writing

C. They need not be in writing

D. None of the above

ANSWER: C

48. In relation to the law of negligence, a finding of volenti non fit injuria arises from the action of which of the following?

A. The claimant

B. An unforeseeable event

C. A third party

D. The respondent

ANSWER: A

49. Which of the following statements in relation to the issuing of bills of lading is true?

A. Risk passes to the shipper

B. Risk remains with the seller

C. Risk passes to the carrier

D. Risk passes to the buyer

ANSWER: D

50. In the context of the English legal system, which of the following defines the ratio decidendi of a judgement?

- A. The decision in a previous case
- B. The facts of the case
- C. The legal reason for deciding the case
- D. The future application of the case

ANSWER: C

51. When must an international bill of exchange payable on demand be presented for payment?

- A. Within three years of issue
- B. Within one year of its date of issue
- C. At any time after issue
- D. Within five years

ANSWER: B

52. _____ agency is the most common form of agency.

- A. Incidental
- B. Express
- C. Apparent
- D. Implied

ANSWER: B

53. A(n) _____ is a contract a principal and agent enter into that says the principal cannot employ another agent other than the one stated.

- A. ratified contract
- B. exclusive principal contract
- C. apparent agency contract
- D. exclusive agency contract

ANSWER: D

54. Agency by _____ occurs when (1) a person misrepresents himself or herself as another's agent when in fact he or she is not and (2) the purported principal accepts the unauthorized act.

- A. indemnification
- B. ramification
- C. ratification
- D. indoctrination

ANSWER: C

55. Apparent agency is also referred to as _____.

- A. agency by estoppel
- B. express agency
- C. authorized agency
- D. agency by default

ANSWER: A

56. A principal owes a duty to _____ the agent for any losses the agent suffers because of the principal.

This duty usually arises where an agent is held liable for the principal's misconduct.

- A. vilify
- B. rectify
- C. indemnify
- D. ratify

ANSWER: C

57. The legal rule of _____ knowledge means that the principal is assumed to know what the agent knows, even if the agent does not tell the principal certain relevant information.

- A. reputed
- B. refuted
- C. disputed
- D. imputed

ANSWER: D

58. Under the doctrine of _____, an employer is liable for the tortious conduct of its employees or agents while they are acting within the scope of their authority.

- A. misappropriation
- B. coming and going
- C. respondeat superior
- D. frolic and detour

ANSWER: C

59. The common law doctrine of _____ is based on the legal theory of _____ liability.

- A. respondeat superior; nefarious
- B. respondeat superior; vicarious
- C. respondeat inferior; nefarious
- D. respondeat inferior; vicarious

ANSWER: B

60. Sometimes, a principal requests that an agent run errands or conduct other acts on his or her behalf while the agent or employee is on personal business. In this case, the agent is on a _____ mission.

- A. dual-purpose
- B. conflict of interest
- C. bifurcated
- D. multifaceted

ANSWER: A

61. A(n) _____ agency results if a third party entering into a contract knows (1) that the agent is acting as an agent for a principal and (2) the actual identity of the principal.

- A. partially disclosed
- B. undisclosed
- C. inherently disclosed
- D. fully disclosed

ANSWER: D

62. A(n) _____ agency occurs if the agent discloses his or her agency status but does not reveal the principal's identity and the third party does not know the principal's identity from another source.

- A. fully disclosed
- B. partially disclosed
- C. undisclosed
- D. inherently disclosed

ANSWER: B

63. A principal accepts an agent's unauthorized contract through _____ of the contract.

- A. subornation
- B. subrogation
- C. ramification
- D. ratification

ANSWER: D

64. Principals often employ persons and businesses that are not their employees to perform certain tasks on their behalf. These persons and businesses are called _____ contractors.

- A. dependent
- B. sub
- C. general
- D. independent

ANSWER: D

65. Which of the following is not a method of terminating an agency relationship by acts of the parties?

- A. mutual agreement
- B. bankruptcy of the principal
- C. lapse of time
- D. achievement of agency purpose

ANSWER: B

66. Which of the following is not a method of terminating an agency relationship by operation of law?

- A. death of either the principal or the agent
- B. insanity of either the principal or the agent
- C. mutual agreement
- D. bankruptcy of the principal

ANSWER: C

67. When dealing with contractual claims, the Employment Tribunal is only able to make awards of up to:

- A. £25,000
- B. £20,000
- C. £15,000
- D. £50,000

ANSWER: A

68. Claims involving discrimination and unfair dismissal are heard in the:

- A. High Court
- B. Employment Tribunal
- C. Magistrates Court
- D. County Court

ANSWER: A

69. Barney has been unsuccessful in his Employment Tribunal claim for unfair dismissal. Where would he lodge an appeal to this decision?

- A. The Employment Appeal Tribunal
- B. The Supreme Court
- C. The High Court
- D. The County Court

ANSWER: A

70. The role of Acas can be said to be:

- A. to provide advice, conciliation and arbitration in employment cases
- B. to provide assistance in family law cases
- C. to provide financial assistance to those bringing a tribunal claim
- D. to provide assistance to those looking for a job

ANSWER: A

71. The Low Pay Commission is responsible for overseeing the law on:

- A. The minimum wage.
- B. Unfair dismissal
- C. Redundancy payments.
- D. Transfers of undertakings

ANSWER: A

72. Which of the following types of claim cannot be heard in the Employment Tribunal?

- A. Personal injury
- B. Discrimination
- C. Equal pay
- D. Redundancy payments

ANSWER: A

73. What is the role of the Certification Officer?

- A. To maintain a list of the types of claim heard in the Employment Tribunal on an annual basis.
- B. To oversee the role of health and safety within the workplace.
- C. To maintain a list of independent trade unions and to issue certificates of independence to such unions.
- D. To encourage employees to become a member of a union.

ANSWER: C

74. The Equality and Human Rights Commission works to combat all forms of?

- A. Breaches of Health and Safety law.
- B. Breach of contract.
- C. Discrimination.
- D. Unfair dismissal.

ANSWER: C

75. Article 11 of the European Convention for the Protection of Human Rights and Fundamental Freedoms deals with:

- A. Freedom of assembly and association.

- B. The right to respect for private and family life.
- C. Freedom of expression.
- D. Prohibition of discrimination

ANSWER: A

76. The principal advantage of a single market from the point of view of the European Commission is:

- A. It leads to a higher rate of economic growth for EU countries
- B. It allows people to travel more easily from one country to another
- C. It causes countries to become more culturally and socially alike
- D. It makes money laundering and other international crimes more difficult

ANSWER: A

77. The harmonization of regulations across the EU requires that:

- A. A common set of regulations is agreed for the whole of the EU, which replace national regulations
- B. Everything is ruled from Brussels
- C. Governments agree on which country has the best regulations and apply these to everyone
- D. A common set of regulations covering specific areas of importance to the EU as a whole is agreed and written in to the laws of each country

ANSWER: A

78. In the European Single Market, traders in all countries are required to express prices in metric terms (per kilogram/litre) because:

- A. Everything is ruled from Brussels
- B. The EU wishes countries to become more culturally and socially alike
- C. It shows a commitment on the part of countries to the single market ideal
- D. It makes it easier to compare prices in different countries

ANSWER: D

79. The movement to a single market following the Single Market Act was slower than hoped because:

- A. The European Parliament was worried about the resulting impact on unemployment
- B. The European Commission was bureaucratic and incompetent
- C. The Single Market Treaty ignored regional problems resulting from the single market
- D. Countries were slow to incorporate some directives into national laws

ANSWER: D

80. Which of the following requirements of a single European financial market has been most difficult to achieve?

- A. The free mobility of capital
- B. The acceptance of common supervisory regulations
- C. The right to supply cross-border services
- D. The harmonization of taxes

ANSWER: A

81. Financial markets have, in the past, been more segmented on national lines than other markets because:

- A. Capital was not mobile
- B. The expected gains from a financial single market were thought to be small
- C. Of the lack of a single currency
- D. Each country maintained its own regulations

ANSWER: D

82. The European Commission chose a system of home-country regulation of financial markets because:

- A. It gave greater power to Brussels
- B. It was likely to cause increased competition
- C. It was simpler to understand than host-country regulation
- D. It overcame the problem of competitive laxity

ANSWER: B

83. Harmonization of regulations in the banking sector was particularly difficult because of:

- A. The lack of a single currency
- B. The power of the banks
- C. The different traditions in national banking systems
- D. The difference in size of the banks in different countries

ANSWER: C

84. A particular problem in developing regulations for a single market in banking and securities industries concerned:

- A. The devising of rules in relation to capital adequacy
- B. The difference in the size of banks in different countries
- C. The harmonization of taxes
- D. The loss of national identity

ANSWER: A

85. In the movement towards a single financial market, the European Commission has become particularly worried about:

- A. The effect of the single financial market on the periphery
- B. Inconsistencies in the way banking directives have been implemented
- C. The merger activity in the banking and insurance sectors
- D. The loss of local knowledge implied by the movement towards financial conglomerates

ANSWER: B

86. An administrator is appointed to realise a hierarchy of objectives. What is an administrator's first and principal objective?

- A. To achieve a better result for the company's creditors as a whole than would be likely if the company were wound up.
- B. To realise property in order to make a distribution to one or more secured creditors.
- C. To rescue the company as a going concern.
- D. To wind the company up and distribute the assets to persons entitled to them.

ANSWER: C

87. An administrator can be appointed in one of several different ways. Which ONE of the following is not a valid method of appointment?

- A. An administrator can be appointed by the court.
- B. An administrator can be appointed by a floating charge holder.
- C. An administrator can be appointed by the company's auditor.
- D. An administrator can be appointed by the company.

ANSWER: C

88. Regarding the proposal for a company voluntary arrangement, which ONE of the following statements is NOT true?

- A. If the company is in administration, the proposal will be made by the administrator.
- B. If the company is in liquidation, the proposal will be made by the liquidator.
- C. If the company is neither in administration or liquidation, the proposal can be made by the directors.
- D. If the company is neither in administration or liquidation, the proposal can be made by the members or creditors.

ANSWER: C

89. Regarding the appointment of a receiver, which ONE of the following statements is NOT true

- A. A receiver may be a natural person or a body corporate.
- B. A chargeholder can appoint a receiver if the instrument that created the charge states so.
- C. The court can appoint a receiver upon an application from a creditor.
- D. An undischarged bankrupt cannot normally act as a receiver.

ANSWER: A

90. Which ONE of the following does NOT have the right to petition the court for a compulsory winding-up order?

- A. A member of the company.
- B. Any creditor of the company.
- C. The directors of the company.
- D. The auditor of the company.

ANSWER: D

91. A compulsory winding-up order can only be made on a number of specified grounds. The majority of such orders are made on the basis of which ground?

- A. Where the company has resolved, by special resolution, to compulsorily wind up the company.
- B. Where the company is an 'old public company.'
- C. The company is unable to pay its debts.
- D. Where the company does not commence business within a year from its incorporation.

ANSWER: C

92. Which ONE of the following statements describes the difference between a members' voluntary winding up and a creditors' voluntary winding up?

- A. If a majority of the directors make a declaration of solvency, the winding up will be a members' voluntary winding up. If no such declaration is made, it will be a creditors' voluntary winding up.
- B. A creditors' voluntary winding up is commenced by the creditors, whereas a members' voluntary winding up is commenced by the members.
- C. A members' voluntary winding up is commenced by passing a special resolution, whereas a creditors' voluntary winding up does not require a special resolution.
- D. None of the above

ANSWER: A

93. How does fraudulent trading under the Companies Act 2006 differ to fraudulent trading under the Insolvency Act 1986?

- A. Fraudulent trading under the Companies Act 2006 can apply at any time, whereas fraudulent trading under the Insolvency Act 1986 can only apply during the course of a winding up.

B. Fraudulent trading under the Companies Act 2006 imposes civil liability only, whereas fraudulent trading under the Insolvency Act 1986 imposes criminal liability also.

C. There is no difference - both provisions are identical.

D. Fraudulent trading under the Companies Act 2006 only applies to registered companies, whereas fraudulent trading under the Insolvency Act can also apply to partnerships and sole proprietorships.

ANSWER: A

94. A liquidator must distribute the company's assets in a prescribed order. Which ONE of the following states the correct order for distribution?

A. Liquidation expenses, preferential debts, debts secured by fixed charge, debts secured by floating charge, unsecured debts, deferred debts, surplus to members.

B. Debts secured by fixed charge, preferential debts, liquidation expenses, debts secured by floating charge, unsecured debts, deferred debts, surplus to members.

C. Debts secured by fixed charge, debts secured by floating charge, preferential debts, liquidation expenses, unsecured debts, deferred debts, surplus to members.

D. Liquidation expenses, preferential debts, debts secured by floating charge, unsecured debts, deferred debts, surplus to members.

ANSWER: D

95. Which two types of business structure are created via a process of incorporation?

A. Companies and sole proprietorships.

B. Partnerships and limited liability partnerships.

C. Companies and limited liability partnerships.

D. Companies and partnerships.

ANSWER: C

96. A company can be created in several ways. Which ONE of the following is NOT a valid method of creating a company?

A. A company can be created by the Chancery Division of the High Court.

B. A company can be created by registering certain documents.

C. A company can be created by an Act of Parliament.

D. A company can be created by Royal Charter.

ANSWER: A

97. An application to incorporate a company by registration must contain certain information. Which ONE of the following pieces of information is not required?

A. Whether the member's liability will be limited or unlimited.

B. The names of the company's proposed officers.

C. The intended address of the company's registered office.

D. The proposed objects of the company.

ANSWER: D

98. Concerning a company's liability, which ONE of the following statements is true?

A. A company cannot be convicted of a crime that requires proof of mens rea.

B. A company will not be found liable for the acts of its directors - the directors will be personally liable instead.

C. A company will only be vicariously liable for the acts of its employees if the employee was sufficiently senior within the company.

D. Where liability requires a level of knowledge, the liability of employees and directors can be attributed to the company.

ANSWER: D

99. In a sale, if the goods are destroyed, the loss falls on _____

- A. The buyer.
- B. The seller.
- C. Partly on the buyer and partly on the seller.
- D. The seller if price has not been paid.

ANSWER: A

100. What is 'corporate personality'?

- A. Corporate personality means that the members in general meeting are regarded by the law as a person.
- B. Corporate personality means that the board of directors is regarded by the law as a person.
- C. Corporate personality means that the company as an entity is regarded by the law as a person.
- D. Corporate personality means that all of the companies within a corporate group are regarded by the law as one person.

ANSWER: C

101. The case of Salomon v A Salomon & Co Ltd established a number of principles. Which ONE of the following was not a principle established in Salomon?

- A. That a person who owns the vast majority of a company's shares is to be regarded as the principal of the company or that the company is a trustee for his benefit.
- B. That a company's promoters, directors and members could legitimately use corporate personality to shield themselves from certain liabilities.
- C. That the minimum member requirement does not require the members to be active.
- D. None of the above

ANSWER: A

102. Which ONE of the following cases is regarded as the leading case on the piercing of the corporate veil?

- A. Adams v Cape Industries plc [1990]
- B. Antonio Gramsci Shipping Corp v Stepanovs [2011]
- C. Petrodel Resources Ltd v Prest [2013]
- D. VTB Capital plc v Nutritek International Corp [2013]

ANSWER: C

103. In Petrodel Resources Ltd v Prest [2013], Lord Sumption stated that there is only one instance in which the courts can pierce the veil. What is this one instance?

- A. Where a subsidiary is acting as an agent for the parent.
- B. Where a group of companies are to be regarded as a 'single economic unit.'
- C. Where a person is under an existing legal obligation which he deliberately evades or whose enforcement he frustrates by interposing a company under his control.
- D. Where a parent owes the employees of its subsidiary a duty of care.

ANSWER: C

104. What is known as a charter of a Company?

- A. Memorandum of Association
- B. Bye laws
- C. Articles of Association
- D. Prospectus.

ANSWER: A

105. The name of a company can be changed by_____.

- A. an ordinary resolution
- B. a special resolution
- C. the approval of the union government
- D. a special resolution and with the approval of the central government

ANSWER: A

106. The _____defines a companys relations with the outside world.

- A. prospectus .
- B. memorandum of association.
- C. articles of association .
- D. statement in lieu of prospectus

ANSWER: B

107. Mark out the type of alteration that is permitted in the articles of association_____

- A. that may not be in the companys interest .
- B. that is contrary to the provisions of the companies act.
- C. that increases a members liability without his written consent .
- D. that is consistent with the memorandum of association

ANSWER: D

108. Which of the following companies must file a statement in lieu of prospectus?

- A. A private limited company .
- B. A cooperative society .
- C. A company that has issued a prospectus .
- D. A public company that has not issued a prospectus

ANSWER: D

109. The most important document of a company is its_____.

- A. prospectus .
- B. annual report.
- C. memorandum of association .
- D. articles of association

ANSWER: C

110. In an agreement to sell, the seller gets for price if_____

- A. The goods have been delivered to the buyer.
- B. The goods have not been delivered to the buyer.
- C. There is specific agreement.
- D. It is not a specific agreement.

ANSWER: C

111. In a contract of sale, unless goods are ascertained, there is _____

- A. A sale.
- B. An agreement to sell.
- C. A void agreement.
- D. An unenforceable agreement.

ANSWER: B

112. The rules and regulations for the internal management of a company are contained in its ____.

- A. prospectus .
- B. annual report .
- C. memorandum of association .
- D. articles of association

ANSWER: D

113. A/an _____ may become a director of a company.

- A. partnership firm .
- B. person of unsound mind .
- C. individual .
- D. body corporate

ANSWER: C

114. How many directors of a public company, unless the articles provide otherwise, must be appointed by the company in general meeting

- A. All the directors .
- B. One half of the directors .
- C. Two-thirds of the directors .
- D. Three-fourths of the directors

ANSWER: C

115. Which of the following is beyond the powers of the board of directors ?

- A. To issue debentures .
- B. To make loans .
- C. To remit the payment of any debt due by a director .
- D. To issue prospectus

ANSWER: C

116. Holding company means a company _____.

- A. which holds other company.
- B. a government company.
- C. a chartered company.
- D. a subsidiary company

ANSWER: A

117. The partnership entity may be regarded as _____.

- A. a legal entity .
- B. an accountable entity .
- C. both a legal and accountable entity .
- D. neither a legal nor an accountable entity

ANSWER: D

118. A promoter is a person who _____.

- A. is a director .
- B. is a relative of the company .
- C. is a wellwisher of the company .
- D. takes part in the companys incorporation

ANSWER: D

119. The amount of minimum subscription may be learnt from the _____.

- A. prospectus.
- B. memorandum of association.
- C. articles of association .
- D. records of general meetings

ANSWER: A

120. When can a private company commence business ?

- A. at any time .
- B. after applying for registration.
- C. after obtaining the certificate of incorporation.
- D. after obtaining the certificate of commencement of business

ANSWER: C

121. The doctrine of constructive notice implies that _____.

- A. with the registrar of companies
- B. every person dealing with the company is deemed to have notice of the documents field
- C. regularity of proceedings need be enquired into a notice of a weeks period is to be given for every exchange of correspondence
- D. indoor management

ANSWER: B

122. A letter of provide must be demanded in the transmission of shares when a person_____.

- A. is declared insolvent .
- B. misbehaves .
- C. becomes of unsound mind .
- D. has died

ANSWER: D

123. The right of lien excises by an unpaid seller is to _____

- A. Retain possession.
- B. Regain possession.
- C. Recover price and other charges.
- D. Recover damages.

ANSWER: A

124. ----- is the constitution of the company

- A. memorandum
- B. articles

- C. prospectus
- D. ownership

ANSWER: A

125. Which of the following are characteristics of a company ?

- A. It has unlimited liability.
- B. It exists only in contemplation of law
- C. It has not a perpetual succession
- D. It comes to an end on the death of all its members

ANSWER: B

126. The liability of a shareholder in a company limited by shares is _____.

- A. unlimited .
- B. limited by guarantee.
- C. limited to the unpaid value of shares subscribed by him.
- D. none of the above

ANSWER: C

127. The altered Memorandum must be filed with the Registrar within _____.

- A. 1 month of the company Law Boards order .
- B. 2 months of the company Law Boards order.
- C. 3 months of the company Law Boards order.
- D. 4 months of the company Law Boards order

ANSWER: C

128. Which of the following companies need not have their own articles of Association ?

- A. unlimited companies.
- B. companies limited by guarantee.
- C. private companies limited by shares.
- D. public companies limited by shares

ANSWER: D

129. Contract which is inferred from the act of the parties is called _____.

- A. quasi contract.
- B. express contract.
- C. implied contract.
- D. executed contract.

ANSWER: C

130. Contract is one which is made by words spoken or words is called _____.

- A. quasi contract.
- B. express contract.
- C. implied contract.
- D. executed contract.

ANSWER: B

131. the Articles of a company conflict with the Memorandum _____.

- A. the Articles shall prevail.

- B. the Memorandum shall prevail
- C. the directors will resolve the conflict.
- D. the court will resolve the conflict

ANSWER: A

132. A threat to commit suicide amounts to _____.

- A. fraud.
- B. undue influence.
- C. coercion.
- D. mistake.

ANSWER: C

133. Agreement in restraint of marriage is _____.

- A. valid.
- B. voidable.
- C. coercion.
- D. void.

ANSWER: D

134. Quantum meruit means _____.

- A. let the buyer beware.
- B. as long as.
- C. as soon as.
- D. as much as earned.

ANSWER: D

135. The memorandum and Articles of a company are open to inspection by _____.

- A. the members of the company
- B. the members and creditors of the company.
- C. everybody .
- D. the Registrar

ANSWER: C

136. A guarantee which is given for the good conduct of a person is called _____.

- A. prospective guarantee.
- B. specific guarantee.
- C. fidelity guarantee.
- D. continuing guarantee.

ANSWER: C

137. A person who acts as an agent as well as guarantor is called _____.

- A. factor.
- B. broker.
- C. del credere agent.
- D. banker agent.

ANSWER: A

138. A statement in lieu of prospectus is required to be issued _____.

- A. by all companies which issue shares or debentures
- B. by public companies when shares are issued among friends and relatives.
- C. by private companies as they do not issue shares to the public
- D. by all companies

ANSWER: B

139. An agreement made without consideration _____.

- A. valid.
- B. voidable.
- C. coercion.
- D. void.

ANSWER: D

140. A promise made without any intention of performing it is _____.

- A. fraud.
- B. undue influence.
- C. misrepresentation.
- D. mistake.

ANSWER: C

141. Share capital of a company means _____.

- A. equity share capital .
- B. preference share capital
- C. equity and preference share capital .
- D. equity and preference share capital and debentures

ANSWER: C

142. A shareholder in a company _____.

- A. can be its debenture holder
- B. cannot be its debenture holder
- C. alone can become its debenture holder
- D. must also become its debenture holder within a year of being a shareholder

ANSWER: A

143. An agreement enforceable by law is called as _____.

- A. valid contract.
- B. voidable contract.
- C. executed contract.
- D. void contract.

ANSWER: A

144. The _____ defines the scope of a company's activities.

- A. prospectus .
- B. statutory declaration .
- C. memorandum of association .
- D. articles of association .

ANSWER: C

145. _____ companies must have their own Articles.

- A. Government companies.
- B. Unlimited companies.
- C. Companies limited by shares.
- D. Registered companies.

ANSWER: B

146. The duties of Company Secretary s regarding company meetings are restricted upto_____.

- A. before company meeting.
- B. during company meeting
- C. after company meeting.
- D. In all the above situations

ANSWER: D

147. A private company _____issue deferred shares with disproportionate voting rights.

- A. can only
- B. can.
- C. cannot.
- D. can with the prior approval of the government

ANSWER: A

148. Shares can be issued_____.

- A. at par.
- B. at discount.
- C. at premium.
- D. all of the above

ANSWER: D

149. Identify those persons who do not enjoy right of genera lien

- A. Finder of goods
- B. Factors
- C. Bankers
- D. None

ANSWER: A

150. Ascertained goods means_____ goods

- A. Specific
- B. General
- C. Goods sent for approval basis
- D. None

ANSWER: A