

Chapter 7

Formation of a Company

One Mark Questions

1. Who are promoters?
2. State any type of feasibility studies conducted by promoters in the promotion of a company.
3. Which type of company issues prospectus?
4. Which is the main document for a Joint Stock Company?
5. How many members have to sign Memorandum of Association in case of a public company?
6. How many members have to sign Memorandum of Association in case of a private company?
7. Directors of which type of company have to subscribe for qualification shares?
8. Expand SEBI.
9. At what stage a private company can commence its business?

Multiple choices One Mark Questions

1. Application for the approval of name of a company is to be made to
 - (a) SEBI
 - (b) Registrar of companies
 - (c) Govt. of India
 - (d) Govt. of the state in which the company is to be registered
2. A proposed name of the company is considered undesirable if
 - (a) It is identical with the name of an existing company
 - (b) It resembles closely with the name of an existing company
 - (c) It is an emblem of Government of India, United Nations, etc.
 - (d) In case of any of the above
3. 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

Two Marks Questions

1. State any two important documents for the incorporation of a company.
2. State any two functions of promoters.
3. Name any two stages in the formation of a Company.
4. What is Memorandum of Association?
5. Name any two clauses of Memorandum of Association.
6. Give the meaning of Liability clause of Memorandum of Association.
7. Give the meaning of Qualification shares.
8. What is Articles of Association?

9. What is 'Prospectus'?
10. Give the meaning of Minimum Subscription.

Four Marks Questions

1. State the functions of promoters.
2. Explain briefly the feasibility studies conducted by the promoters in the promotion stage of Company.
3. Explain briefly any four clauses of Memorandum of Association.
4. State any four differences between Memorandum of Association and Articles of Association.
5. Write a note on Articles of Association.
6. Write a note on Prospectus.
7. Explain briefly the promotion stage in the formation of a Company.
8. Explain briefly Incorporation Stage in the formation of a company.
9. What is Capital Subscription? State the steps involved in it.

Eight Marks Questions

1. Explain the functions of promoters in the promotion stage of a company
2. Explain the following stages in the formation of a company:
a) Promotion Stage b) Incorporation Stage
3. What is capital subscription in the formation of a company? Explain the steps involved in it.