

SERIES: A

QP CODE: 24900051

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Reg No:.....

Name:.....

MAHATMA GANDHI UNIVERSITY, KOTTAYAM
FIRST SEMESTER MGU-UGP (HONOURS) REGULAR
EXAMINATION NOVEMBER 2024

First Semester

**Discipline Specific Core Course - MG1DSCBLW100 - CORPORATE REGULATIONS
AND COMPLIANCE**

(2024 ADMISSION ONWARDS)

Duration: 1 Hours

Maximum Marks: 70

**Remember (K), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C), Interest (I),
Appreciation (Ap), and Skill (S)**

*Students should attempt atleast one question from each course outcome to enhance their overall
outcome attainability.*

[Learning Domain][CO No(s)]

Part A

Multiple Choice Questions
Attempt any 20 questions.
Each question carries 1 mark

- 1 DIN is allotted by _____ [K] [3, 4]
- a) Central Government b) Registrar of Companies
- c) Income Tax Department d) C&AG
- 2 Managing Director means a director who is entrusted with substantial powers of management of the affairs of the company by [U] [3, 4]
- a) Virtue of the articles of a company b) An agreement with the company
- c) A resolution passed in its general meeting, or by its Board of Directors d) All of the above

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- 3 Which of the following is true regarding the duties of a Company Secretary under the Companies Act 2013? [U] [4, 5]
- a) To ensure compliance with applicable laws
 - b) To manage the financial accounts of the company
 - c) To represent the company in Court
 - d) To conduct financial audits
- 4 What does DSC stand for in the online company formation process? [K] [2, 5, 6]
- a) Digital Signature Certificate
 - b) Director Signature Confirmation
 - c) Digital Security Code
 - d) Director Special Code
- 5 Who is typically responsible for issuing the notice of a company meeting? [K] [2, 5]
- a) The company's shareholders
 - b) The Board of Directors or company secretary
 - c) The government
 - d) The company's auditor
- 6 Minutes of Proceedings of meeting of a company are prepared by: [K] [4, 5]
- a) Company Secretary
 - b) Managing Director
 - c) Shareholders
 - d) Company Law Tribunal
- 7 According to the 2013 Act, a person appointed as a proxy can act on behalf of how many members? [K] [4, 5]
- a) 25 members
 - b) 50 members
 - c) 75 members
 - d) 100 members
- 8 Which among the following is the most suitable statement about the transferability of shares in a public company compared to a private company? [U] [1]
- a) Public companies have no restrictions on transferability, while private companies do.
 - b) Both public and private companies have the same restrictions on transferability.
 - c) Private companies have more freedom in transferring shares than public companies.
 - d) Public companies have restrictions that do not apply to private companies.
- 9 The doctrine of in company law refers to the legal assumption that anyone dealing with a company is presumed to be aware of the contents of the company's Memorandum and Articles of association [U] [2]
- a) Doctrine of ultra vires
 - b) Turquand's Rule

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- c) Constructive notice d) Presumed knowledge
- 10 A Red Herring Prospectus primarily serves which of the following purposes? [U] [2, 3, 4]
- a) To provide finalized details about the company's financial health. b) To attract investors without disclosing the exact price of the shares.
- c) To outline the company's operational strategies. d) To provide information about the company's employees.
- 11 What is the golden rule of prospectus? [U] [2, 4]
- a) A principle requiring companies to disclose all material facts in a prospectus to ensure transparency and prevent misleading potential investors. b) A guideline suggesting that companies highlight only the positive aspects of their business in a prospectus.
- c) A rule allowing companies to omit certain information if it could negatively impact investor decisions. d) A standard mandating the inclusion of financial forecasts in all prospectuses.
- 12 What is the primary purpose of lifting the corporate veil? [U] [1]
- a) To increase the profits of the company b) To hold individuals responsible for the company's actions
- c) To change the company's name d) To reduce the company's tax liability
- 13 What is the purpose of the Object Clause in the Memorandum of Association? [U] [2]
- a) To list the company's directors b) To define the company's business activities
- c) To specify the company's shareholders d) To outline the company's financial performance
- 14 In order to reduce share capital, a certified copy of the Tribunal's order and a minute approved by the Tribunal must be filed with the _____ for registration [U] [3, 4]
- a) Ministry of Finance b) Registrar
- c) High Court d) Securities and Exchange Board of India (SEBI)
- 15 What is the main distinction between secured and unsecured debentures? [U] [2, 3]

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- a) Voting rights b) The presence of a specific charge on assets

c) The type of interest rate d) Whether or not they can be converted into shares

16 One Person Company is classified as which type of company? [U] [1, 3]

a) Government company b) Public limited company

c) Private limited company d) Nidhi company

17 For the Assertion (A) and Reason (R) below, choose the correct alternative: [U] [1, 3]
Assertion (A): The profits of a Section 8 company cannot be distributed to its members.
Reason (R): Section 8 companies are established for promoting charitable objectives.

a) Both A and R are true, but R is not the correct explanation for A. b) Both A and R are true, and R is the correct explanation for A.

c) A is true, but R is false. d) A is false, but R is true

18 Assertion: A holding company is not required to disclose its financial statements. [U] [1, 3]
Reason: Holding companies operate independently of their subsidiaries.

a) Both Assertion and Reason are true, and the Reason is the correct explanation for the Assertion. b) Both Assertion and Reason are true, but the Reason is not the correct explanation for the Assertion.

c) Assertion is true, but Reason is false. d) Assertion is false, but Reason is true.

19 First annual general meeting of a company shall be held within how many months from the end of the first financial year? [U] [3, 4]

a) Six b) Three

c) Nine d) Twelve

20 Under the Companies Act, 2013, the first meeting of the board of directors of a newly incorporated company must be held within how many days of incorporation? [U] [3, 4]

a) 10 b) 30

c) 45 d) 60

21 Every person liable to contribute to the assets of a company in the event of winding up is known as [K] [4, 6]

- a) Liquidator b) Registrar
- c) Member d) Contributory
- 22 What is the minimum percentage of net profits that companies must allocate for CSR activities as per the Companies Act, 2013? [K] [4]
- a) 1% b) 2%
- c) 5% d) 10%

$$(20 \times 1 = 20)$$

Part B

Multiple Choice Questions

Answer any 25 questions.

Each question carries 2 marks

- 23 Which of the following is required when issuing a prospectus? [A] [2, 4]
 (i) Approval from the company's marketing team
 (ii) Filing the prospectus with the Registrar of Companies (ROC)
 (iii) Publishing it in the company's internal newsletter

a) (ii) only b) (i) (ii) and (iii)
 c) (ii) and (iii) only d) (iii) only

24 What is the consequence if a company violates the golden rule of framing prospectus? [A] [2, 4]

a) Damage to the company's reputation and trust b) Legal liabilities
 c) Penalties d) All of the above

25 The alteration of memorandum of association relating to the place of the registered office from one place to another shall not have any effect unless it is approved by on an application in such form and manner may be prescribed [U] [3]

a) Registrar of Companies b) the central government
 c) Board of Directors d) Shareholders

26 Which of the following is not a type of prospectus? [U] [4]
 (i) Red Herring Prospectus
 (ii) MCA 21 Prospectus
 (iii) Table F Prospectus
 (iv) Shelf Prospectus

a) (ii) and (iv) only b) (i) and (iii) only
 c) (i) and (ii) only d) (ii) and (iii) only

27 Match the Following: [A] [3, 4]

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Column A	Column B
1. Preference shares	A. Voting right
2. Equity shares	B. Guaranteed dividends
3. Cumulative preference shares	C. Can be bought back by the company
4. Convertible preference shares	D. Can be converted to equity shares
5. Redeemable shares	E. Accumulate unpaid dividends

- a) 1 - B,
2 - E,
3 - A,
4 - C,
5 - D
- b) 1 - E,
2 - A,
3 - B,
4 - C,
5 - D

- c) 1 - B,
2 - A,
3 - E,
4 - D,
5 - C
- d) 1 - C,
2 - D,
3 - B,
4 - E,
5 - A

28 Match the following:

[A] [3, 4]

Column A	Column B
1. Transferor	A. Represents the deceased's interests
2. Transferee	B. The original owner of the shares
3. Transfer deed	C. Occurs upon the death of the shareholder
4. Executor	D. The person who receives shares
5. Transmission	E. Legal document for transferring shares

- a) 1 - D,
2 - A,
3 - C,
4 - B,
5 - E
- b) 1 - C,
2 - D,
3 - A,
4 - E,
5 - B

- c) 1 - B,
2 - D,
3 - E,
4 - A,
5 - C
- d) 1 - D,
2 - E,
3 - B,
4 - C,
5 - A

29 Match the following:

[A] [3, 4]

Column A	Column B
1. Authorized capital in installments.	A. Capital that shareholders are required to pay
2. Issued capital being liquidated.	B. Capital that is called only when the company is
3. Subscribed capital for subscription.	C. The amount of capital issued to the public
4. Called-up capital can raise.	D. The maximum amount of capital a company

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5. Reserve capital

E. Capital that the public has agreed to purchase

- | | |
|--|--|
| a) 1 – A,
2 – E,
3 – B,
4 – D,
5 – C | b) 1 – E,
2 – D,
3 – A,
4 – B,
5 – C |
| c) 1 – C,
2 – A,
3 – D,
4 – B,
5 – E | d) 1 – D,
2 – C,
3 – E,
4 – A,
5 – B |

- 30 For the Assertion (A) and Reason (R) below, choose the correct alternative: [U] [1, 3]
Assertion: The minimum paid-up capital for a public limited company is ₹5 lakh.

Reason: This requirement is set to ensure that companies have sufficient financial backing to operate effectively.

- | | |
|---|---|
| a) Both Assertion and Reason are true, and the Reason is the correct explanation for the Assertion. | b) Both Assertion and Reason are true, but the Reason is not the correct explanation for the Assertion. |
| c) The Assertion is true, but the Reason is false. | d) The Assertion is false, but the Reason is true. |

- 31 For the Assertion (A) and Reason (R) below, choose the correct alternative: [U] [1, 3]
Assertion (A): An LLP provides limited liability protection to its partners.
Reason (R): This means that partners are not personally liable for the debts of the LLP beyond their capital contribution.

- | | |
|---|---|
| a) Both A and R are true, and R is the correct explanation for A. | b) Both A and R are true, but R is not the correct explanation for A. |
| c) A is true, but R is false. | d) A is false, but R is true. |

- 32 Who all can attend and vote in an Annual General Meeting? [A] [3, 4]

- (i) Members of the company
(ii) Creditors of the company
(iii) Employees of the company
(d) Auditors of the company

- | | |
|-----------------------|----------------------|
| a) (i) (ii) and (iii) | b) (i) and (ii) Only |
| c) (i) Only | d) (ii) and (iii) |

- 33 An Extraordinary general meeting may be convened by [U] [3, 4]
(i) The board of directors on its own
(ii) The board of directors on the requisition of shareholders
(iii) By requisitionists themselves

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- (iv) National Company Law Tribunal
(v) Company Secretary
- a) (i) and (ii) Only b) (i) (iii) and (v) Only
c) (i) (ii) and (iv) Only d) (i) (ii) (iii) and (iv) Only
- 34 Which of the following statements is/are correct about special resolution? [U] [3, 4]
Statement I: The articles of association may provide that certain type of business shall be approved by a special resolution.
Statement II: The votes cast in favour of the resolution by members entitled to vote either in person or by proxy are not less than two times the number of votes if any, cast against the resolution.
- a) Statement I is correct b) Statement II is correct
c) Both Statement I and II are correct d) Neither Statement I nor II is correct
- 35 Which of the following can be a ground for compulsory winding up? [K] [3, 6]
(i) Passing of ordinary resolution for winding up
(ii) Passing of a special resolution for winding up
(iii) Inability to Pay Debt
(iv) Deadlock in management
(v) Resignation of board members
- a) (i) (ii) (iii) and (iv) Only b) (ii) (iii) (iv) and (v) Only
c) (ii) (iii) and (iv) Only d) (ii) and (iv) Only
- 36 Who all can file a petition for winding up? [K] [4, 6]
(i) Company
(ii) Creditors
(iii) Contributories
(iv) Registrar
(v) Government
- a) (i) (ii) and (iii) Only b) (i) (ii) (iv) and (v) Only
c) (ii) (iii) (iv) and (v) Only d) (i) (ii) (iii) (iv) and (v)
- 37 What is the correct sequence regarding the procedure for voluntary winding up? [U] [4, 6]
(i) Declaration of Solvency
(ii) Publication in Official Gazette
(iii) Final Meeting
(iv) Dissolution
(v) Resolution passed by the company
(vi) Appointment of Liquidator
(vii) Notice to registrar
- a) (v) (i) (vii) (vi) (iii) (iv) (ii) b) (v) (i) (iii) (vii) (iv) (ii) (vi)
c) (i) (iii) (vii) (iv) (ii) (vi) (v) d) (v) (i) (ii) (iii) (iv) (vi) (vii)

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- 38 The memorandum of association must be altered/amended in which of the following situations? [U] [2]
(i) Change in the directors of the company
(ii) Change in the company name
(iii) Change in the registered office of the company
(iv) Changing the auditor of the company
a) (i) and (ii) only b) (ii) and (iii) only
c) (iii) and (iv) only d) (i) (ii) and (iii) only
- 39 For the Assertion (A) and Reason (R) below, choose the correct alternative: [An] [2, 5, 6]
Assertion (A): The MCA21 system supports the real-time tracking of company filings.
Reason (R): MCA21 integrates with various government databases to allow the public and stakeholders access to a company's legal status and financial information.
a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A.
c) A is true, but R is false. d) A is false, but R is true.
- 40 The notice shall be given to - [U] [2, 5, 6]
(i) every director;
(ii) every member;
(iii) legal representatives of the deceased member;
(iv) official assignee of the insolvent member;
(v) auditor(s).
a) Only (i), (ii), (iii) and (iv) b) Only (ii), (iii), (iv) and (v)
c) Only (i), (ii), (iii) and (v) d) (i), (ii), (iii), (iv) and (v)
- 41 For the Assertion (A) and Reason (R) below, choose the correct alternative: [An] [4, 5, 6]
Assertion (A): The agenda of an Annual General Meeting (AGM) must include the approval of financial statements.
Reason (R): Approval of financial statements is a mandatory item for every AGM as per Company Law .
a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A.
c) A is true, but R is false. d) A is false, but R is true.
- 42 Which of the following statements about proxy are correct? [U] [4, 5, 6]
(i) A proxy is a person appointed by a member to be present at a meeting
(ii) A proxy has the right to speak at meeting
(iii) A proxy shall be entitled to vote only on poll
(iv) For each meeting, a separate proxy is required
a) Only (i), (ii) and (iii) b) Only (i), (iii) and (iv)

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- c) Only (ii), (iii) and (iv) d) (i), (ii), (iii) & (iv)
- 43 Which of the following statements are true? [U] [1, 2]
i) NCLT is empowered to handle civil disputes and insolvency cases related to companies.
ii) NCLAT can hear appeals against orders passed by the Special Courts.
iii) The SFIO is responsible for investigating serious frauds within companies.
iv) Special Courts handle criminal offences specified in the Companies Act, 2013.
v) The NCLAT can initiate investigations into corporate frauds independently.
- a) (i), (iii), (iv), and (v) only b) (ii) and (v) only
c) (i), (iii), and (iv) only d) All the five statements
- 44 For the Assertion (A) and Reason (R) below, choose the correct alternative: [An] [6]
Assertion (A): The primary goal of corporate governance is to maximize shareholder profits.
Reason (R): Corporate governance seeks to balance the interests of all stakeholders, including shareholders, employees, and the community.
- a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A.
c) A is true, but R is false. d) A is false, but R is true.
- 45 Match the following from Section I and Section II: [An] [6]
Section I
i) Board of Directors
ii) Reporting and disclosure
iii) CSR
iv) Compliance
Section II
1) 2% of average net profit
2) SEBI
3) Woman directors
4) Annual Reports
- a) i-1, ii-2, iii-3, iv-4 b) i-2, ii-3, iii-4, iv-1
c) i-3, ii-4, iii-1, iv-2 d) i-4, ii-2, iii-1, iv-3
- 46 Which of the following best defines insider trading? [A] [6]
i) Trading securities based on publicly available information
ii) Buying or selling a company's stock based on confidential, non-public information
iii) Offering financial advice to friends and family
iv) A company issuing new shares to the public
- a) i b) ii
c) iii d) iv

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- 47 CSR is primarily about balancing the needs of: [A] [4]
i) Shareholders and investors
ii) The government and regulatory bodies
iii) The company's owners and managers
iv) The company's stakeholders, including employees, customers, and society
- 48 Which of the following is a benefit of CSR initiatives to employees? [An] [6]
i) CSR focuses solely on customer relations
ii) CSR helps create a positive work environment and fosters employee loyalty
iii) CSR eliminates the need for employee training
iv) CSR allows companies to reduce employee engagement
- 49 Which of the following statements is/are correct? [U] [3, 4]
(i) Board of Directors can appoint additional directors only if the Memorandum so provides
(ii) A person who have failed to get appointed as director in a general meeting cannot be appointed as additional director
- a) Only (i) is correct b) Both (i) & (ii) are correct
c) Only (ii) is correct d) Both (i) & (ii) are incorrect

(25 × 2 = 50)

END OF THE QUESTION PAPER
