



	Company Law	
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Test-CH 1 TO CH6

Name:

Total Marks: 100

Passing Marks: 50

Time: 3HRS 15MINTS

Part A MCQs (15)

1. The concept of limited liability applies to

- (a) The directors of the company
- (b) To the creditors of the company
- (c) To the owners (Shareholders) of the company
- (d) To the Bankers of the company

2. A body corporate or corporation is a company:

- (a) Incorporated outside the pakistan
- (b) Inside the pakistan
- (c) Listed on stock exchange
- (d) A & b

3. Listed Company will be registered on.....?

- (a) Stock Exchange of Pakistan
- (b) ICAP
- (c) Stock exchange of Dubai
- (d) Both (I) & (II)

4. Mahesh is a creditor of an unlimited company. The company was wound-up.



Mahesh, therefore, wants to sue the members of the company to recover the dues. Advise Mahesh regarding the remedy available to him.

- (a) As it is an unlimited liability company Mahesh can sue the members (
- b) As it is an unlimited liability company Mahesh can sue the members as well as the company (c) Mahesh cannot sue the members or the company even though the liability is unlimited
- (d) Mahesh can sue the company but not the members as the members liability is unlimited towards the company and not towards the creditors.

5. Process of voluntary winding up will be commenced within.....

- (a) 45 days of revocation of licence
- (b) 30 of revocation of licence
- (c) 30 days of acceptance of report
- (d) 90 days

6. Every company shall supply within a period of 14 days, a copy of the memorandum and articles of the company, upon the request and payment of a prescribed amount, to its

- (a) Creditor
- (b) Auditor
- (c) Director
- (d) Member

7. Which alteration clause of Memorandum of Association does not require ordinary/Special resolution in General meeting?

- (a) Change in name clause from Private limited to public limited
- (b) Change in Registered Office
- (c) Alteration of capital
- (d) None of the above





8. Memorandum of association:

- (a) Can be called CNIC of the company
- (b) Contains external affairs of company (face of the company)
- (c) Mandatory
- (d) Both i) & iii)

9. Subscription money shall be paid within.....Days

- (a) 15
- (b) 30
- (c) 21
- (d) 45

10. Article of a public company stated that Mr. Ram will be the solicitor of the company. The company in its general meeting of the shareholders resolved unanimously to appoint Mr. Shyam in place of Mr. Ram as the solicitor of the company by altering Articles. For this alteration which resolution is required?

- (a) Special Resolution
- (b) Ordinary resolution
- (c) Directors Vote only
- (d) Just announcement in meeting

11. A chief executive shall be a person who is vested with whole or substantially the whole, of the powers of the management of the affairs of the company. Being a member of the board of directors, he reports to

- (a) The chairman of the company
- (b) The members of the company
- (c) The board of directors of the company
- (d) The company secretary of the company

12. Stylish technology limited engaged in the manufacturing of mobiles and chargers.



The company's board of directors consist of 8 directors as on 10th September, 2016 i.e. Mr. Ram (director), Mr. Shayam (employee director), Mr. Mohan (director appointed by creditors), Mr. Vijay (director), Mr. Naresh (alternate director), Mr. Ashish (independent director), Mr. Neeraj (independent director) and Mr. Anil (Govt nominee director). Calculate the number of directors to retire at annual general meeting held on 15th September, 2019.

- (a) Five (b) Two
(c) Three (d) Four

13. A director of XYZ, a Private Limited Takes a loan from its company. Due to some reasons, he fails to repay debt in given time period. He requested board of directors to give him time for repayment of debt. Which of below statements is correct with respect to exercise of power in given case?

- (a) Power to fix time limit to repay debt due from director can be exercised only by members by special resolution at a general meeting.
(b) Power to fix time limit to repay debt due from director can be exercised by board of company itself
(c) Power to give extension to a loan of a director rests with members (and not the directors)
(d) Board not exercise this power if provision on repayment of debt is contained in AOA of company

14. Within _____ days from the date of appointment or nomination, as the case may be, the company shall file with the registrar a list of persons who have consented to act as director or chief executive of the company along with the consent to do so in the prescribed form:

- (a) 21 days (b) 35 days
(c) 14 days (d) None





15. If a person who is not eligible to appoint as a Director, he will also become Disqualified for....

- (a) CEO
- (b) CFO
- (c) Company Secretary
- (d) Sale agent

Part B

Q.1

(a) Farman is a director of Scoop Limited (SL). SL suffered a loss because Farman exceeded his authority. Company is looking to compensate this loss from Farman's remuneration. Farman argued that he has limited liability and deduction of loss from remuneration of Farman is illegal.

Required: In the light of companies act 2017, explain whether Farman is liable for his act? (4)

(b) What are the powers and duties of registrar? (3)

Q.2

In the light of companies act 2017, estimate validity of following statement and suggest corrective measures. (All cases are connected)

a) License of AWA has been canceled of 14 November 2019. AWF a debtor of AWA is unwilling to pay them as they are not operational now. (2)

b) AWA going to receive donation at 20 November 2019. (2)

c) AWA is going to sell its asset at 20 February 2020. (2)

d) Board of AWA is looking to file compliance report to registrar at 31st March 2020. (2)

Q.3





Asil is in process of registration of memorandum of association and following matters are under consideration

(a) In light of companies act 2017 advise Asil on validity of following statements and corrective procedure to be followed.

i) Asil wants to reserve name for 90 days. (1.5)

ii) Applied name has been refused by registrar. (1.5)

(b) Asil wants to file appeal in court on order of commission. What steps should Asil follow in light of companies act 2017. (1)

Q.4

(a) What amendments would be required by Fazal Limited on changing its registered office from Lahore to Multan (In accordance with companies act 2017).

(1)

(b) In accordance with companies act 2017, what steps should be followed by Fazal Limited to change its registered office clause and principle line of business clause from Lahore to Peshawar. (4)

Q.5

(a) Moiz Company (unlimited company) is looking to adopt Table A as Article of association.

In light of companies act 2017 guide Moiz Company about validity of step also state for what type of companies the registration of article of association is compulsory. (3)

(b) Write a brief note on alteration of articles of association in accordance with companies act 2017. (3)

Q.6

(a) Muskan is a CEO of Asma limited (Public listed company). Talha a major shareholder wants to appoint Muskan as a director of the company. Other





shareholders are opposing this decision as Muskan is not a member of the company.

i. In light of companies act 2017 describe whether Muskan can be appointed as Director of Asma limited? (2)

ii. List down conditions in which a non-member can be appointed as director of the company. (2)

(b) Behardin Limited(BL) company was incorporated at 1st January 2019. In January 2020 BL is going to elect its directors. They are facing problems in election of directors.

i. In light of companies act 2017 guide respective procedure of Director's election. (4)

ii. List down difference in procedure if BL is company limited by guarantee. (1)

Q.7

Mr. Amjad acquired 25% shares of khufia pvt limited at September 20 2019. Company denied his appeal to become a director as AGM to appoint the directors will be held at 1st Jnauary 2020.

(a) In light of companies act 2017 determine the validity of above step and explain procedure to be followed. (4)

(b) Mr. Raju at March 31 2020 wants to make appeal in court against election held at 1st January 2020. Guide Raju in accordance with companies act 2017. (2)

Q.8

(a) In light of companies act 2017 describe the following

(i) Quorum of Benson limited a listed company with 8 Directors (2)

(ii) Quorum of Marvel limited an unlisted company with 10 directors (1)



(b) Fazal was elected as a director to fill in a casual vacancy; company has 7 million shares and 13 directors. The last one to become director had secured 3 million votes in last election of directors. A resolution has been moved in the general meeting to remove Fazal from his position. How much votes Fazal require to save his seat? (03)

Q.9

(a) PSO limited prepared its advertisement and amount of authorized share capital is written just once in it. Nothing else related to share capital is mentioned in it.

Under the provisions of Securities act 2015 explain with reason the consequences of above case. (04)

(b) Sonic limited has 2 classes of ordinary shares. Class A and class B. Sonic limited wants to make variation in class B shares. Under the provisions of securities act 2015 briefly explain

- i. The procedure of making such variations. (03)
- ii. Is there any possibility if company follow the above procedure of variation of rights as described in company law, still court cancel this resolution? (04)

Q.10

(a) The directors of Nishat Limited wish to alter the authorized capital of the company. You are required to inform them about the relevant provisions regarding increase in authorized capital, contained in the Companies Act, 2017. (04)

(b) Azam limited is going to issue its prospectus, CEO of AL stated that approval of commission is not require for such issuance.

In light of Securities act 2015 state conditions in which approval of commission is not required for such issuance. (04)





(c) Fareed limited is a newly incorporated company looking to commence its business.

Under the provisions of securities act 2015 advise directors of Fareed limited about initial requirements of the act. Also explain the term minimum subscription to them. (05)

Q.11

(a) The directors of Jhelum Limited (JL) intends to make a public offer of its securities and are in the process of preparing the prospectus. They wish to include a statement made by an expert in JL's prospectus.

Under the provisions of the Securities Act, 2015 advise the directors about:

(i) the matters that must be considered before including the statement made by an expert in JL's prospectus. (02)

(ii) the conditions that must be complied with before issuing, circulating or publishing JL's prospectus containing the expert's statement. (02)

(b) Explain the term 'shelf prospectus' in the context of a prospectus as defined in the Securities Act, 2015. (02)

(c) Burewala limited is a newly incorporated company. On 1st January 2021, the Commission approved the prospectus of Burewala Limited (BL) for public offer of its securities. The directors intend to publish the prospectus on 1st April 2021.

Under the provisions of the Securities Act, 2015 advise the directors with regard to the following: (BL incorporated on 1st January 2020)

i. The time frame within which the prospectus may be published.

ii. The requirements for publication of prospectus. (04)

