



ENTERPRISE LAW

SAMPLE QUESTIONS

SECTION A

ATTEMPT ALL QUESTIONS

1. Where the registrar strikes off the register the name of a company as a defunct one, the court has the power to order restoration of name within:
 - (a) 5 years
 - (b) 7 years
 - (c) 10 years
 - (d) 20 years
2. Consideration is necessary. In case of transfer
 - (a) Yes
 - (b) No
3. A share warrant is transferable by _____ .
 - (a) By Execution of transfer deed
 - (b) By delivery
 - (c) Both (a) and (b)
 - (d) None of the above
4. Every AGM must be held with _____ from the date of the Balance Sheet.
 - (a) 4 months
 - (b) 6 months
 - (c) 9 months
 - (d) None of these
5. Public Company and Public Sector Company both the companies are same.
 - (a) True
 - (b) False
6. The resolution passed at AGM are _____.
 - (a) Valid
 - (b) Void
 - (c) Voidable
 - (d) Void ab-initio
7. Share warrants can be issued with the prior approval of the _____.
 - (a) Company law board
 - (b) Department of company affairs
 - (c) Registrar

(d) None

8. The minimum number of Directors in case of a public company is _____.

- (a) 1
- (b) 2
- (c) 3
- (d) 4

9. Which of the following is not a key feature of a registered company?

- (a) Unlimited liability
- (b) Disclosure formality
- (c) Transferability of shares
- (d) Registration by incorporation

10. The objective of a good system of company law should be, first, to provide a framework within which entrepreneurs can be encouraged to take commercial risks and develop new businesses.

- (a) True
- (b) False

11. The primary source of enterprise law is

- (a) Constitution
- (b) Precedent
- (c) Case law
- (d) Extra Legal codes

12. A company cannot be registered with a name which gives the impression that the company is connected with the Government or a local authority without the consent of the Secretary of State.

- (a) True
- (b) False

13." A company may in many ways be likened to a human body. It has a brain and nerve centre which controls what it does. It also has hands which hold the tools and act in accordance with directions from the centre. Some of the people in the company are mere servants and agents who are nothing more than hands to do the work and cannot be said to represent the mind or will". This statement can be attributed to:

- (a) Article of association
- (b) Civil Liability
- (c) Memorandum
- (d) Identification theory

14. The article of association is the more fundamental of the two documents and is the one to which the original parties forming the company will subscribe their names.

- (a) True
- (b) False

15. Which of the following is a repository document?

- (a) Share certificate
- (b) Register of members
- (c) Articles
- (d) Partnership clause

16. Theof the company are under a statutory duty to make a report to the members of the company on all of the annual accounts which are laid before the company in general meeting.

- (a) Directors
- (b) Auditors
- (c) Accountant
- (d) Cashier

17. Which of the following is a condition for a Crystallisation, of a floating charge

- (a) if a receiver is appointed by the court or any chargee;
- (b) when winding up commences (even a member's voluntary winding up); or
- (c) when the company ceases to carry on its business as a going concern.

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

18. There have always been a number of cases where the courts have not applied the principle ofso as to preclude a minority shareholder from obtaining relief.

- (a) Minority rule
- (b) Humanitarian rule
- (c) Majority rule
- (d) Ultra vires

19. An amount which is stated in the company's memorandum and is the maximum sum which a company can raise by way of issuing shares is known as:

- (a) Paid up capital
- (b) Authorised Share capital
- (c) Call capital
- (d) Issued share capital

20. The list below is ways by which a company can reduce its capital except:

- (a) Extinguish or reduce the liability on any of its shares in respect of share capital not paid up.
- (b) Either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost or unrepresented by available assets.
- (c) Either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the company's wants.
- (d) Diminution of a company's capital

SECTION B

1. Cole is the manager of Exceeding Heights shopping mall owned by Kelly. In January he is told by Kelly not to buy biscuit from a new company called Crunch Ltd, because she has heard that their products are of poor quality. On 18th February Christa, a representative of Crunch Ltd visits the Exceeding Heights shopping mall and as a result Cole orders \$10,000 worth of biscuits. Christa is unaware of Kelly's instructions.

When later in the day Kelly discovers what Cole has done, they have arguments and Cole resigns. The following day Cole goes to Drinkit Ltd, Kelly regular supplier of wine and spirit and purchases 10 cases of whisky on credit in Kelly's name. He then absconds with the whisky.

Kelly comes to seek your advice as to her liability to:

a. Crunch Ltd

b. Drink it Ltd.

2. (a) What are the reasons for which the courts are prepared to lift or pierce the '*veil of incorporation*' of a limited liability company.

(b) The Directors of a company are prohibited from making certain transactions in respect of shares. Mention the prohibited transactions and discuss fully the reasons for the prohibitions.

3. (a) What is an ultra vires contract?

b) The Partnership will be liable where it has ratified the unauthorized act of a partner, 'the ratification is only valid where the agent professedly acted as a partner'.

List five (5) **activities** or transactions that all the partners are required or expected to take part or give their consent to formally approve it?

4. Resolutions feature prominently in corporate decision making, discuss into details the types of resolutions passed by companies