

The Institute of Chartered Accountants of Bangladesh
Business Law
Sample Question Paper

1. Section 12 of The Companies Act 1994, deals with

- a. Alteration of Memorandum
- b. Share capital
- c. Number of Directors
- d. Share holders

2. The application for registration of a company should be presented to the registrar of the state in which the _____ of the company is to be situated

- a. Manufacturing plant
- b. First branch
- c. Business office
- d. Any of the above.

3. The application for registration of a company should be presented to the _____ of the state appointed under The Companies Act 1994

- a. Controller
- b. Registrar
- c. Governor
- d. None of the above.

4. The address of the registered office of the company must be notified to the registrar within _____ of registration, if it is not done at the time of incorporation.

- a. 15 days
- b. 30 days
- c. 60 days
- d. 45 days

5. Which of the following documents is not mandatory to be submitted to the registrar along with incorporation application by a private limited company.

- a. Address of Registered office & undertaking
- b. Undertaking and statement of capital
- c. Statement of capital & list of directors
- d. All of the above

6. Which of the following clauses of Memorandum of Association cannot be altered WITHOUT obtaining High Court permission

- a. Name of the company
- b. Objects of the company
- c. Registered address of the office
- d. Liability

7. "Men may come and men may go but the company exist"- this explains which characteristics of the company as per companies Act 1994

- a. Separate legal entity
- b. Perpetual Succession

- c. Capacity to sue
- d. None of the above

8. The shares of a _____ company can be freely transferable

- a. Private Ltd
- b. Public Ltd
- c. Partnership
- d. All of the above

9. A private company means a company which has a minimum paid up capital of _____

- a. BDT1, 00,000
- b. BDT 5, 00,000
- c. BDT 50, 00,000
- d. Unlimited

10. The Prospectus must be issued to the public within _____ days after the date on which it has been delivered for registration

- a. 30
- b. 60
- c. 90
- d. 100

11. _____ means the total amount of called up share capital which is actually paid to the company by the members

- a. Nominal capital
- b. Reserve capital
- c. Called up capital
- d. Paid-up capital

12. Powers, rights, remuneration, qualification and duties of directors are discussed clearly in

- a. Memorandum of Association
- b. Articles of Association
- c. Prospectus
- d. none of the above

13. The power to look into issues of SHARE capital reduction of a company vests with which of the following organization?

- a. Court
- b. BSEC
- c. RJSC
- d. None of the above

14. Which among the following is correct with respect to Interim Dividend?

- a. It is declared during Annual General Meeting.
- b. It is recommended by the Directors.
- c. An interim dividend is typically one of two dividends given out by a company that is providing shareholders with income on a semi-annual basis.
- d. Both b and c

15. Generally within how many days the dividend declared in the general meeting shall be paid to the shareholders?

- a. one month
- b. Four months
- c. Three months
- d. None of the above

16. First auditor of a company shall be appointed by the BOD within_____ days from the date of registration?

- a. 15 days
- b. 30 days
- c. 45 days
- d. None of the above

17. The gap between two Annual General Meetings must not be more than fifteen months

- a. True
- b. False

18. Quorum of general meeting is maximum five members personally present for a Public Limited Company

- a. True
- b. False

19. Mr. X is the shareholder of a company. He holds 4% share capital of the company. Now, Mr. X wants to propose an agenda to change the statutory auditor of the company. Is Mr. X eligible to propose agenda and change the auditor?

a. Yes

b. No

20. In case of every company, a meeting of its Board of Directors shall be held at least once in every four months and at least three such meetings shall be held in a every year.

a. True

b. False

21. The auditor shall inform the Registrar withindays from the date of receipts of his appointment as auditor whether he has been accepted or refused such appointment

a. 15 days

b. 30 days

c. 45 days

d. None of the above

22. Which of the following is false about the extra ordinary general meeting

a. All the meetings of the shareholders other than AGM are known as extra ordinary general meeting

b. This meeting must be called by the shareholders

c. Notice for such meeting shall be issues 21 days before the date of such meeting

d. None of the above

23. Which of the followings are not the Negotiable Instruments as defined by the Statute...

- a. Bank Note
- b. Promissory Note
- c. Bill of Exchange
- d. Cheque

24. Which of the following is/are true about the Promissory Note:

- a. Definition of Promissory Note is given in section 8 of the Negotiable Instrument Act
- b. Containing an unconditional undertaking
- c. To pay a certain sum of money only to a specific person or the bearer
- d. a document signed by the maker

Options:

- I) a & b
- II) a & d
- III) b & d
- IV) c & d

25. Dishonour of Negotiable Instrument by Non Payment is covered under section in Negotiable Instrument Act 1881

- a. Section 90
- b. Section 91
- c. Section 92
- d. Section 93

26. If a Minor draw, indorse, deliver and negotiate Negotiable Instruments, it binds ____

- a. All the parties except minor
- b. All the parties including minor
- c. Minor Only
- d. Minor and Only Drawer

27. When the note, bill or cheque is lost and not found or is destroyed, the person in possession of it or the bearer at the time of loss or destruction shall deemed to continue to be its holder.

- a. True
- b. False

28. In case of having no partnership agreement, what will be the percentage of profit sharing ratio between them?

- a. Unequal
- b. Equal
- c. It will depend on the experience of a partner
- d. It will depend on a partner's capital

29. In which kind of partnership business, one partner has unlimited liability and other partners have limited liability?

- a. Partnership-at-will
- b. Limited partnership
- c. General partnership
- d. Particular partnership

30. Firm and partners – Persons who have entered into partnership with one another are called individually “partners” and collectively “a firm” and the name under which their business is carried on is called the “firm name”.

- a. True
- b. False

31. All of the followings are true except:

- a. The partnership is an association between two or more persons and all persons must be competent to contract.
- b. There can be no partnership consisting of a single individual.
- c. The partnership Act 1932 limits the number of partners to 50.
- d. If the number gets reduced to one, for any reason, it ceases to be a partnership.

32. If the partnership agreement does not specify what the rights or duties of the partners should be in particular circumstances, the rules set out in the Partnership Act 1932 are assumed to apply.

- a. True
- b. False

33. All of the following are correct EXCEPT:

- a. To constitute a partnership, the parties must have agreed to carry on a business.
- b. An agreement to carry on business at a future time does not result in partnership unless that time arrives and the business is commenced.
- c. If the purpose is to carry on some charitable work it will not be a partnership.
- d. None

34. Which of the following is true about sleeping or dormant partner –

- a. Sleeping partner is not known as such as a partner to third parties dealing with the firm.
- b. He may or may not take active part to conduct the business of the firm.
- c. He is equally liable along with other partners for all the debts of the firm, even though his existence is kept a secret from the outsiders dealing with the firm.
- d. All of the above

35. Every partner is bound to act within the scope of his actual or apparent authority. Where he exceeds the authority conferred on him and the firm suffers a loss. Which of the following shall be true?

- a. All the partners of the firm shall individually bear this loss.
- b. All the partners shall jointly and severally bear this loss
- c. Only the defaulting partner
- d. None

36. Can a partner even exceed his authority in order to save the firm from any loss in case of any emergency?

- a. Yes
- b. No

37. The legal representative of the deceased partner or the outgoing partner, is entitled at his option to:

- a. Such share of the profits as in proportionate to his share in the property of the firm
- b. Interest at the rate of 6% on the amount of his share in the property of the firm.
- c. Both A&B
- d. None

38. A contract is

- a. A set of promise forming consideration for each other.
- b. An agreement acceptable to both the parties about common thing.
- c. An understanding between the parties about a common thing.
- d. An agreement enforceable by law.

39. A person has the capacity to enter into contract if:

- a. He is a major and sound mind.
- b. If he can fully understand the nature of his contract.
- c. If he is not disqualified from contracting by any law to which he is subject.
- d. all of the above.

40. The correct sequence in the formation of a contract is:

- a. Offer, acceptance, agreement, consideration.
- b. Agreement, consideration, offer, acceptance.
- c. Offer, Consideration, acceptance, agreement.
- d. Offer, acceptance, consideration, agreement.

41. An agreement made without free consent is:

- a. Always void
- b. Voidable
- c. Unlawful
- d. Either void or voidable.

42. Unlawful detaining or threatening to detain any property with the intention of causing any person to enter into an agreement would amount to as per the Contract Act 1872 ?

- a. Duress
- b. Undue influence.
- c. Coercion
- d. Unlawful detention.

43. Mr. X by a misrepresentation, leads Mr. Z erroneously to believe that five hundred maunds of Sugar are made annually at Mr. X's factory. Mr. Z examines the accounts of the factory, which show that only four hundred maunds of Sugar have been made. After this Mr. Z buys the factory. The contract would be

- a. Voidable
- b. Void.
- c. Not voidable
- d. not enforceable.

44. A contract is not voidable merely because it was caused by one of the parties to it being under a mistake as to a matter of fact. Is the statement True or False?

- a. True
- b. False.

45. When the person to whom the proposal is made signifies his assent thereto the proposal is said to be accepted than its called

- a. Proposal
- b. Promise
- c. Agreement
- d. Proposal to agreement

46. As per section 6 of the Contract Act, 1872 proposal may be revoked due to.

- a. By the communication of notice of revocation by the proposer to the other party;
- b. By the laps of the time prescribed in such proposal for its acceptance, or, if no time is so prescribed, by the lapse of a reasonable time, without communication of the acceptance;
- c. By the death or insanity of the proposer, if the fact of his death or insanity comes to the knowledge of the acceptor before acceptance
- d. All of the above

47. The term "Contingent a. Proposal

- a. Possible but not assured
- b. Doubtful or uncertain
- c. Both (a) and (b)
- d. None of the above