

Company Affairs CS Interview Questions And Answers Guide.



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Company Affairs CS Job Interview Preparation Guide.

Question # 1

Tell me about the essential characteristics of a company?

Answer:-

The essential characteristics of a company are:

- * It is a voluntary association of persons.
- * It is a separate legal entity.
- * It has a common seal.
- * It has a perpetual succession.
- * It is created by law with limited liability.

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Question # 2

Can you define the Statutory company?

Answer:-

A company which is formed by the special Act passed by the Central or State legislature is called Statutory company. This type of company is not required to frame their Memorandum or Articles of Association. They are also not required to use the word limited as a part of their name. Their working is controlled, checked and reviewed by the Comptroller.

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Question # 3

Tell me on what basis registered companies are categorized?

Answer:-

Registered companies are categorized on the basis of liability and number of members. On the basis of liability companies can be categorized in the following three categories:

- * Unlimited companies.
- * Company limited by shares.
- * Company limited by guarantee.

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Question # 4

Can you tell me about the subsidiary company?

Answer:-

A company is a subsidiary of a holding company, if a holding company controls the majority composition of its board of directors, having an object to control the management of the subsidiary or that other company that is the holding company holds the majority of its shares or the holding company's subsidiary has its own subsidiary, it becomes the subsidiary of the first mentioned company or the first holding company.

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Question # 5

Do you know the difference between a partnership firm and a company?

Answer:-

- * Registration is not compulsory under Indian Partnership Act, 1932 whereas company comes into existence after the registration under Companies Act, 1956.
- * In the case of partnership firm the number of members must not exceed 20 in any business and minimum is 2 whereas in a private limited company minimum is 2 and maximum is 50 and in public limited company minimum 7 and no maximum limit.
- * Partnership firm does not have an independent legal position or status whereas company is independent legal status.
- * In partnership firm partners have unlimited liability whereas liability of shareholders is limited to the amount of the shares they hold.
- * In partnership firm transfer of interest is not transferable without consent of other partners whereas in a company shares are freely transferable without consent of other members.
- * Audit is not mandatory for a partnership firm whereas accounts of a company must be audited annually.
- * In a partnership firm stability of business is not affected by death or insolvency of partner whereas in the case of a company shareholder's death or insolvency would



not affect the constitution of the company.

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Question # 6

List the stages for the formation of a company?

Answer:-

Following documents are required:

- *Memorandum of Association duly stamped, signed and witnessed.
- * Articles of Association duly stamped, signed and witnessed.
- * A list of persons who have consented to become directors of the company.
- * A written and duly signed consent of the directors agreeing to act as directors and to pay for qualification shares, if any.
- * A notice of the address of the registered office of the company.
- * A statutory declaration to the effect that all the requirements of the law for registration have been duly complied with.
- * Payment of fees and issue of certificate of incorporation.

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Question # 7

Tell me when a company can start its business?

Answer:-

Private companies or companies having no share capital can start their business immediately after they are incorporated but public companies with share capital are required to obtain the necessary certificate from the registrar of companies to commence the business.

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Question # 8

Define articles of association?

Answer:-

Articles of association is the internal regulations of the company which help to govern the management of the internal affairs of the company and the conduct of its business.

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Question # 9

Can you define memorandum of association?

Answer:-

Memorandum of Association contains the constitution and the objects of the company for which it is formed. The company cannot exceed the powers conferred on it by its memorandum.

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Question # 10

Tell me how to alter a memorandum?

Answer:-

Memorandum of association can be altered only under certain circumstance and in the manner provided in the Companies Act. It requires the sanction of shareholders and the central government or the Company law board or the court as the case may be. The procedure of alteration or memorandum is more difficult.

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Question # 11

Please tell me what if articles of association of a company can be altered after its incorporation?

Answer:-

Articles of association of a company can be altered as the procedure of alteration or amendment of articles of association is relatively simple. It can be altered by the members by passing a special resolution subject to the provisions of the Companies Act.

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Question # 12

Do you know about the company limited by shares?

Answer:-

Companies where the liability of the shareholders of a company is limited to the extent of the unpaid amount on the shares held by them the company is known as a company limited by shares. In n companies, whatever may be the liabilities of a company, shareholders are not bound to pay anything more than the face value of the shares held by them. Thus, the liability of each of the shareholders of such a company is always limited to the extent of the amount unpaid on his shares. A company limited by shares can be a public company or private company.

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Question # 13

Define if you know company limited by guarantee?

Answer:-

Companies where liability of members is always limited to a fixed amount agreed by its members to contribute towards the assets of the company is known as a



company limited by guarantee. In such companies the articles shall state the number of members with which the company is to be registered. Thus, the amount promised to pay by a member of a company limited by guarantee is called the guarantee.

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Question # 14

Can you define the term unlimited companies?

Answer:-

Companies registered without limited liability is known as an unlimited company. The liability of such company is unlimited like an ordinary partnership firm and every member of such company is liable for debts of the company in proportion to his interest in the company. In such companies the articles shall state the number of members with which the company is to be registered and if the company has a share capital the amount of the share capital with which the company is to be registered.

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Question # 15

Can you tell me what is annual general meeting?

Answer:-

It is an annual meeting of the body of members. Every company is required to hold the annual general meeting. The first annual general meeting must be held within eighteen months from the date of incorporation of a company. The gap between two annual general meetings should not be more than fifteen months.

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Question # 16

Can u tell me what are the rights of directors?

Answer:-

Rights of Directors:

- * Right to participate in the affairs of the company.
- * Right to have remuneration.
- * Right to compensation.

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Question # 17

Tell me about the duties of directors?

Answer:-

Duties of Directors:

- * Duty of greatest good faith of fiduciary duties.
- * Duty of reasonable care, skill and diligence.
- * Duty to attend Board Meetings.
- * Duty to invest Company's money.
- * Duty not to delegate functions.

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Question # 18

Please tell me statutory duties of directors?

Answer:-

Statutory Duties:

- * To see that all money received from applicants are deposited in a scheduled bank.
- * To call an extra ordinary general meeting when demanded by a valid requisition.
- * To present annual accounts and balance sheet.
- * To forward a statutory report to every member of the company.
- * To call and hold the statutory meeting.
- * To disclose their interest while entering into any transaction with the company.
- * Not to enter into any contract with the company without the consent of the Board of Directors for the sales, purchase or supply of any goods, materials etc.

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Question # 19

Tell me about the different types of capital?

Answer:-

* Nominal Capital or Authorized Capital:

The total face value of the shares which the company is authorized to issue.

* Issued Capital:

That part of authorized capital which is actually offered to the public for sale.

* Subscribed Capital:

Is that part of issued capital which is taken up and accepted by the public.

* Paid up Capital:

Is the amount of money actually paid by the subscribers or credited as so paid.

* Uncalled Capital:

Is the unpaid portion of the subscribed capital.

* Reserved Capital:

Is that part of the uncalled capital which can only be called up at the time of and for the purposes of winding up for the company.



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Question # 20

Do you know about ultravires Acts?

Answer:-

Ultravires is any act done outside the limits of memorandum of association. It is void and cannot be ratified even by the whole body of the shareholders whereas in the case of Articles of association the acts done by the company beyond the articles can be ratified by the shareholders if such acts are not beyond the memorandum and illegal.

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Question # 21

Please tell me what is registered company?

Answer:-

Registered company is the one which is registered under the Companies Act.

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Question # 22

Do you know the difference between articles of association and memorandum of association?

Answer:-

- * Memorandum controls external operations of the company whereas articles control internal operations of the company.
- * Memorandum are the conditions introduced for the benefits of creditors, buyers, debtors, sellers and outside public whereas articles govern the relationship between the company and the shareholders, members amongst the members. It is just like the partnership deed in a partnership.

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Question # 23

Do you know the importance of certificate of incorporation?

Answer:-

The certificate of incorporation is a conclusive evidence about various matters mentioned below:

- * A proof of legal existence of a company.
- * A proof showing that all the legal requirements have been complied with.
- * Certificate of incorporation and pre-incorporation contracts.
- * Company acquires a perpetual succession after the issuance of certificate of incorporation is issued to the company.
- * The property or assets acquired in the name of the company become the property, assets of the company and not of its members.

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Question # 24

Is tally 9.0 different to ERP?

Answer:-

Tally 9.0 is different to ERP because ERP is online software. It is portable facility to anywhere. ERP is useful in any new function creation. ERP is effective to any organization.

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Question # 25

Explain on which time a company secretary has filled his compliance in form no.66?

Answer:-

A Practicing company secretary my filled his compliance certificate in Form no. 66, when filing company's Annual Returns. This certificate is compulsory for the companies whose paid up capital exceeds Rs. 10 Lacs

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Question # 26

Is labor act applicable for firms?

Answer:-

Yes labor act applicable for a firms

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Question # 27

- 1: What is BRS?
- 2: Why do we prepare balance sheet?
- 3: What is trial balance?
- 4: What is mutual fund?
- 5: Why net profit shown liabilities side in balance sheet?



Answer:-

We do BRS when there arises a difference between the balances in the cashbook and passbook.

We prepare balance sheet to ascertain the financial position of business trail balances-to check dual entry of transactions arithmetically deferred revenue expenditure-that which spreads the benefit 4 a long time.

Net profit is a liability on part of business to pay to owner.

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Question # 28

What is deferred profit?

Answer:-

A portion of company profits allocated by an employer, in good years, to an employee's trust.

Contributions on behalf of each employee are expressed as a percentage of salary with 5% being common practice. If the profit-sharing plan is a qualified plan according to the IRS, employer contributions are tax deductible as a business expense. These contributions are not currently taxable to the employee; benefits are taxed at the time of distribution.

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Question # 29

How to start a personal finance company that is not require RBI registration?

Answer:-

Personnel Finance company can be start under Companies

Act,1956 as a NBFC Company, Fund Company, ABC Company etc.

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