5 Lecture - MGT211

Important Mcqs

- 1. What is the legal status of a joint stock company?
 - a) A partnership
 - b) A sole proprietorship
 - c) A separate legal entity
 - d) A government entity

Answer: c) A separate legal entity

- 2. Who manages the affairs of a joint stock company?
 - a) Shareholders
 - b) Board of Directors
 - c) Partners
 - d) CEO

Answer: b) Board of Directors

- 3. What is the liability of shareholders in a joint stock company?
 - a) Limited to their investment in the company
 - b) Unlimited
 - c) Limited to the amount of the company's profits
 - d) Limited to the amount of the company's debts

Answer: a) Limited to their investment in the company

- 4. What is the minimum number of shareholders required to form a joint stock company?
 - a) 1
 - b) 2
 - c) 3
 - d) 4

Answer: b) 2

- 5. How are the profits and losses of a joint stock company distributed among shareholders?
 - a) Based on the number of shares owned by each shareholder
 - b) Equally among all shareholders
 - c) According to the seniority of the shareholders
 - d) According to the age of the shareholders

Answer: a) Based on the number of shares owned by each shareholder

6. What is the maximum number of shareholders allowed in a private joint stock company?

a) 10

- b) 50
- c) 100
- d) 200

Answer: b) 50

- 7. What is the minimum amount of capital required to form a joint stock company?
 - a) There is no minimum requirement
 - b) \$10,000
 - c) \$50,000
 - d) \$100,000

Answer: a) There is no minimum requirement

- 8. What is the process of selling shares in a joint stock company to the public?
 - a) IPO (Initial Public Offering)
 - b) A private placement
 - c) A merger
 - d) An acquisition

Answer: a) IPO (Initial Public Offering)

- 9. What is the term used for the transfer of shares from one shareholder to another in a joint stock company?
 - a) Sale
 - b) Purchase
 - c) Transfer
 - d) Assignment

Answer: c) Transfer

- 10. What is the role of the auditor in a joint stock company?
 - a) To manage the affairs of the company
 - b) To audit the financial statements of the company
 - c) To sell shares to the public
 - d) To issue dividends to the shareholders

Answer: b) To audit the financial statements of the company