

# 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**