

# 6 Lecture - MGT211

## Important Mcqs

1. **What is the liability of shareholders in a joint stock company?**

- a) Unlimited liability
- b) Limited liability
- c) No liability
- d) Joint liability

**Answer: b) Limited liability**

2. **Who is responsible for making strategic decisions in a joint stock company?**

- a) Shareholders
- b) Board of Directors
- c) CEO
- d) Government

**Answer: b) Board of Directors**

3. **What is the purpose of an audit in a joint stock company?**

- a) To provide assurance that the financial statements are accurate and comply with accounting standards
- b) To maximize shareholder profits
- c) To provide tax advice
- d) To reduce expenses

**Answer: a) To provide assurance that the financial statements are accurate and comply with accounting standards**

4. **Can a private joint stock company sell shares to the public?**

- a) Yes
- b) No

**Answer: b) No**

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

- a) 10
- b) 50
- c) 100
- d) Unlimited

**Answer: b) 50**

6. **How is ownership transferred in a joint stock company?**

- a) Through a board of directors decision
- b) Through government intervention
- c) Through the sale of shares
- d) Through a court order

**Answer: c) Through the sale of shares**

7. **What is an IPO?**

- a) The sale of shares to institutional investors

- b) The sale of shares to private individuals
- c) The sale of shares to the public
- d) The repurchase of shares by the company

**Answer: c) The sale of shares to the public**

**8. Who appoints independent auditors in a joint stock company?**

- a) Shareholders
- b) Board of Directors
- c) CEO
- d) Government

**Answer: a) Shareholders**

**9. What is the main benefit of a joint stock company?**

- a) Limited liability for shareholders
- b) Unlimited liability for shareholders
- c) Lower taxes
- d) Easier management structure

**Answer: a) Limited liability for shareholders**

**10. Can a public joint stock company have an unlimited number of shareholders?**

- a) Yes
- b) No

**Answer: a) Yes**