## 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