

QB365 Question Bank Software Study Materials

Company Secretary Important 2,3 & 5 Marks Questions With Answers (Book Back and Creative)

12th Standard

Commerce

Total Marks : 74

2 Marks

10 x 2 = 20

1) Who is a secretary?

Answer : A person is appointed to perform activities which are confidential in nature and manage the day-to-day business of the company is called secretary. The person who steers the company holding the administrative, financial and overall performance of the company is called company secretary.

2) What is meant by Meeting?

Answer : A company meeting must be convened and held in perfect compliance with the various provisions of the Act, and the rules framed there under. It is essential that the business dealt with the meetings, should be validly transacted and not liable to be questioned later due to any irregularity.

3) Write short note on 'Proxy'.

Answer : Proxy means a person being the representative of a shareholder at the meeting of the company who may be described as his agent to carry out which the shareholder has himself decided upon. Proxy can be present at the meeting and he cannot vote.

4) What is Voting?

Answer : The word 'Vote' originated in Latin word 'Votum' indicating one's wishes or desire. By casting his vote one formally declaring his opinion or wish in favour of or against a proposal or a candidate to be elected for an office.

5) Definition of company secretary.

Answer : According to Section 2(24) of the Companies Act, 2013 defines "Company Secretary" or "Secretary" means any individual possessing the prescribed qualifications, appointed to perform the duties which may be performed by a secretary under this Act and any other ministerial or administrative duties.

6) What is time period of Board Meeting?

Answer : First meeting of directors should be convened within 30 days from the date of incorporation of the company.

7) What do you mean by Class Meeting?

Answer : Meetings, which are held by a particular class of share or debenture holders. (e.g.) preference shareholders or debenture holders is known as class meeting.

8) What is the secret voting procedure?

Answer : Secret procedure is adopted to decide certain vital issues. It is a popular voting method that could maintain the secrecy of the voter.

9) Name the Shareholders Meeting other than the statutory Meeting and Annual General Meeting. Explain.

Answer : 1. All other general meetings other than statutory and annual general meetings are called extraordinary general meetings.

2. If any meeting conducted in between two annual general meeting to deal with some urgent or special or extraordinary nature of business is called as extraordinary general meetings.

10) What kind of resolutions are required to implement the following decisions of a company ?

(a) To change the objectives of the company.

(b) To declare the dividends.

Answer : (a) Special Resolution

(b) Ordinary Resolution

3 Marks

8 x 3 = 24

11) What is Special Resolution?

Answer : Special resolution is one which is passed by not less than 75% of majority. The number of votes, cast in favour of the resolution should be three times the number of votes cast against it. The intention of proposing a resolution as a special resolution must be specifically mentioned in the notice of the general meeting.

A special resolution is required for the following matters :

(i) To change the registered office of the Company from one state to another

(ii) To change the objectives of the company

(iii) To change the name of the company

(iv) To alter the Articles of Association

(v) To commence any new business

(vi) To appoint the auditor of the company

12) What do you mean by Statutory Meeting?

Answer : (i) According to Companies Act, every public company, should hold a meeting of the shareholders within 6 months but not earlier than one month from the date of commencement of business of the company.

(ii) This is the first general meeting of the public company is called the Statutory Meeting.

(iii) This meeting is conducted only once in the lifetime of the company.

(iv) A private company or a public company having no share capital need not conduct a statutory meeting.

(v) The company gives the circular to shareholders before 21 days of the meeting.

13) Give any three cases in which an ordinary resolution need to be passed.

Answer : (i) To change or rectify the name of the company.

(ii) To alter the share capital of the company

(iii) To redeem the debentures

(iv) To declare the dividends

(v) To approve annual accounts and balance

(vi) To appoint the directors

14) What do you understand by 'Poll'?

Answer : 1. Poll means tendering or offering vote by ballot to a specially appointed officer, called the polling officer.

2. Under the Companies Act, poll means exercising a voting right in the proportion to shareholder's contribution to the paid up capital of a limited company having a share capital.

15) What resolution is requires special notice?

Answer : The following matters require special notice before they are discussed in the meeting

(i) To appoint an auditor a person other than a retiring auditor

(ii) To provide expressly that a retiring Auditor shall not be reappointed

(iii) To remove a director before the expiry of his period of office

(iv) To appoint a director in the place of a director so removed.

16) Explain the appointment of company secretary.

Answer : Only an individual who is a member of the institute of company secretaries of India can be appointment as a company secretary.

(i) By the Promoters: The first secretary of a company is appointed by the promoters at the pre-incorporation stage and such name is mentioned in the Articles of Association.

(ii) By the First Board of Directors: After the company has been registered, the first board of directors appoints the secretary at the first board meeting. The board of directors can continue the existing secretary appointed by promoters or can appoint a new company secretary.

17) Describe the company meeting.

Answer : (i) A company meeting must be convened and held in perfect compliance with the various provisions of the Act and the rules framed there under.

(ii) It is essential that the business dealt with at the meetings, should be validly transacted and not liable to be questioned later due to any irregularity.

18) List out the Rules and Rights of company secretary.

Answer : (i) Supervision and Control.

(ii) Signing authority.

(iii) Exercising power.

(iv) Issuing testimonial.

(v) claiming salary and damages.

(vi) Preferential creditor.

(vii) Attending meeting.

5 Marks

6 x 5 = 30

19) Briefly state different types of company meetings.

Answer : **Kinds of Meetings :** Under the companies Act 2013, company meetings can be classified as under :

1. Meetings of Shareholders

(a) Statutory Meeting

(b) Annual General Meetings

(c) Extraordinary General Meetings

2. Meetings of the Directors

(a) Board meetings

(b) Committee meetings

3. Special Meetings

(a) Class Meetings

(b) Creditors and of Debenture / bond holders meetings

1. Shareholders meetings :

The meeting held with the shareholders of the company is called shareholders meeting. The shareholders meeting can be classified as statutory meeting, annual general meeting and extra ordinary general meeting.

2. Meeting of the Board of Directors :

Since the administration of the company lies in the hands of the board of directors, they should meet frequently for the proper conduct of the business and to decide policy matters of the company.

3. Special Meetings :

(i) Class Meetings : Meetings, which are held by a particular class of share or debenture holders e.g. preference shareholders or debenture holders meetings is known as class meeting.

(ii) Meetings of the Creditors : Strictly speaking, these are not meetings of a company. It is the meeting which are held by the creditors.

20) Explain different types of open and secret types of voting.

Answer : I. Open Procedure:

This type of voting has no secrecy as the all the members assembled can see voting. There are two popular methods of open voting namely voice voting and voting by show of hands.

(a) By Voice : Voice voting is a popular type of voting in which the chairman allows the members to raise their voice in favour or against an issue 'Yes' for approval and 'No' for rejection. Chairman announces the result of voice voting on the basis of strength of words shouted, It is an unscientific method. It cannot be employed for deciding complex issue.

(b) By show of hands: Under this method, the chairman, requests the members to raise their hands of those who are in favour of the proposal or Candidate and then requests those who are against. Then the chairman counts the number of hands raised for 'Yes' and 'No' respectively can announce the result on the basis of hands counted,

II. Secret Procedure:

Secret procedure is adopted to decide certain vital issues. It is a popular voting method that could maintain the secrecy of the voter.

(a) By Ballot : Under this system, ballot paper bearing serial number is given to the members to record their opinion by marking with the symbol or Shareholders have to cast their vote in a secret chamber and put the ballot paper into the ballot box. The votes are counted and the results are announced.

(b) Postal Ballot : Big companies or big associations having members scattered all over the country follow this method of voting. The members or voters fill in the ballot papers and return them in sealed covers which are opened when the ballot box is opened for counting the votes.

21) Discuss the liabilities of Company Secretary.

Answer : A company secretary is legal bound to following liabilities

- (i) Register all files and documents of the company.
- (ii) Arrange annual general meeting in due time.
- (ii) Sending notice of the meeting to the participant
- (iv) Issuing share certificates, dividend warrant and bonus shares certificates to the shareholder.
- (v) Appointing company auditor and arranging audit of books of account by the Company.
- (vi) Abide by all terms and conditions of service contract
- (vii) Follow the order instructions and act as per authorization of the board of director.
- (vii) Maintain securely of the company affairs.
- (ix) Perform duties with due care and skills.
- (x) Submitting income tax returns and ensures use of required company seal and stamp.

22) Explain the powers and rights of company secretary.

Answer : A Company secretary is a high-level officer. He enjoys certain rights and power as per the contract made with the company, which are as follows:

- (i) Supervision and Control:** As a head of the office, a company secretary has the rights to supervise, direct and control all office activities of subordinate offices.
- (ii) Signing authority:** Being a principal officer, a company secretary can sign. contracts, proceedings of the company meeting, files and documents on behalf of the company.
- (iii) Exercising power:** He has the right to exercise powers as granted by a board of directors.
- (iv) Issuing testimonial:** A company secretary can issue testimonials to employees on behalf of the company.
- (v) Claiming salary and damages:** As per the contract, he has the right to claim his salary and other allowances. He can also take legal action against the company if there is any breach of contract.
- (vi) Preferential creditor:** During winding up of a company, the company secretary can claim his legal dues on a preferential basis.
- (vii) Attending a meeting:** He has the right to be physically present in the meetings of the shareholders and board of directors.

23) Who can appoint a company secretary?

Answer : Only an individual who is a member of institute of company secretaries of India can be appointment as a company secretary.

a) By the Promoters:

The first secretary of a company is appointed by the promoters at pre-incorporation stage and such name is mentioned in the Articles of Association.

b) By the First board of Directors:

After the company has been registered, the first board of directors appoints the secretary at the first board meeting. The board of directors can continue the existing secretary appointed by promoters or can appoint a new company secretary.

24) Explain the functions in relation to share holders.

Answer : (i) The company secretary must serve in the best interests of the shareholders. He also must safeguard the shareholder's interest.

(ii) Under the Companies Act 2013, secretary should act as link between the board of directors and the shareholders and also ensure that the shareholder's rights are violated.

(iii) He has to arrange the issue allotment letters, call letters, letters of regret, share certificates, share warrants to Shareholders.

(iv) Besides he has to issue notices and agenda of all meetings of shareholders and also send replies to the inquiries and complaints of the shareholders on behalf of the board of directors.