

1. The preference shareholders are legally entitled to the repayment of capital in the event of liquidation of the company. **False**

2. A company being a creation of law cannot die a natural death. It comes to an end by law through the process of liquidation. **True**

3. Voluntary winding up:

a. If period fixed for the company is expired.

b. If company passes a special resolution the company wound up voluntarily.

c. Members voluntary winding up is applicable to solvent companies only.

d. All of the above

4. Compulsory winding up:

a. If a company unable to pay its debt

b. If the number of members of company reduced below statutory limit.

c. If a company does commence its business within a year from its incorporation.

d. All of the above.

5. If a company makes a default in delivering the statutory report to the registrar or in holding the statutory meeting, then company is compulsorily wound up by the court. **True**

6. Creditors voluntary winding up applies to insolvent companies. **True**

7. Liquidator is appointed by

Court	<i>In case of compulsory winding up</i>
Members	<i>Members voluntarily winding up</i>
Creditors and Members	<i>In case of creditors voluntarily winding up</i>

8. Liquidator of the company is responsible for realisation of assets and distribute the proceeds amongst the right claimants. **True**

9. The first item in order of payment to be made by liquidator is:

a. Secured creditors

b. Preferential creditors

c. Liquidation expenses

d. Preferential creditors

10. Liquidator's statement of receipts and payment is know as:

a. Cash flow statement

b. Cash book

c. Liquidator's final statement of account

d. Deficiency accout

11. A contibutory is

a. A creditor

b. A shareholder

c. A debentureholder

d. A convertible debentureholder

12. Present members are included in "A" list of contributories. **True**

13. The holder of fully paid shares are also treated as contributories even though they are not to contribute to the assets of the company. **True**

14. Past members are included in "B" list of contributories. **True**

15. A past member is not liable to contribute:

a. In respect of any liability contracted after he ceased to be member of the company.

b. One year passed since he ceased to be a member.

c. In case of company limited by shares, no liability arises if shares are fully paid up.

d. All of the above

16. Correct order of payment:

a. Liquidation expenses

b. Secured creditors

c. Preferential creditors

d. Unsecured creditors

e. Any surplus, among the contributories

17. Preference shareholders are legally entitled to the repayment of capital in the event of liquidation of the company. **False**

18. The liquidator has a legal right of forfeiting the shares of those who fail to pay the amount due. **True**

19. Which of the following statement is true:

a. Preference share capital together with any arrears of dividend will have priority for payment over equity capital.

b. The holders of cumulative preference shares are entitled to arrears of dividend if there is a surplus after return of equity capital.

c. Preference shares are treated as fully secured creditors.

d. If articles provides for payment of arrear of dividend, then it must be paid even by contributories if shares are partly paid.

20. Interest on liabilities is to be paid upto the date of actual payment in case of solvent companies and upto date of commencement of insolvency in case of insolvent company. **True**

21. A creditor for Rs. 10000 holding a charge on the stock of the book value Rs. 12000 (Market value Rs. 8000) is called **Partly secured creditors.**

22. Calls in advance on shares have priority over payment of paid up share capital of that class. **True**

23. Which of the following is not a preferential creditors:

a. All sum due to employee from a provident fund, pension fund, gratuity fund or any other fund maintain for welfare of employee.

b. Compensation under workmen's compensation act.

c. Amount due under employees state insurance act for 12 months previous to the winding up

d. Amount due to employee undeer amalgamation or reconstruction

24. All revenue, taxes due to government within 12 months before the date of commencement of winding up is preferential. **True**

25. Salaries due to director, manager, secretary etc. are preferential. **False**

26. Salaries due to clerk is preferential for a period not exceeding:

a. Two months

b. Three months

c. Four months

d. Five months

27. Maximum _____ can be treated as preferential salary and wages.

a. 20000

b. 25000

c. 30000

d. 40000

28. Amount due to workman is rank with secured creditors in the event of liquidation of the company. **True**

29. "B" List of contributories are not liable:

a. If shares are fully paid up

b. For liabilities after they are ceases to be member of the company.

c. If present shareholders paid the unpaid amount of the shares transferred by them.

d. All of the above

30. Workman means any person employed in any skilled or unskilled, manual, supervisory(wages less than 1600 p.m.), technical work. **True**