

Business Law
Multiple Choice Questions *(30 minutes)*

1. A representative of a legal entity in the Board of Directors of a Public/Private Limited Company may be deposed by that entity provided his/her replacement is notified to the Company in writing ...
 - a. at the same time.
 - b. within 30 days.
 - c. within 20 days.
 - d. no later than 10 days.

2. Following information relates to financial year ended 19th March, 2016, of a non-governmental company:

	<u>IRR bn.</u>
Paid- in capital as at 19 th March, 2016	2.000
Legal reserves as at 20 th March, 2015	160
Adjusted accumulated losses as at 20 th March, 2015	200

If after tax profit of the Company for the year ended 19th March, 2016, be IRR 300 bn., which of the following is the legal reserve for the year?

- a. IRR 10 bn.
 - b. IRR 15 bn.
 - c. IRR 30 bn.
 - d. IRR 5 bn.
3. If as a result of disqualification of one or more directors, the number of existing directors of a public/private limited company become less than the number required by Commercial Code and no substitute director has been elected and the remaining directors refrain from inviting the General Meeting of the Company to fill the vacancies, ... :
 - a. Any stakeholder may invite Ordinary General Meeting through an appropriate court.

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- b. any stakeholder may request the Company's statutory examiner to invite the Ordinary General Meeting of the Company.
 - c. the statutory examiner is obliged to invite the Ordinary General Meeting of the Company.
 - d. Any stakeholder may invite the Ordinary General Meeting through the Registrar of Companies.
4. According to Article 241 of Commercial Code Amendment Act of 10th May, 2016, each remunerated (Executive) member of the board of director's maximum bonous in a public/private limited company in any year is ...
- a. equivalent to 0.1% of dividends for that year.
 - b. equivalent to his/her annual gross remuneration.
 - c. equivalent to his/her annual basic salary.
 - d. a definite portion of dividends for that year in accordance with the Company's Articles of Association.
5. If the Extraordinary General Meeting of a public limited Company vests the right of capital increase of a certain amount within three year period with the board of directors, which of the following would be the action for the board to take?

	<u>Non- cash Contributions</u>	<u>Retained Earnings</u>	<u>Share Premium</u>
a.	Yes	Yes	Yes
b.	No	Yes	No
c.	Yes	No	No
d.	No	No	Yes

6. It is not possible to increase the capital of a public limited company by raising nominal value of its shares if it imposes obligations upon shareholders unless... agree with it. Where such a capital increase occurs, all increases should be...
- a. three - fourth of shareholders - paid in cash.
 - b. two - third of shareholders - in accordance with provisions envisaged in the Commercial Code.
 - c. all the shareholders - paid in cash.
 - d. three - fourth of shareholders - paid in cash or matured shareholders' claims.

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7. Which of the following statements is ***not*** correct about public limited companies?
- a. The Extraordinary General Meeting deciding on capital increase shall determine the terms of sale of new shares and method of its payment or delegate such authority to the board of directors.
 - b. Costs of capital increase may be written- off against share premium.
 - c. Costs of capital increase must be amortized in no more than five years from the period in which they incurred.
 - d. If subscribed shares are more than the capital increase, the Managing Director is required to determine the number of allotted shares to each subscriber and notify the bank to reimburse the subscribers with their excess purchase money.
8. According to the Law of Supplementing Articles to the Sectional Harmonization of the Government's Financial Regulations (2), approved in 2014, which of the following is maximum monthly attendance fee for non- executive member of board of directors of non- governmental companies and non- governmental public institutions' affiliated companies?
- a. Equivalent to minimum wages approved by Labour High Council.
 - b. IRR 12 m.
 - c. IRR 10 m.
 - d. Twice the minimum wages approved by Labour High Council.
9. According to Obviating Competitive production Obstacles and Promoting Country's Financial System Law, which of the following legal persons may purchase up to 10% of its shares as treasury shares in compliance with the provisions envisaged in the Law?
- a. Companies listed on domestic stock exchange.
 - b. Capital Market Stabilization Fund and listed companies.
 - c. Companies listed both on stock exchange and over- the- counter market based on their floating shares level.
 - d. Public limited companies.

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10. According to the Law of Supplementing Articles to the Sectional Harmonization of the Government's Financial Regulations (2), approved in 2014, which of the following entities is required to remit its proceed of sale of goods and services to bank account nominated by the country's Treasury Office?

	Banks and governmental insurance companies	Development organizations
a.	No	No
b.	Yes	Yes
c.	No	Yes
d.	Yes	No

11. According to the Implementation of General Policies of Article 44 of the Constitution Act, companies remaining as state- owned or established in compliance with the Act, except for banks and insurance companies, shall operate only in the form of...

- a. operating or subsidiary company with a maximum of 51% state share.
- b. operating or subsidiary company or development organizations.
- c. parent or holding company.
- d. parent or holding company or operating or subsidiary company.

12. According to Anti Money- Laundering Manual for Auditors issued in 2012, auditors when rendering basic services to clients are required to obtain information and evidence necessary for his/her full identification in addition to initial identification to be recorded in his/her information file. Which of the following is information and evidence for full identification of clients (legal entities)?

	Name and profile of shareholders with two percent or more shareholding	Information and evidence of legal entity's ranking
a.	No	Yes
b.	Yes	Yes
c.	Yes	No
d.	No	Yes

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13. According to Anti Money Laundry Guidelines for Commercial and Non-Commercial Companies approved in 2012, which of the following is the company's anti money-laundering department's duty and responsibility?

	Design of internal control	Verification of client identification process	Review and verification of client identification process
a.	Yes	Yes	Yes
b.	No	Yes	Yes
c.	Yes	No	No
d.	No	No	No

14. If auditors find any case of corruption as defined by Promotion of Administrative System Health and Fighting Corruption Law, approved in 2011, to which of the following should he/she report?

- a. Appropriate supervisory or judicial authority.
- b. Anti-Corruption Headquarters.
- c. Council of Supervisory Organizations.
- d. The Board envisaged in Article 6 of the above Law (comprising representatives of the Judiciary, Legislature, Administration, ...).

15. According to Required Disclosures and Approval of Related Party Transactions of Stock Exchange and Over-the Counter Issuers' Guideline, issued in 2011, if the value of the transaction with related party, as defined in Article 129 of Commercial Code, is equal to or more than ... as per its latest audited financial statements, the issuer is required to obtain... opinion as to its terms and fairness of the transaction before concluding the contract.

- a. 5% of issuer's equity- official expert's.
- b. 5% of issuer's assets- Securities and Exchange Organization's.
- c. 5% of issuer's assets- audit committee's.
- d. 5% of issuer's equity-Securities and Exchange Organization's.

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16. According to Listed Issuers on Tehran Stock Exchange and the Iranian Over-the-Counter Internal Control Guideline, issued on 6th May, 2012, the internal control report must be signed by...
- a. Managing Director, highest financial officer and audit committee chairman.
 - b. highest financial officer and audit committee chairman.
 - c. Managing Director, board of directors and highest financial officer.
 - d. managing Director, board of directors, highest financial officer and audit committee chairman.
17. According to Holding Public Tenders Law, if the winner refuses to conclude the contract, its guarantee is seized and the contract is awarded to second winner. If the second winner also refuses, its guarantee is seized and...
- a. the contract will be awarded to third winner.
 - b. the tender will be renewed.
 - c. the tender will be cancelled.
 - d. the issue will be referred to the head of organization for decision making.
18. Use of bank accounts by governmental companies subject to Public Audit Act would be possible with co-signature of ... or an authorized official on his/her behalf.
- a. Managing Director, one of board members and chief financial officer.
 - b. authorized persons named in its Articles of Association and company comptroller.
 - c. Managing Director, company comptroller and chief financial officer.
 - d. authorized persons named in its Articles of Association, one representative elected by General Meeting and company comptroller.
19. According to Public Audit Act, which of the following is the owner of movable and immovable assets constructed or purchased by governmental institutions using Capital Assets Possession Plan credits?
- a. Project utilizing entity.
 - b. Project executing entity.
 - c. Government.
 - d. Related Ministry.

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20. If the foreign currency translation provision account of a governmental company subject to Public Audit Act has a debit balance at the end of financial year, which of the following is the course of action to be taken by the company at the year end?
- a. Transfer of the debit balance on the provision account to sundry assets account.
 - b. Transfer of the debit balance on the provision account to government liability account.
 - c. Reduce the company's capital by the debit balance on the provision account.
 - d. Transfer of the debit balance on the provision account to the profit and loss account
21. According to Public Audit Act, the deadline for submission of balance sheet, profit and loss account and related appendices by the board of directors of a governmental company may be extended up to a maximum of ... months.
- a. three.
 - b. two.
 - c. one.
 - d. four.
22. According to Public Audit Act, in which of the following orders plus financial supervision the expenditures will be paid?
- a. Goods and services selection, reserve for commitments, commitment, documents certification and order for payment.
 - b. Reserve for commitments, goods and services selection, commitment, documents certification and order for payment.
 - c. Reserve for commitments, goods and services selection, documents certification, commitment and order for payment.
 - d. Goods and services selection, documents certification, reserve for commitments, commitment and order for payment.

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23. According to Public Audit Act, which of the following is the maximum period of time after governmental companies' general meeting approving its financial statements for returning to the Treasury the surplus aid received for their current operations?
- a. One month.
 - b. twenty days.
 - c. Ten days.
 - d. Immediately.
24. According to Retiree Employment Prohibition Act, approved on 10th May, 2016, which of the following statements is correct regarding governmental companies?
- a. Hiring retired specialists holding a postgraduate degree or higher, for part-time or full- time employment is permitted.
 - b. Any type of employing retirees is permitted only if approved by the Cabinet, provided their office hours do not exceed one-third of the monthly standard hours.
 - c. Hiring retired specialists holding a graduate degree or higher is permissible, if their office hours do not exceed one-third of the monthly standard hours.
 - d. Any type of employing retirees is prohibited except for (high ranking) government officials and university faculty members.
25. According to Public Audit Act, governmental enterprises' fixed assets may be transferred to wholly- owned governmental companies by approval of ... and at...
- a. the Cabinet- book value.
 - b. head of the organization- current market price.
 - c. the Cabinet- current market price.
 - d. head of the organization- book value.