Multiple Choice Questions 2024

1) A company is deemed to be insolvent in terms of Article 214 of the Companies Act if it satisfies:
a) Both the balance sheet test and the cash flow test
b) At least one of the balance sheet test or the cash flow test
c) None of the above.

2) A declaration of solvency, issued by the directors of the company in connection with the ability of the company to satisfy its debts within a period of 24 months, is required in order for a company to proceed with a members' voluntary winding up. True or False? False

3) Due to the principle of separate legal personality and the limited instances in which the corporate veil may be pierced, directors of a company are shielded from any personal liability in connection with their conduct as directors. True or False? False

4) Only warranted auditors can occupy the role of liquidator of a company. True or False? False.

5) The enactment of the Pre-Insolvency Act in 2022 introduced, for the first time in Maltese corporate law, corporate rescue mechanisms. True or False? False

6) As a separate juridical person, a company (select the one incorrect answer):
a) is the subject of rights and obligations
b) is capable of acquiring assets and undertaking liabilities, as its own assets and liabilities, and not of its members
c) sues and is sued in the name of its directors.

7) A company obtains legal personality upon:
a) The entry into the memorandum of association by the shareholders
b) The issue of a certificate of registration by the Registrar of Companies.

8) Shareholders may be held personally liable for any amount left unpaid on the shares respectively held by each of them. True / False.

9) The directors of a company are considered the owners of the company. True/False.

10) The authorised share capital is:
a) The total nominal value of the shares which are allotted to shareholders
b) The total nominal value of the shares which a company may issue

11) The maximum authorised share capital of a private limited liability company is €250,000. True/False.

12) Every company is required to have ordinary shares in the issued share capital of the company. True/False.
13) The directors may exercise all the powers of the company except those which are required by the Companies Act or by the M&As of the company to be exercised by the general meeting. True or False? True.

14) In terms of Article 2(1) of the Companies Act, a company secretary is not included within the definition of 'officer' of a company. True or False? False

15) The power to appoint alternate directors must be expressly catered for in the company's Articles of Association. True or False? True.

16) De facto directors are treated, for all intents and purposes at law, in the same manner as de jure directors: True or False? True.

17) The statutory Form K serves to:
a) Give effect to a change in director or secretary of a company
b) Notify the Malta Business Registry and the general public of any change to a director or secretary of a company
c) None of the above

18) In order for a company to validly remove an auditor from office, good and valid reason for such removal must be shown. True or False? True.

19) A claim for fraudulent trading may be brought only against a director of a company. True or False? False.

20) No person shall exercise the functions of an insolvency practitioner (IP) in terms of the Insolvency Practitioners Act unless he is duly authorised by the competent authority. True or False? True.