

# Revised Corporation Code Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.**

## **7. Use Other Tools**

**Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!**

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## Questions

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- 1. Which type of corporation accepts a franchise for public duties but operates for profit?**
  - A. Public corporation**
  - B. Private corporation**
  - C. Government-owned or controlled corporation (GOCC)**
  - D. Quasi-public corporation**
  
- 2. Which type of corporation cannot publicly offer stock or list on exchanges?**
  - A. Domestic corporation**
  - B. Foreign corporation**
  - C. Open corporation**
  - D. Close corporation**
  
- 3. What distinguishes an open corporation from a close corporation?**
  - A. Limitations on stockholders**
  - B. Ability to sell stocks publicly**
  - C. Tax benefits**
  - D. Number of corporate members**
  
- 4. When is a director liable for corporate debts according to the Revised Corporation Code?**
  - A. If found guilty of gross neglect or fraud**
  - B. When the company has no assets**
  - C. If a shareholder sues them**
  - D. When they fail to hold meetings**
  
- 5. Which statement about the Articles of Incorporation concerning non-natural persons is true?**
  - A. An individual can be a director if they do not own shares**
  - B. Non-natural persons cannot sign Articles of Incorporation**
  - C. A signatory must own at least 100 shares to be a director**
  - D. Financial companies do not need government recommendations for the Articles**

- 6. Which of the following statements regarding directors or trustees' participation in meetings is true?**
- A. Directors can attend meetings only in person**
  - B. Directors cannot vote unless physically present**
  - C. Directors may participate and vote through remote communication**
  - D. Directors must always vote by proxy**
- 7. A corporation that serves as a trustee for a denomination is known as what type of corporation?**
- A. Parent/holding corporation**
  - B. Subsidiary corporation**
  - C. Corporation aggregate**
  - D. Corporation sole**
- 8. What is the primary responsibility of the "Corporate Secretary"?**
- A. Overseeing financial audits and reports**
  - B. Maintaining the corporation's records and ensuring compliance with corporate governance**
  - C. Managing corporate advertising and public relations**
  - D. Directing the company's operational strategies**
- 9. What is the main purpose of corporate by-laws?**
- A. To outline the financial obligations of shareholders**
  - B. To govern internal management and operational procedures of a corporation**
  - C. To define the roles of external auditors**
  - D. To determine the pricing of corporate shares**
- 10. What is the primary purpose of the Revised Corporation Code of the Philippines?**
- A. To promote corporate governance**
  - B. To enhance individual entrepreneurship**
  - C. To provide tax incentives for corporations**
  - D. To limit foreign ownership in businesses**

## **Answers**

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1. D
2. D
3. B
4. A
5. C
6. C
7. D
8. B
9. B
10. A

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## **Explanations**

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**1. Which type of corporation accepts a franchise for public duties but operates for profit?**

- A. Public corporation**
- B. Private corporation**
- C. Government-owned or controlled corporation (GOCC)**
- D. Quasi-public corporation**

In the context of corporations, a quasi-public corporation is one that serves a public purpose while also operating for profit. These corporations often fill the gap between public and private enterprises, typically engaging in services that are essential for the public but financed by private means. They may be involved in utilities, transportation, or other public services and are generally regulated to ensure accountability while still allowing for profit generation. The nature of a quasi-public corporation allows it to take on franchises that ensure it can provide public services, highlighting its dual role. For instance, a utility company may have a franchise to operate within a certain region, ensuring delivery of essential services while also being allowed to make a profit from its operations. Other types of corporations differ fundamentally in purpose. A public corporation typically refers to those owned by government entities and primarily serving public needs without the objective of profit. A private corporation operates solely for profit without the obligation to provide public services. Government-owned or controlled corporations (GOCCs) are entirely owned by the government and primarily serve public interests without operating for profit in the same manner as quasi-public corporations.

**2. Which type of corporation cannot publicly offer stock or list on exchanges?**

- A. Domestic corporation**
- B. Foreign corporation**
- C. Open corporation**
- D. Close corporation**

A close corporation is specifically designed to limit the number of shareholders and restrict the transfer of shares among the owners. This type of corporation does not engage in public offerings, meaning it cannot publicly offer stock or list on stock exchanges. The intent behind such a structure is often to maintain a tighter control over the operations and ownership structure, allowing a close corporation to focus on the interests of the smaller group of shareholders rather than catering to the public. In contrast, domestic and foreign corporations can have different structures and may qualify for public offerings depending on their size and operational goals. An open corporation, as opposed to a close corporation, is typically structured to allow the sale of shares to the public and may list on exchanges, thereby providing liquidity for its stock. Understanding these distinctions is essential in grasping how various types of corporations operate under the Revised Corporation Code.

### **3. What distinguishes an open corporation from a close corporation?**

- A. Limitations on stockholders**
- B. Ability to sell stocks publicly**
- C. Tax benefits**
- D. Number of corporate members**

An open corporation is characterized by its ability to sell its stocks publicly, allowing it to access a wider range of investors and capital. This means that the shares of an open corporation can be traded on public stock exchanges, facilitating liquidity for shareholders and enabling the corporation to raise funds more easily through the sale of stock. This public trading aspect fundamentally differentiates an open corporation from a close corporation. In contrast, a close corporation does not offer its shares to the general public and typically has restrictions on the transfer of shares. Close corporations are often held by a small number of individuals, leading to a more private nature in their operations and management. This restriction on the ability to sell and transfer shares is a defining characteristic, but it is not what distinguishes it as an open corporation. Understanding these distinctions highlights the fundamental operational and financial approaches of each type of corporation in regards to ownership and investment strategies.

### **4. When is a director liable for corporate debts according to the Revised Corporation Code?**

- A. If found guilty of gross neglect or fraud**
- B. When the company has no assets**
- C. If a shareholder sues them**
- D. When they fail to hold meetings**

A director is held liable for corporate debts under the Revised Corporation Code specifically when they engage in gross neglect or commit fraud. This liability stems from the principle that directors have a fiduciary duty to act in the best interests of the corporation and its shareholders. If a director is found to have failed in this duty through significant neglect of their responsibilities or through deceptive practices that harm the corporation, they can be personally liable for the resulting debts or losses. The role of a director comes with the expectation of due diligence and care, and failing to meet this standard can result in significant financial consequences. This provision is intended to promote accountability for directors, ensuring that they act responsibly in managing corporate affairs. The other options presented do not specifically address the conditions under which directors can be held financially liable for corporate debts, making the first option the most accurate portrayal of the circumstances leading to such liability.

- 5. Which statement about the Articles of Incorporation concerning non-natural persons is true?**
- A. An individual can be a director if they do not own shares**
  - B. Non-natural persons cannot sign Articles of Incorporation**
  - C. A signatory must own at least 100 shares to be a director**
  - D. Financial companies do not need government recommendations for the Articles**

The correct statement regarding the Articles of Incorporation concerning non-natural persons is centered on the requirement for a signatory to be a shareholder in order to serve as a director. Specifically, in many jurisdictions, it is indeed stipulated that an individual must own a specific number of shares to qualify for a directorship in the company. This requirement helps ensure that directors have a vested interest in the company's performance and governance, as they bear a financial stake in its success or failure. In contrast, individuals who do not own shares typically do not have this direct investment in the corporation and thus may lack the necessary incentives to act in the best interests of the shareholders. This rationale reinforces the notion that directorship should be limited to those with a direct economic interest in the corporation. The other statements fail to accurately reflect the requirements or common practices associated with the Articles of Incorporation for non-natural persons. For example, non-natural persons can indeed sign the Articles of Incorporation, and there are generally guidelines and regulations that govern financial companies in relation to government recommendations.

- 6. Which of the following statements regarding directors or trustees' participation in meetings is true?**
- A. Directors can attend meetings only in person**
  - B. Directors cannot vote unless physically present**
  - C. Directors may participate and vote through remote communication**
  - D. Directors must always vote by proxy**

The correct statement highlights the modern approach to corporate governance, which recognizes the importance of flexibility in how directors or trustees can participate in meetings. With advancements in technology, many corporations now allow directors to participate and vote through remote communication. This can include video conferencing or other electronic means, enabling those who may not be physically able to attend a meeting to still engage in the decision-making process. This inclusion facilitates broader participation and ensures that the insights and votes of directors are not restricted by geographical limitations. The other statements do not align with the current practices that have emerged from the Revised Corporation Code, which embraces the use of technology in corporate meetings. The requirement for in-person attendance or physical presence is increasingly seen as outdated, as it can hinder participation. Similarly, the notion that directors must always vote by proxy limits their active engagement, which can negatively impact the decision-making process.

**7. A corporation that serves as a trustee for a denomination is known as what type of corporation?**

- A. Parent/holding corporation**
- B. Subsidiary corporation**
- C. Corporation aggregate**
- D. Corporation sole**

The correct identification of a corporation that serves as a trustee for a denomination is "corporation sole." A corporation sole is a specific type of corporation that is typically established for a single individual, often for religious or charitable purposes. In this context, the corporation sole is recognized as having the authority to hold property and act in a fiduciary capacity for the benefit of the religious organization or denomination. This structure is particularly useful for religious entities, allowing one individual (often a bishop or equivalent) to represent the corporation and carry out its functions, including holding assets and making decisions on behalf of the congregation or organization. The key characteristic of a corporation sole is that it consists of one member, who serves as the legal entity representing the corporation. In contrast, the other types of corporations mentioned do not fit this description. For example, a parent or holding corporation is typically one that owns controlling interests in one or more subsidiary companies. A subsidiary corporation, on the other hand, is a company that is owned or controlled by another corporation. A corporation aggregate is a more traditional corporate structure that involves a group of individuals forming a legal entity, significantly differing from the individuality and specific functions of a corporation sole.

**8. What is the primary responsibility of the "Corporate Secretary"?**

- A. Overseeing financial audits and reports**
- B. Maintaining the corporation's records and ensuring compliance with corporate governance**
- C. Managing corporate advertising and public relations**
- D. Directing the company's operational strategies**

The primary responsibility of the Corporate Secretary centers on maintaining the corporation's records and ensuring compliance with corporate governance principles. This role includes a variety of essential functions, such as organizing and documenting board meetings, maintaining minutes of these meetings, keeping track of corporate documents like articles of incorporation and bylaws, and ensuring that the corporation adheres to legal requirements and regulatory standards. Effective governance is key in today's corporate environment, and the Corporate Secretary plays a crucial role in facilitating communication between the board of directors and the shareholders, thus upholding transparency and accountability within the corporation. While the other roles mentioned, like overseeing financial audits, managing advertising, or directing operational strategies, are important within a corporation, they fall under different positions such as Chief Financial Officer (CFO), marketing director, or operations manager, respectively. These roles focus on their specific areas, but the Corporate Secretary's duties are distinctively aligned with corporate governance and compliance, making option B the accurate description of the primary responsibility of a Corporate Secretary.

## 9. What is the main purpose of corporate by-laws?

- A. To outline the financial obligations of shareholders
- B. To govern internal management and operational procedures of a corporation**
- C. To define the roles of external auditors
- D. To determine the pricing of corporate shares

The primary purpose of corporate by-laws is to govern internal management and operational procedures of a corporation. By-laws serve as the internal rules and regulations that dictate how the company functions, including the roles and responsibilities of directors and officers, procedures for meetings, voting requirements, and the process for amending the by-laws themselves. They ensure that there is a structured framework within which the corporation operates, allowing for consistent decision-making and compliance with applicable laws. In contrast, the other options focus on aspects that are not primarily addressed by by-laws. Financial obligations of shareholders relate more to corporate governance and obligations rather than internal procedures. The roles of external auditors are defined by different regulations and standards that ensure financial transparency and accountability. Determining pricing of corporate shares is a concern related to market conditions and company valuation rather than an internal procedural mechanism laid out in by-laws. Each of these functions plays a role in corporate operations, but by-laws specifically concentrate on the organizational structure and management processes.

## 10. What is the primary purpose of the Revised Corporation Code of the Philippines?

- A. To promote corporate governance**
- B. To enhance individual entrepreneurship
- C. To provide tax incentives for corporations
- D. To limit foreign ownership in businesses

The primary purpose of the Revised Corporation Code of the Philippines is to promote corporate governance. This is crucial because corporate governance involves the set of rules, practices, and processes by which corporations are directed and controlled. Effective corporate governance is essential for ensuring accountability, transparency, and fairness in the management of a company, which ultimately protects the interests of stakeholders including shareholders, employees, and the broader community. By establishing clear guidelines and frameworks, the Revised Corporation Code aims to enhance the overall corporate structure and operations within the Philippines. This includes provisions for better board oversight, protection of minority shareholders, and mechanisms for addressing conflicts of interest, all of which contribute to a more robust business environment. The other options, while relevant to aspects of corporate functionality, do not encapsulate the primary goal of this legislation. For instance, enhancing individual entrepreneurship and providing tax incentives are important but are not the main focus of the Revised Corporation Code. Similarly, limiting foreign ownership pertains to specific regulatory concerns rather than encapsulating the broader objectives of promoting good governance within corporations.

## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://revisedcorporationcode.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**