

Q. Question

#Q.1. The Best Dry Fruits Ltd was incorporated under the Companies Act, 1913. Whether the provisions of the Companies Act, 2013 shall apply on it:

- A** No, the provisions of the Companies Act, 2013 shall not apply on it.
- B** Yes, the provisions of the Companies Act, 2013 shall apply on it.
- C** The Companies Act, 1913 was enacted by the British Government, hence only an Act made by British Government shall apply on such company.
- D** Since, this company was incorporated by the British Government, hence the Companies Act of UK Govt shall apply.

Solution

Ans: (B)



Q. Question

#Q.2. P&Q were the only members of a company who died in a road accident. In this case, the company comes to an end on the death of P&Q

- A** True
- B** False
- C** Partly True
- D** Partly False

Solution

Ans: (B)



Q. Question

#Q.3. A company being a legal person is also a citizen under the Constitution of India

- A** True
- B** False
- C** Only company incorporated under Companies Act, 2013 is a citizen
- D** Company having only individual members is a citizen

Solution

Ans: (B)



Q. Question

#Q.4. Word 'Corporation' is 'Company'

- A** Wider than
- B** Narrower than
- C** Synonymous to
- D** None of the above

Solution



Ans: (A)



Q. Question

#Q.5. Life Insurance Corporation Limited is formed under

- A** Companies Act, 2013
- B** Special Act of Parliament
- C** Both (a) & (b)
- D** None of the above

Solution

Ans: (B)



Q. Question

#Q.6. Company's corporate personality was brought forward in the case of

- A** Gilford Motors vs. Horne
- B** Sir Dinshaw Manakjee Petit
- C** Salomon vs. Salomon Co. Limited
- D** Connors Bros vs. Connors

Solution

Ans: (C)



Q. Question

#Q.7. Shares of company are freely transferable

- A** Public company
- B** Private company
- C** Both (a) & (b)
- D** None of the above

Solution



Ans: (A)



Q. Question

#Q.8. Which of the following are true in relation to a Private company?

- A** It prohibits the transfer of shares and invitation to public to subscribe to its securities
- B** It restricts the transfer of shares and invitation to public to subscribe to its securities
- C** It prohibits the transfer of shares and restricts the invitation to public to subscribe to its securities
- D** It restricts the transfer of shares and prohibits the invitation to public to subscribe to its securities

Solution

Ans: (D)



Q. Question

#Q.9. Which of the following are the characteristics of a Private company

- A. Limited liability of members
- B. Perpetual succession
- C. Minimum paid-up capital of INR 1 lakh
- D. Free transferability of shares

- A** A and B
- B** A,B and C
- C** A,B,C and D
- D** A,B and D

Q. Question

#Q.10. What are the limits on number of members in a Private company?

- A** 7
- B** 50
- C** 100
- D** 200



Solution

Ans: (D)



Q. Question

#Q.11. The minimum paid-up capital of a private company shall be

- A** INR 10,00
- B** INR 1 lakh
- C** INR 5 lakh
- D** Such amount as may be prescribed

Solution

Ans: (D)



Q. Question

#Q.12. The minimum paid-up capital of a public company shall be

- A** INR 10,000
- B** INR 1 lakh
- C** INR 5 lakh
- D** Such amount as may be prescribed

Solution

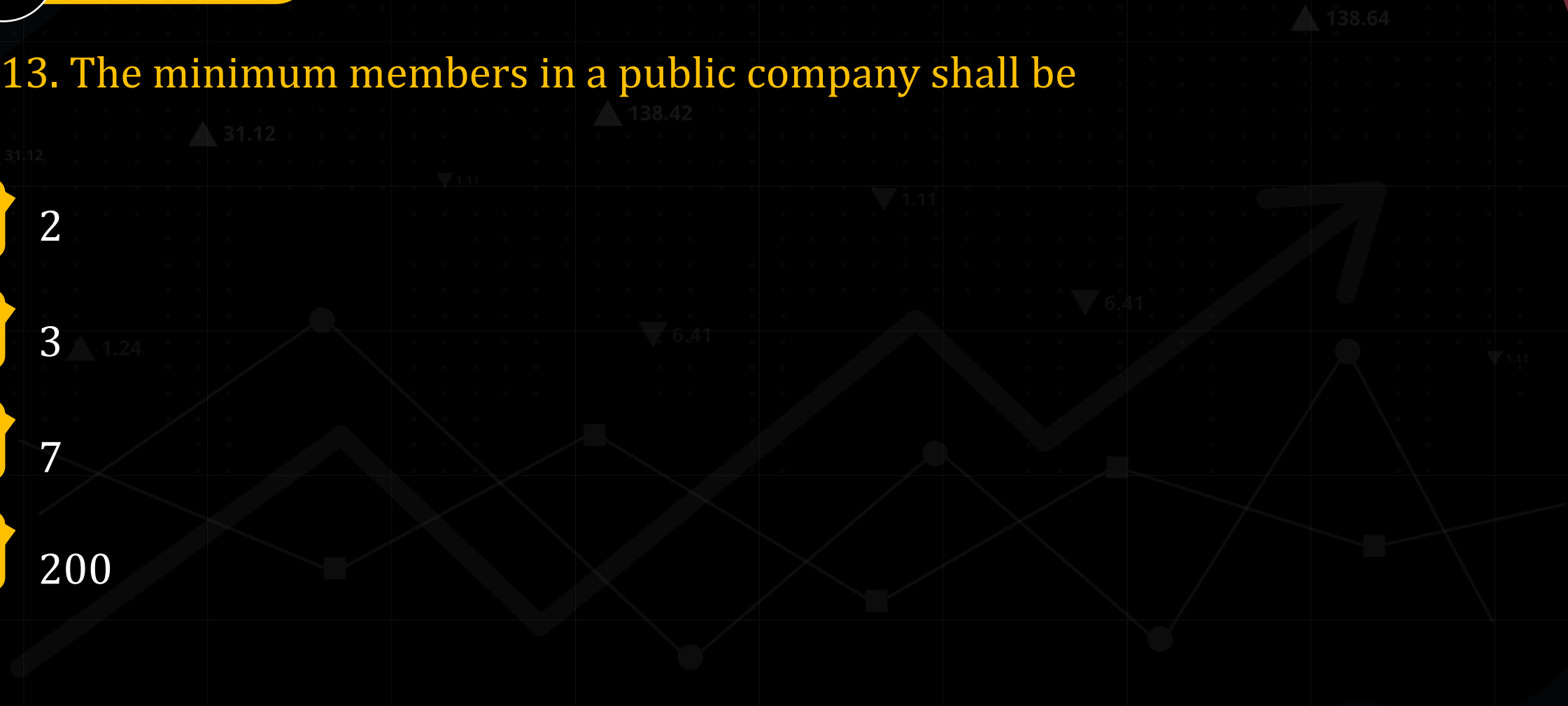
Ans: (D)



Q. Question

#Q.13. The minimum members in a public company shall be

- A** 2
- B** 3
- C** 7
- D** 200



Solution

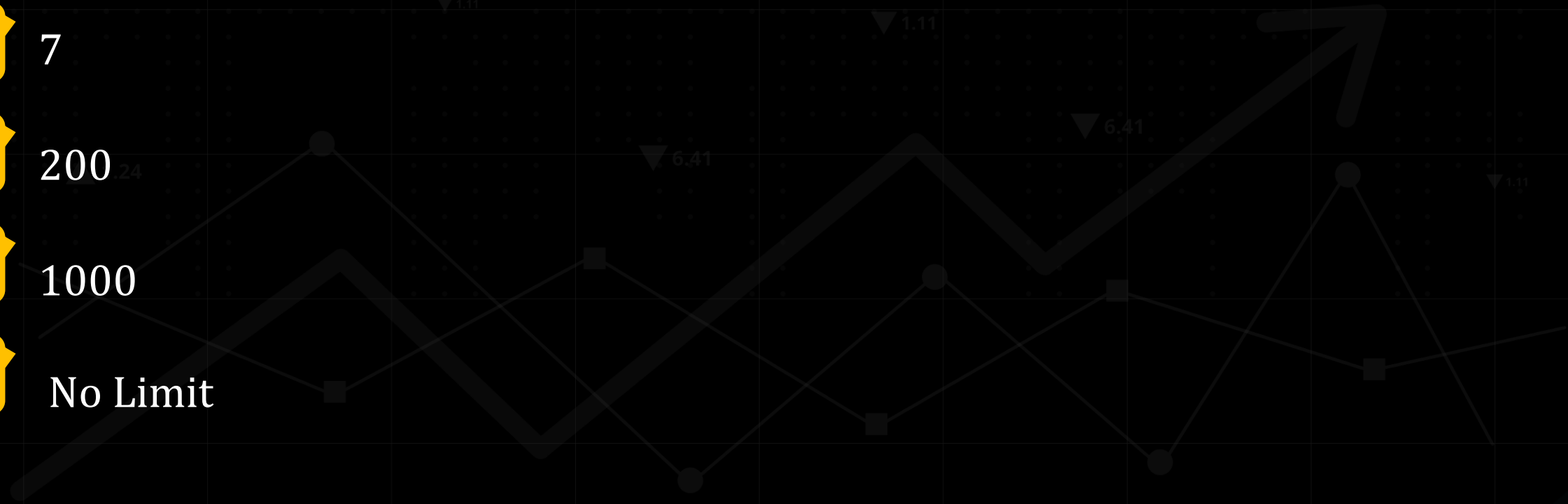
Ans: (C)



Q. Question

#Q.14. The maximum members in a public company can be

- A** 7
- B** 200
- C** 1000
- D** No Limit



Solution

Ans: (D)



Q. Question

#Q.15. Foresta Limited was registered as a public company. There are 240 members in the company as noted below –

a.	Director & their relatives	50
b.	Employees	20
c.	Ex-employees (shares were allotted when they were employees	10
d.	5" couples holding shares jointly in the name of husband \& wife " (5*2	10
e.	Others	150

The Board of Directors of the company propose to convert it into a private company. How many members should be reduced in the company?

A

NIL

B

5

C

10

D

20



Solution

Ans: (B)



Q. Question

#Q.16. In case of a company limited by guarantee, the liability of the members can be enforced

- A** At any time when the company so decides
- B** Only at the time of winding-up of the company
- C** Only by an order of NCLT
- D** Only by order of Registrar of companies

Solution

Ans: (B)



Q. Question

#Q.17. Which of the following is not true in reference to an unlimited company?

- A** The liability is extended to their personal property
- B** The members are not liable directly to the creditors of the company
- C** It cannot convert itself into a public company
- D** All of the above

Solution

Ans: (C)



Q. Question

#Q.18. The term 'Associate company' is defined under section

- A** 2 (5)
- B** 2 (6)
- C** 2 (85)
- D** 2 (87)

Solution

Ans: (B)



Q. Question

#Q.19. Company X exercises significant influence in Company Y. Which of the following is correct?

- A** X is an associate company of Y
- B** Y is an associate company of X
- C** Both (a) & (b)
- D** None of the above

Solution

Ans: (B)



Q. Question

#Q.19. Significant influence means control of -

- A** 20% or more of Total voting power
- B** More than 20% of Total voting power
- C** 50% or more of Total voting power
- D** More than 50% of Total voting power

Solution



Ans: (A)



Q. Question

#Q.21. Seema Bulbs Ltd, is desirous of having significant influence in Shaukeen LED Bulbs and Tubes Ltd. so that the latter becomes its 'associate company. For exercising 'significant influence' one of the options available to Seema Bulbs is to control at least twenty per cent of total voting power of Shaukeen LED Bulbs and Tubes. What is the other option available?

- A** To control or participate in the recruitment decisions relating to appointment of middle management personnel of Shaukeen LED Bulbs and Tubes under an agreement.
- B** To control or participate in the dividend decisions of Shaukeen LED Bulbs and Tubes under an agreement.
- C** To control or participate in the business decisions of Shaukeen LED Bulbs and Tubes under an agreement.
- D** To control or participate in the export decisions of Shaukeen LED Bulbs and Tubes under an agreement.

Q. Question

#Q.22. Ruchir Marcons Ltd. which provides marketing and consultancy services is keen to have a 'significant influence' in Ruchika Marketing Ltd. so that it becomes its 'associate company'. For having 'significant influence' Ruchir Marcons Ltd. needs to control certain percentage of total voting power of Ruchika Marketing Ltd. What is that?

- A** For creating 'significant influence' Ruchir Marcons Ltd. must control at least 5% of total voting power of Ruchika Marketing Ltd.
- B** For creating 'significant influence' Ruchir Marcons Ltd. must control at least 10% of total voting power of Ruchika Marketing Ltd.
- C** For creating 'significant influence' Ruchir Marcons Ltd. must control at least 15% of total voting power of Ruchika Marketing L.dd.
- D** For creating 'significant influence' Ruchir Marcons Ltd. must control at least 20% of total voting power of Ruchika Marketing Ltd.

Solution

Ans: (D)



Q. Question

#Q.23. Which of the following entities is not a body corporate?

- A** Company incorporated under Companies Act, 2013
- B** Companies incorporated outside India
- C** Limited Liability Partnership
- D** Co-operative Society

Solution

Ans: (D)



Q. Question

#Q.24. The term Financial Statements is defined under section

- A** 2(40)
- B** 2(41)
- C** 2(42)
- D** 2(43)

Solution



Ans: (A)



Q. Question

#Q.25. A company is incorporated on 1st October, 2021. As per section 2(41), its first Financial year will end on

- A** 31st December 2021
- B** 31st March 2022
- C** 31st December 2022
- D** 31st March 2022

Solution

Ans: (B)



Q. Question

#Q.26. Kanya Ltd, is incorporated on 3rd January, 2021. As per the Companies Act, 2013, what will be the financial year for the company.

- A** 31st March, 2021
- B** 31st December, 2021
- C** 31st March, 2022
- D** 30th September, 2022

Solution

Ans: (C)



Q. Question

#Q.27. Feel Rich Co. Ltd. Having its registered office at New Delhi, is a subsidiary of a German company named Richman Company limited. The financial year of the parent/holding company ends on 31st December every year. The subsidiary company intends to follow a different financial year for consolidation of its accounts with its parent company, situated outside India. For doing so it is required to take prior permission of the competent authority. For the purpose from the following who will be this competent authority -

- A** Registrar of Companies at New Delhi
- B** Tribunal
- C** Central Government
- D** SEBI

Q. Question

#Q.28. The term 'Small company' is defined under section

- A** 2(85)
- B** 2(86)
- C** 2(87)
- D** 2(88)

Solution



Ans: (A)



Q. Question

#Q.29. A small company is a private company having

- A** Paid up capital \leq INR 4 crore
- B** Turnover \leq INR 40 crore
- C** Either (a) or (b)
- D** Both (a) and (b)

Solution

Ans: (D)



Q. Question

#Q.30. Which of the following can never be a small company?

- A** Holding company
- B** Subsidiary company
- C** Section 8 company
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.31. Angel Infrastructures Pvt. Ltd. with a paid-up capital of ₹ 3.5 crores and annual turnover of ₹ 37.5 crores, is a wholly owned subsidiary of Almighty Infrastructure Development Ltd. a listed company. Can Angel Infrastructures be called a small company?

A Yes. The paid up capital and annual turnover of Angel Infrastructure Pvt. Ltd. is not exceeding the limit as specified under the definition of Small company.

B No. Because Angel Infrastructure Pvt. Ltd. is a wholly owned subsidiary company.

C No. Because Angel Infrastructure Pvt. Ltd. is not a subsidiary of a listed company.

D No. Because the paid-up capital is ₹ 3.5 crores is less than prescribed limit of ₹ 4 crores but its turnover is exceeding ₹20 crores.

Solution

Ans: (B)



Q. Question

#Q.32. Roma along with her six friends has got incorporated Roma Trading Ltd. in May 2017. She kept the paid-up share capital at Rs. 3.30 crores. Further, in April 2018, she noticed that in the last financial year, the turnover of the company was well below Rs. 40 crores. Advise whether the company can be treated as a 'small company'.

A Roma Trading Ltd. is definitely a 'small company' since its paid-up capital is much below Rs. 4 crores and also its turnover has not exceeded the threshold limit of Rs. 40 crores.

B The concept of 'small company' is applicable only in case of a private limited company/OPC and therefore, despite meeting the criteria of 'small company' it being a public limited company cannot enjoy benefits of 'small company'.

C Unlike a private limited company/OPC which automatically becomes a 'small company' as soon as it meets the criteria of 'small company'. Roma Trading Ltd. being a public limited company has to maintain the norms applicable to a 'small company' continuously for two years so that, thereafter, it is treated as a 'small company'.

D If all the shareholders of Roma Trading Ltd. give an undertaking to the ROC stating that they will not let the paid share capital and also turnover exceed the limits applicable to a 'small company' in the next two years, then it can be treated as a 'small company'.

Solution

Ans: (B)



Q. Question

#Q.33. Abhilasha and Amrita have incorporated a not for profit' private limited company which is registered under Section 8 of the Companies Act, 2013. One of their friends has informed them that their company can be categorized as a 'small company' because as per the last profit and loss account for the year ending 31st March, 2018, its turnover was less than Rs. 40 crores and its paid-up share capital was less than Rs. 4 crores. Advise.

A

A section 8 company, which meets the criteria of "turnover" and 'paid-up share capital' in the last financial year, can avail the status of 'small company' only if it acquires at least 5% stake in another 'small company' within the ensuing financial year.

B

If the acquisition of minimum 5% stake in another 'small company' materializes in the second financial year (and not in the ensuing financial year) after meeting the criteria of 'turnover' and 'paid-up share capital' then with the written permission of concerned ROC, it can acquire the status of 'small company'.

C

The status of 'small company' cannot be bestowed upon a 'not for profit' company which is registered under Section 8 of the Companies Act, 2013.

D

A section 8 company, if incorporated as a private limited company (and not as public limited company) can avail the status of 'small company' with the permission of concerned ROC, after it meets the criteria of 'turnover' and 'paid-up share capital',

Solution

Ans: (C)



Q. Question

#Q.34. A company becomes subsidiary of another company when the other company control

- A** 50% or more of the total voting power
- B** More than 50% of the total voting power
- C** 51% or more of the total voting power
- D** More than 51% of the total voting power

Solution

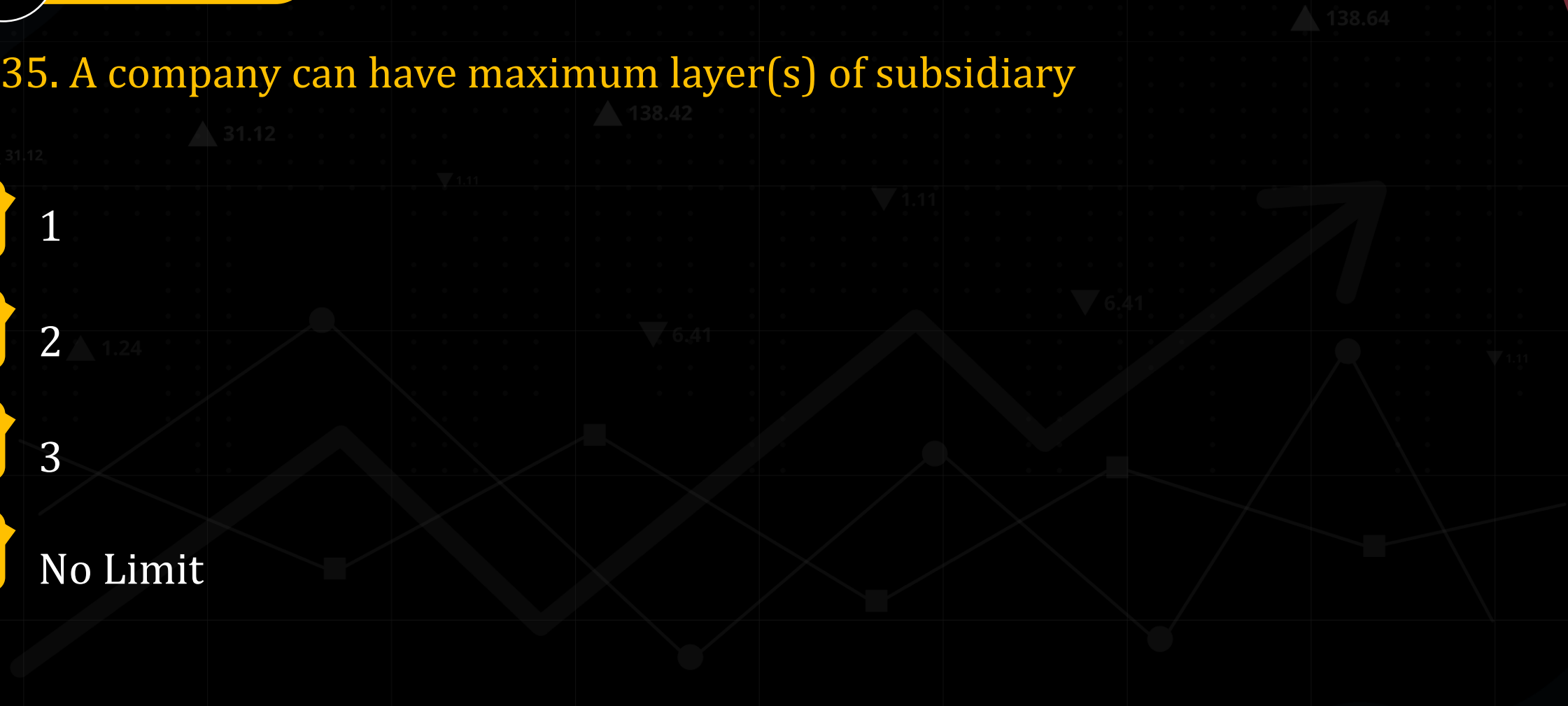
Ans: (B)



Q. Question

#Q.35. A company can have maximum layer(s) of subsidiary

- A** 1
- B** 2
- C** 3
- D** No Limit



Solution

Ans: (B)



Q. Question

#Q.36. A Ltd. is the holding company of B Ltd. Another company C Ltd, is the subsidiary company of B Ltd. Is there any relationship between A Ltd. and C Ltd?

- A** There is no relationship between A Ltd. and C Ltd.
- B** C Ltd. is deemed to be the subsidiary of A Ltd.
- C** A Ltd. shall be deemed to be the holding company of C Ltd. provided A Ltd, acquires at least 10% stake in C Ltd.
- D** C Ltd, shall be deemed to be the subsidiary of A Ltd. if the latter company acquires minimum 10% stake in the former company within six months after C Ltd. becomes subsidiary of B Ltd.

Solution

Ans: (B)



Q. Question**#Q.37. The subscribers to the Memorandum of Association**

- A** may become members only if there is a specific provision to that effect in the Company's Articles of Association
- B** become a member as soon as company is registered
- C** are members irrespective of any formality as to registration etc.
- D** In a depository system, the following is considered to be a member of the company

Solution

Ans: (B)





thank

you



Today's Targets



1 MCQS



Q. Question

#Q.1. The term 'Public Offer' does not include

- A** Offer for sale
- B** Initial Public Offer
- C** Further Public Offer
- D** Preferential allotment

Solution

Ans: (D)



Q. Question

#Q.2. A private company may issue securities through the way of except.

- A** Public Offer
- B** Rights Issue
- C** Bonus Issue
- D** Private Placement

Solution

Ans: (A)



Q. Question

#Q.3. A Private Company cannot issue securities:

- A** By way of rights issue
- B** By way of bonus issue
- C** By way of private placement
- D** By issue of Prospectus in Public

Solution

Ans: (D)



Q. Question

#Q.4. A public company can raise funds from

- A** Offer for sale
- B** Public issue
- C** Private Placement
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.6. Deemed prospectus is dealt by section

- A** 23
- B** 24
- C** 25
- D** 26



Q. Question

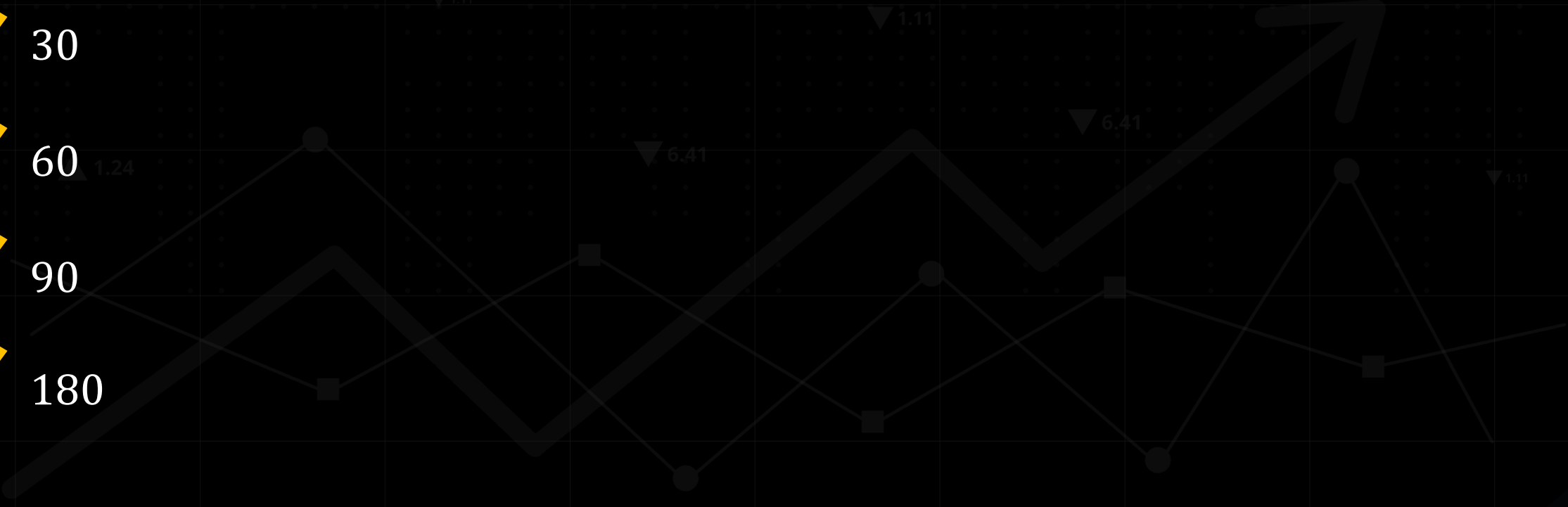
#Q.7. Under section 25, unless contrary is proved, it is evidence that allotment of securities was made with a view to offer them for sale to public, if offer for sale to the public was made within

- A** 30 days
- B** 60 days
- C** 6 months
- D** 1 year

Q. Question

#Q.10. No prospectus shall be valid if it is issued more than ___ days after the date on which a copy thereof is delivered to Registrar for registration

- A** 30
- B** 60
- C** 90
- D** 180



Solution

Ans: (C)



Q. Question

#Q.13. A company can change terms of contract mentioned in prospectus by way of:

- A** Ordinary resolution through postal ballot
- B** Ordinary resolution in meeting
- C** Special resolution in meeting
- D** Special resolution through postal ballot

Solution

Ans: (D)



Q. Question

#Q.14. Offer for sale is dealt by section

- A** 28
- B** 29
- C** 30
- D** 31



Solution

Ans: (A)



Q. Question

#Q.15. The paid-up share capital of ABC Ltd. Is 50,00,000 shares of Rs. 200 each. 20% of its paid-up share capital is held by 4 of its promoters, who wants to off load their holding by making an offer of sale to the public by issuing a prospectus. They want to authorize someone to take all actions and complete all formalities related to such offer of sale. Form the following who can be authroised by them to do so

- A** Any person who has agreed to fulfil all the formalities related to such offer to sale
- B** Any one or more director of the company
- C** Company itself whose shareholding they want to offload.
- D** Any competent officer of the company.

Solution

Ans: (C)



Q. Question

#Q.16. In case of offer of sale of shares by certain members of the company, which of the following options is applicable

- A** The provisions relating to minimum subscription are not applicable
- B** Entire minimum subscription amount is required to be received within three days of the opening date
- C** 25% of the minimum subscription amount is required to be received on the opening date and the remaining 75% within three days thereafter
- D** 50% of the minimum subscription is required to be received by the second day of the opening date and the remaining 50% within next three days after the second day

Solution

Ans: (A)



Q. Question

#Q.17. Neptune Metal Tools Limited was incorporated on 2nd December, 2018 with twenty-five subscribers and authorized capital of Rs. 50,00,000 (50,00,000 equity shares of Rs. 10 each). As the directors of the company are in a dilemma whether to issue physical share certificates to the subscribers or keep the shares in dematerialized form, they need to be advised correctly in this respect.

- A** Being a unlisted company, Neptune may either issue physical share certificate to the subscribers or alternatively, issue them in dematerialized form.
- B** Neptune needs to issue shares to the subscribers only in dematerialized form.
- C** A company having more than 100 share holders needs to issue shares in dematerialized form and therefore. Neptune may issue physical share certificates to the subscribers
- D** A company having authorized capital of Rs. Fifty lakhs and above needs to issue shares in dematerialized form and therefore. Neptune may issue physical share certificates to the subscribers

Solution

Ans: (B)



Q. Question

#Q.20. Dwapar Equipment Finance Limited, a non-banking finance company (NBFC), is desirous of offering secured, redeemable, non-convertible 9% Debentures to the public in three or more tranches over a search period of time. Which kind of prospectus it is required to issue so that its purpose is served and there arises no need to take out a fresh prospectus for second and subsequent offer of securities.

- A** Deemed Prospectus
- B** Shelf Prospectus
- C** Red Herring Prospectus
- D** Abridged prospectus

Q. Question

#Q.21. Shelf prospectus remains valid up to

- A** 6 months
- B** 1 year
- C** 2 years
- D** 5 years



Solution

Ans: (B)



Q. Question

#Q.22. A shelf prospectus filed with the ROC shall remain valid for a period of

- A** One year from the date of registration
- B** One year from the date of closing of first issue
- C** One year from the date of opening of first issue
- D** Ninety days from the date on which a copy was delivered to ROC

Solution

Ans: (C)



Q. Question

#Q.23. Extra Limited is a growing Company and requires additional funds for expansion from time to time. They are following the same process for making an offer to public and then issue those shares. This is very time and energy consuming for them. Kindly advise them if there is any way out.

- A** During first offer they shall file prospectus with a validity on one year, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required
- B** During first offer they shall file prospectus with a validity on two years, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required.
- C** During first offer they shall file shelf prospectus with a validity on one year, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required
- D** During first offer they shall file shelf prospectus with a validity on two years, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required.

Solution

Ans: (C)



Q. Question

#Q.24. A prospectus issued in the form of advertisement must state.

- A** The objects for which the company has been formed
- B** The liability of members
- C** The amount of share capital of company
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.25. Which of the following prospectus is filed in case of back-building issue?

- A** Deemed prospectus
- B** Red-herring prospectus
- C** Shelf prospectus
- D** Abridged prospectus

Solution

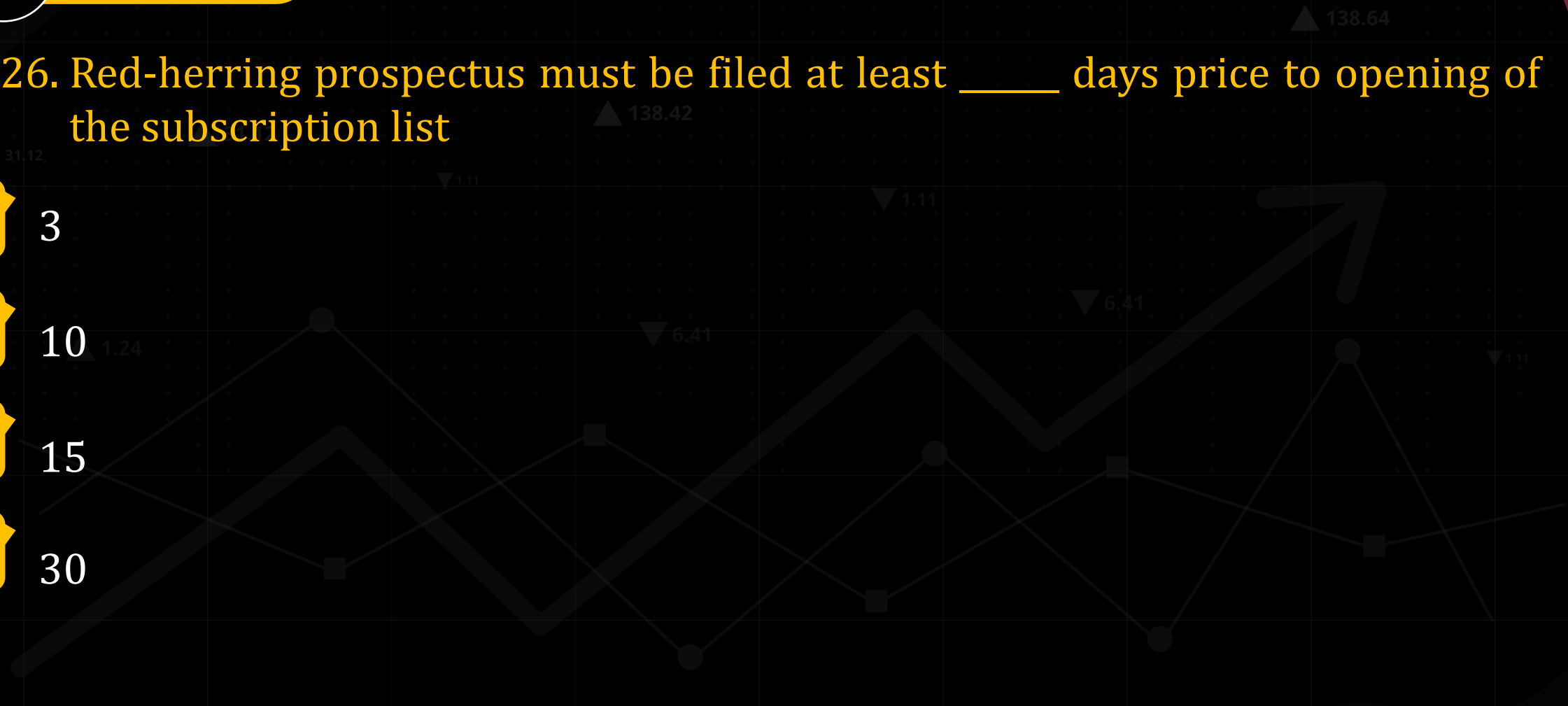
Ans: (B)



Q. Question

#Q.26. Red-herring prospectus must be filed at least _____ days prior to opening of the subscription list

- A** 3
- B** 10
- C** 15
- D** 30



Solution

Ans: (A)



Q. Question

#Q.27. A prospectus which does not include complete particulars of the quantum or price of the securities included therein is called:

- A** A deemed Prospectus
- B** A shelf Prospectus
- C** An Abridged Prospectus
- D** A Red Herring Prospectus

Solution

Ans: (D)



Q. Question

#Q.28. Morgan Limited decided to make an offer for purchase of securities. Application Forms for the purchase were issued to public. However, it was not accompanied by an abridged prospectus. For this default company is liable for penalty. How much penalty Company has to bear?

- A** Rs. 25,000
- B** Rs. 50,000
- C** Rs. 100,000
- D** Rs. 500,000

Solution

Ans: (B)



Q. Question

#Q.29. Which of the following persons are entitled to damages for mis-statement in prospectus?

- A** Subscriber to securities
- B** A person who bought securities from stock exchange after relaying on prospectus
- C** A person who purchased shares from subscriber after relaying on prospectus
- D** All of the above

Solution

Ans: (A)



Q. Question

#Q.31. If a person makes multiple applications in different names; then which of the following statements are not true;

- A** He shall be liable for action under section 447
- B** Above provision shall be prominently reproduced in prospectus
- C** Court may also order disgorgement of gain
- D** Disgorged gain will be transferred to Insolvency and Bankruptcy fund

Solution

Ans: (D)



Q. Question

#Q.32. As per Companies Act, 2013; the minimum subscription is

- A** 50%
- B** 80%
- C** 90%
- D** Amount stated in the prospectus

Solution

Ans: (D)



Q. Question

#Q.34. The minimum amount of subscription in a public issue shall be received within days from the date of issue of prospectus.

- A** 30
- B** 60
- C** 90
- D** 120

Solution

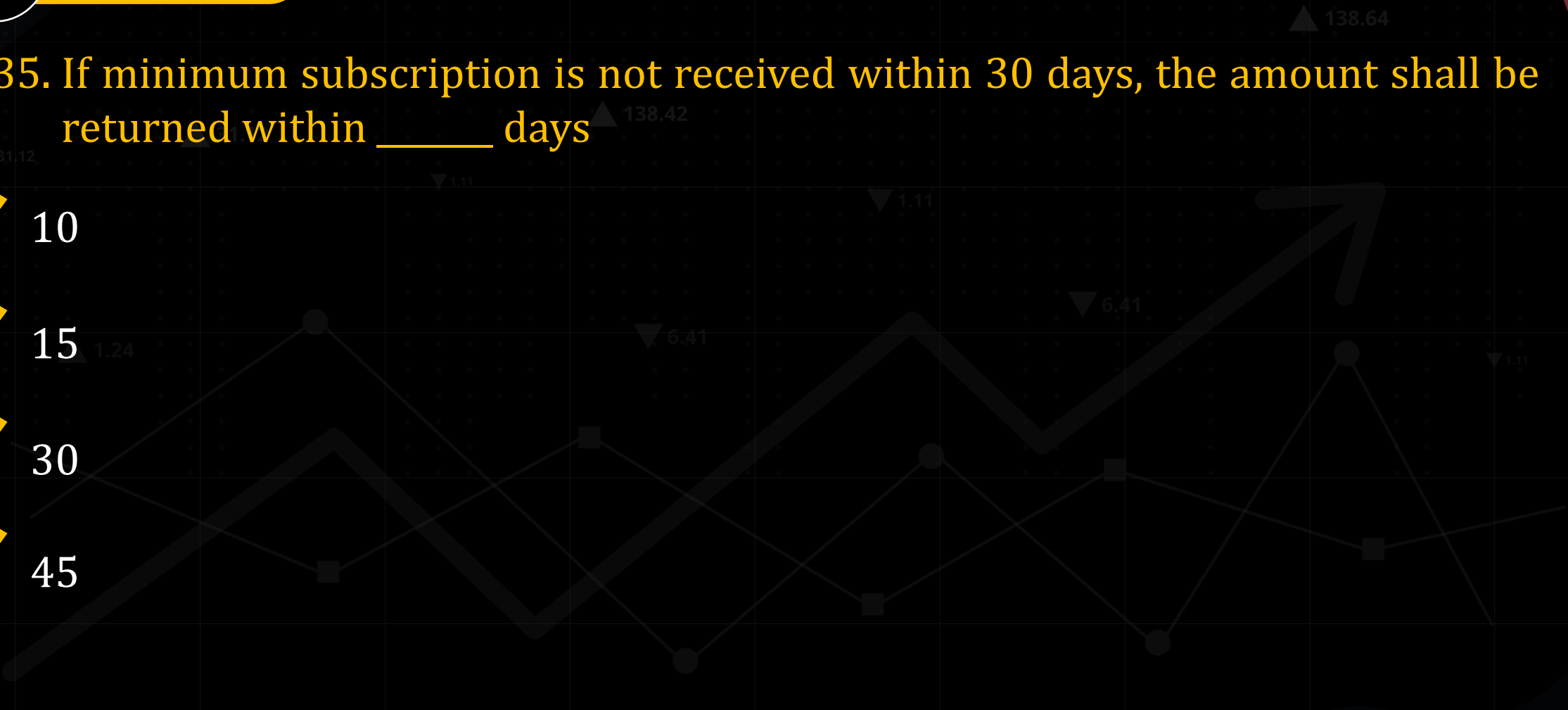
Ans: (A)



Q. Question

#Q.35. If minimum subscription is not received within 30 days, the amount shall be returned within _____ days

- A** 10
- B** 15
- C** 30
- D** 45



Solution

Ans: (B)



Q. Question

#Q.36. On which offer of securities, commission is permitted to be paid to any underwriter by the company.

- A** When securities are offered on rights basis
- B** When securities are offered in the form of bonus issue
- C** When securities are offered on private placement basis
- D** When securities are offered to the public for subscription

Solution

Ans: (D)



Q. Question

#Q.37. The underwriting commission on shares must not exceed

- A** 2% of the issue price
- B** 2.5% of the issue price
- C** 5% of the issue price
- D** 5.5 of the issue price

Solution

Ans: (C)



Q. Question

#Q.38. The underwriting commission on debenture must not exceed

- A** 2% of the issue price
- B** 2.5% of the issue price
- C** 5% of the issue price
- D** 5.5 of the issue price

Solution

Ans: (B)



Q. Question

#Q.40. A Limited made a public issue of Debentures. The articles of the company authorizes the payment of underwriting commission at 2 percent of the issue price. The company has negotiated with the proposed underwriters, Gama Brokers and has finalized the rate at 2.5 percent. The amount that the company is eligible to pay as underwriting commission is:

- A** 5%
- B** 2%
- C** 2.5%
- D** 2.25%

Q. Question

#Q.41. Which of the following is not true?

- A** In case of shares; the rate of underwriting commission to be paid shall not exceed five percent of the issue of the share.
- B** Underwriting commission should not be more than the rate specified by the Article of Association
- C** In case of debentures; the rate of underwriting commission shall not exceed five percent of the issue price of the debentures.
- D** Amount of commission may be paid out of profits of the company

Solution

Ans: (C)



Q. Question

#Q.42. When a copy of the contract for the payment of underwriting commission is required to be delivered to Registrar:

- A** Three days before the delivery of the prospectus for registration
- B** At the time of delivery of the prospectus for registration
- C** Three days after the delivery of the prospectus for registration
- D** Five days after the delivery of the prospectus for registration

Q. Question

#Q.44. GDRs can be issued after passing

- A** Ordinary Resolution
- B** Special Resolution
- C** Board resolution
- D** Unanimous Resolution of board

Q. Question

#Q.45. In case of GDR, the name of the _____ is entered in the Registered of members

- A** Foreign Investors
- B** Overseas Depository
- C** Domestic Custodian Bank
- D** Overseas Custodian Bank

Solution

Ans: (B)



Q. Question

#Q.46. Offer of securities or invitation to subscribe securities under private placement shall be made to maximum ___ number of persons in the aggregate in a financial year

- A** 50
- B** 100
- C** 150
- D** 200



Solution

Ans: (D)



Q. Question

#Q.47. Innovative Tech Sol. Limited intends to invite subscription to Rs. 1.10 crores equity shares of Rs. 10 each on private placement basis. The persons identified as potential subscribers are within the statutory limit and also include the two other categories to which such statutory limit is not applicable. On such category is employees of the company who are offered equity shares under Employees 'Stock Option Scheme. By choosing the correct option, name the other excluded category.

- A** Quality Institutional Buyers
- B** Qualified Institutional Buyers.
- C** Qualificational Institutional Buyers.
- D** Qualified Investing Institutional Buyers.

Solution

Ans: (B)



Q. Question

#Q.48. In case of private placement, the value of offer per person shall not be less than

- A** INR 10,000 of face value of securities
- B** INR 20,000 of face value of securities
- C** INR 30,000 of face value of securities
- D** No minimum limit

Solution

Ans: (D)





Question

#Q.49. Which of the following statement is contrary with the provisions of the Companies Act 2013?

- A** A private company can make a private placement of its securities
- B** Company has to pass a special resolution for private placement
- C** Minimum offer per person should have Market Value of Rs. 20,000
- D** A public can company can make a private placement of its securities

Solution

Ans: (C)



Q. Question

#Q.50. Shripad Religious Publishers Limited has received application money of Rs. 20,00,000 (2,00,000 equally shares of Rs. 10 each) on 10th October, 2019 from the applicants who applied for allotment of shares in response to a private placement offer of securities made by the company to them. Select the latest date by which the company must allot the shares against the application money so received

- A** 9th November, 2019
- B** 24th November, 2019
- C** 9th December, 2019
- D** 8th January, 2020

Solution

Ans: (C)



Q. Question

#Q.51. Ajo Private Limited made private placement offer to identified people. It was clearly stated that such people have no right of renunciation. Company received shares application money within given period of time however could not allot shares within 60 days from receipt. Now it is duty of Ajo Private Limited to repay the share application money. Company will be liable to pay interest if they fail to do so. Within how many days Company has to repay the share application money to avoid interest payment?

- A** 15 days
- B** 30 days
- C** 60 days
- D** 90 days

Solution

Ans: (A)



Q. Question

#Q.52. If company fails to refund the application money within time in case of Private placement, then the company is liable to pay interest at the rate of

- A** 10%
- B** 12%
- C** 15%
- D** 18%

Solution

Ans: (B)



Q. Question

#Q.53. A public company sent private placement offer letter to 200 persons of its choice in march 20xx and allotted shares to them in April 20xx. Can it send private placement offer letter to 200 new people in May 20xx?

- A** Yes
- B** No
- C** Yes with the permission of ROC
- D** Yes with the permission of NCLT

Solution

Ans: (A)



Q. Question

#Q.54. Kajaria Ceramics Limited raised Rs. 10 crore through private placement. The company wants to utilize these funds as soon as possible. Which of the following statements is true with respect to utilization of funds?

- A** The company can utilize the funds immediately on receipt of application money
- B** The company shall not utilize the funds unless the allotment is made
- C** The company shall not utilize the funds unless the allotment is made and return of allotment is filed
- D** The company can utilize the funds after 30 days from the date of filing return of allotment.

Solution

Ans: (C)





Question



#Q.55. Being in need of further capital, Rimisi Cotton –Silk Products Limited opted to offer 50.00 lacs equity shares of Rs. 1 each to 50 identified person on private placement basis and accordingly a letter of offer accompanied by serially numbered application form was sent to them after fulfillment of due formalities including passing of special resolution. One of the applicants, Rajan made a written complaint to the company highlighting the fact that the letter of offer was incomplete as well as illegal, for the same did not contain 'renunciation clause' through he wanted to exercise his 'right of renunciation' in favour of one of his son Uday. By choosing the correct option, advise the company in this matter.

- A** As the 'Right of Renunciation' cannot be denied, the company needs to rectify its mistake by including the same in the letter of offer and the application
- B** The company is prohibited from providing 'Right of Renunciation' and therefore, the letter of offer and the application form need not include any such clause
- C** Instead of absolute prohibition, the company needs to provide 'Right of Renunciation' limited to twenty five percent of offering.
- D** Instead of absolute prohibition, the company needs to provide 'Right of Renunciation' limited to fifty percent of offering

Solution

Ans: (B)





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Today's Targets



Practice Questions



Q. Question

#Q.1. Part of the capital for which application have been received from the public and shares allotted to them

- A** Nominal capital
- B** Issued capital
- C** Subscribed capital
- D** Called-up capital

Q. Question

#Q.2. Preference share capital has preferential rights over equity shares in respect of

- A** Payment of dividend
- B** Repayment of capital
- C** None of the above
- D** Both of the above

Q. Question

#Q.3. The voting rights on equity shares with differential voting rights shall not exceed

- A** 26% of the total voting power
- B** 51% of the total voting power
- C** 74% of the total voting power
- D** 90% of the total voting power

Solution

Ans: (C)



Q. Question

#Q.4. The issue of equity shares with differential rights requires authorization by way of

- A** Unanimous resolution of Board
- B** Ordinary resolution
- C** Special resolution
- D** Creditor's consent

Solution

Ans: (B)



Q. Question

#Q.5. A company limited by shares can issue equity shares with differential voting rights. Which of the following is not a necessary condition to be fulfilled before issue of such shares?

- A** The articles of association of the company shall authorized issue of shares with differential rights
- B** The issue of shares shall be authorized by a ordinary resolution passed at a general meeting of the shareholders:
- C** The company shall have consistent track record of distributable profits for the last three years
- D** The company has not defaulted in filling financial statements and annual return for 3 financial years immediately preceding the financial year in which it is decided to issue such shares

Solution

Ans: (C)



Q. Question

#Q.6. Swagat Hospital Limited defaulted in the repayment of last two instalments of term loan availed from National Commercial Bank. On 30th September, 2019, they cleared all the dues by repaying it. When can it issue equity shares with differential voting rights?

- A** Upon expiry of five years from the date on which the default was made good
- B** Upon expiry of three years from the end of the financial year in which the default was made good
- C** Upon expiry of five years from the end of the financial year in which the default was made good
- D** Upon expiry of seven years from the end of the financial year in which the default was made good

Solution

Ans: (C)



Q. Question

#Q.7. Every share certificate shall be in Form

- A** SH - 1
- B** SH - 2
- C** SH - 5
- D** SH - 11



Solution

Ans: (A)



Q. Question

#Q.8. The Board can charge a fee not exceeding _____ per share certificate for issuing a duplicate share certificate

- A** INR 10
- B** INR 20
- C** INR 50
- D** INR 100

Q. Question

#Q.9. In an unlisted company, duplicate share certificate shall be issued within _____ from the date of submission of completed document with the company

- A** 1 month
- B** 2 months
- C** 3 months
- D** 6 months

Solution

Ans: (C)



Q. Question

#Q.10. In a listed company, duplicate share certificate shall be issued within _____ from the date of submission of completed documents with the company

- A** 15 days
- B** 30 days
- C** 45 days
- D** 3 months

Solution

Ans: (C)



Q. Question

#Q.11. A preference shareholder can vote on resolution

- A. Directly affecting their rights
- B. Winding-up of company
- C. Reduction of preference share capital
- D. Reduction of equity share capital

A All of the above

B Only A

C Only A & B

D Only A, B & C

Solution

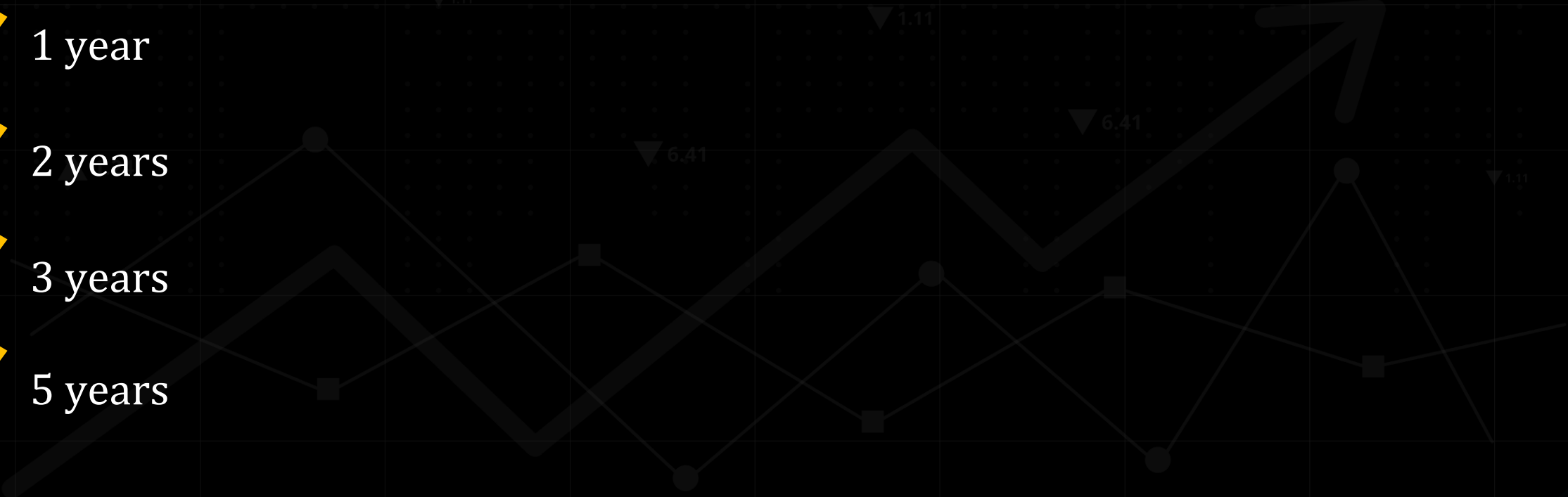
Ans: (A)



Q. Question

#Q.12. A preference shareholder gets a right to vote on all the resolutions if dividend has not been paid for a period of

- A** 1 year
- B** 2 years
- C** 3 years
- D** 5 years



Solution

Ans: (B)



Q. Question

#Q.13. A general meeting of the company is to be held on 30th August, 2020. The company has not paid dividend for the financial year 2018-2019. It has also not yet paid any dividend for the year 2019-2020. In such case preference shareholders .

- A** Will not have the right to vote because preferential shareholder has no right to vote.
- B** Will have the right to vote because dividend for last two years have not been paid
- C** Will not have the right to vote because only equity shareholders can vote in general meetings
- D** Will have right to vote because preference shareholder have the right to vote in general meetings

Solution

Ans: (B)





Question

#Q.14. AOA of a Private company says that Preference shareholders will have right to vote only if last 3 years dividend is not paid. This is

- A** Void as it is against the Companies Act
- B** Valid because section 47 is applicable to a private company subject to AOA
- C** Void because a per Section 6 act is superior
- D** Valid because Companies Act allows voting power to preference shareholders if their dividend is not paid for last 3 years

Q. Question

#Q.15. The rights attached to a class of shares may be varied

- A** With consent of holders of 3 / 4th issued shares of that class
- B** By means of Special resolution
- C** Either (a) or (b)
- D** Unanimous resolution of Board

Solution

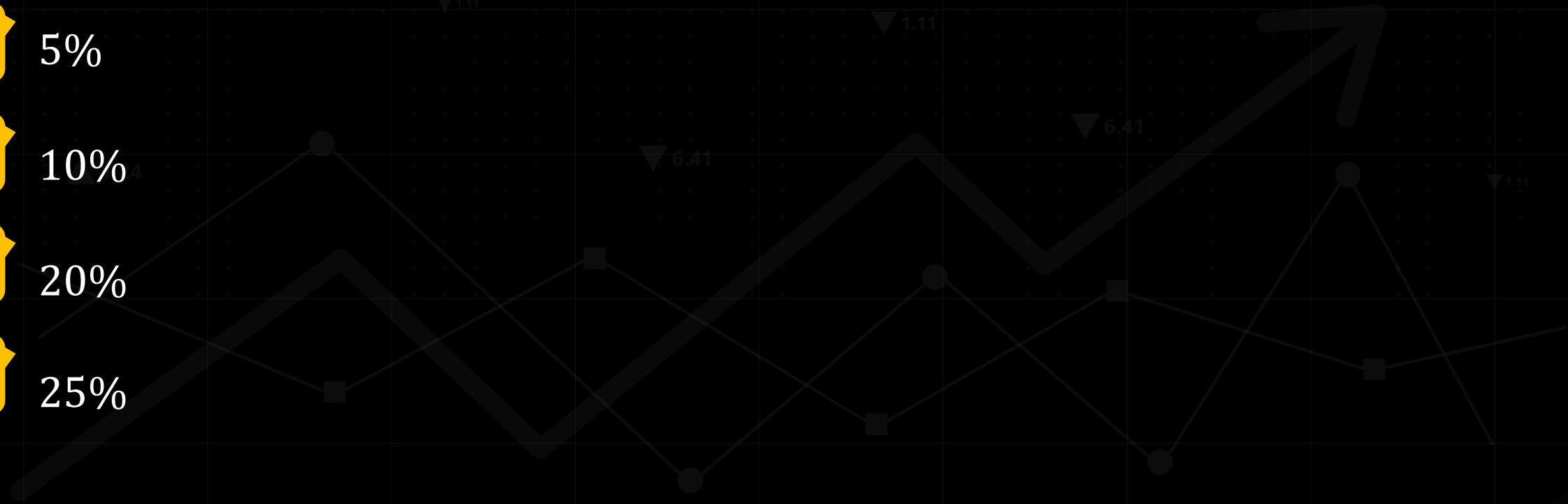
Ans: (C)



Q. Question

#Q.16. Holders of not less than _____ of the issued shares of a class may apply to the NCLT to have the variation of rights of a class of shares cancelled

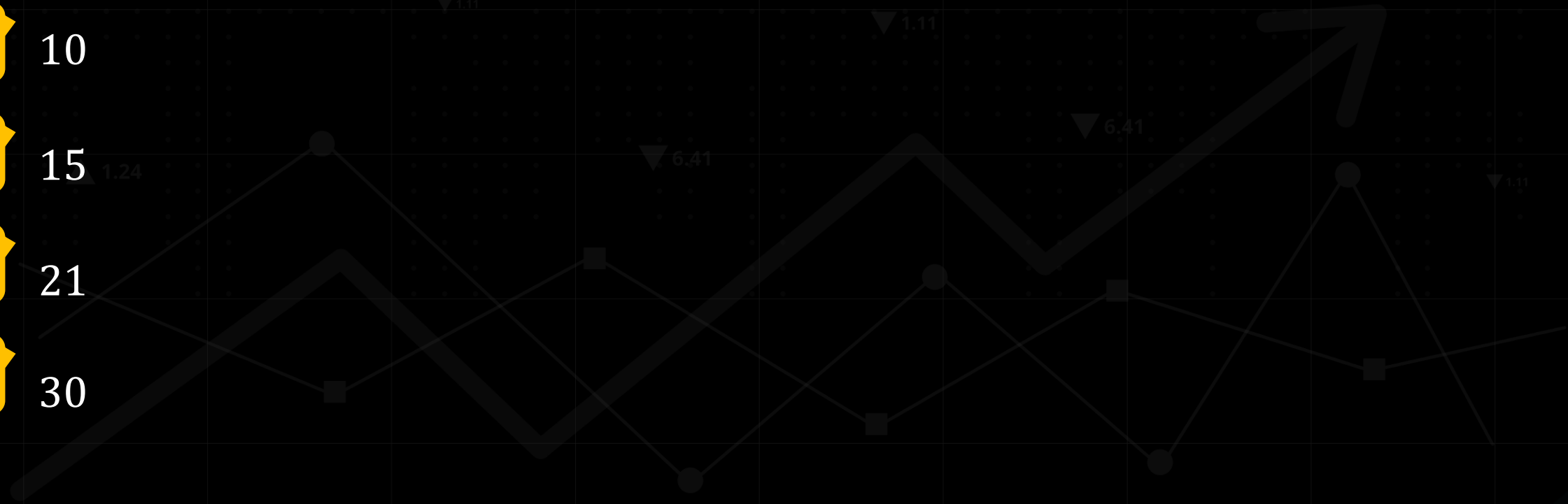
- A** 5%
- B** 10%
- C** 20%
- D** 25%



Q. Question

#Q17. The application against variation of rights of a class of shares must be made within 31.12 days after the approval of variation

- A** 10
- B** 15
- C** 21
- D** 30



Solution

Ans: (C)



Q. Question

#Q.18. If change of right of one class also affect right of other class then:

- A** A resolution should be passed in general meeting in the case
- B** Company need to do anything else
- C** Written consent of three fourth majority of that other class should also be obtained
- D** A resolution in combined meeting of both class should be passed

Solution

Ans: (C)



Q. Question

#Q.19. The securities premium account cannot be utilized for

- A** In writing off the preliminary expenses of the company
- B** In writing off the expenses of commission paid and issue of shares of the company
- C** For redemption of redeemable preference shares
- D** In providing for a premium payable on the redemption of redeemable preference shares

Solution

Ans: (C)



Q. Question

#Q.20. Which of the following securities cannot be offered at a discount?

- A** Shares
- B** Debentures
- C** Both of the above
- D** None of the above

Solution

Ans: (A)



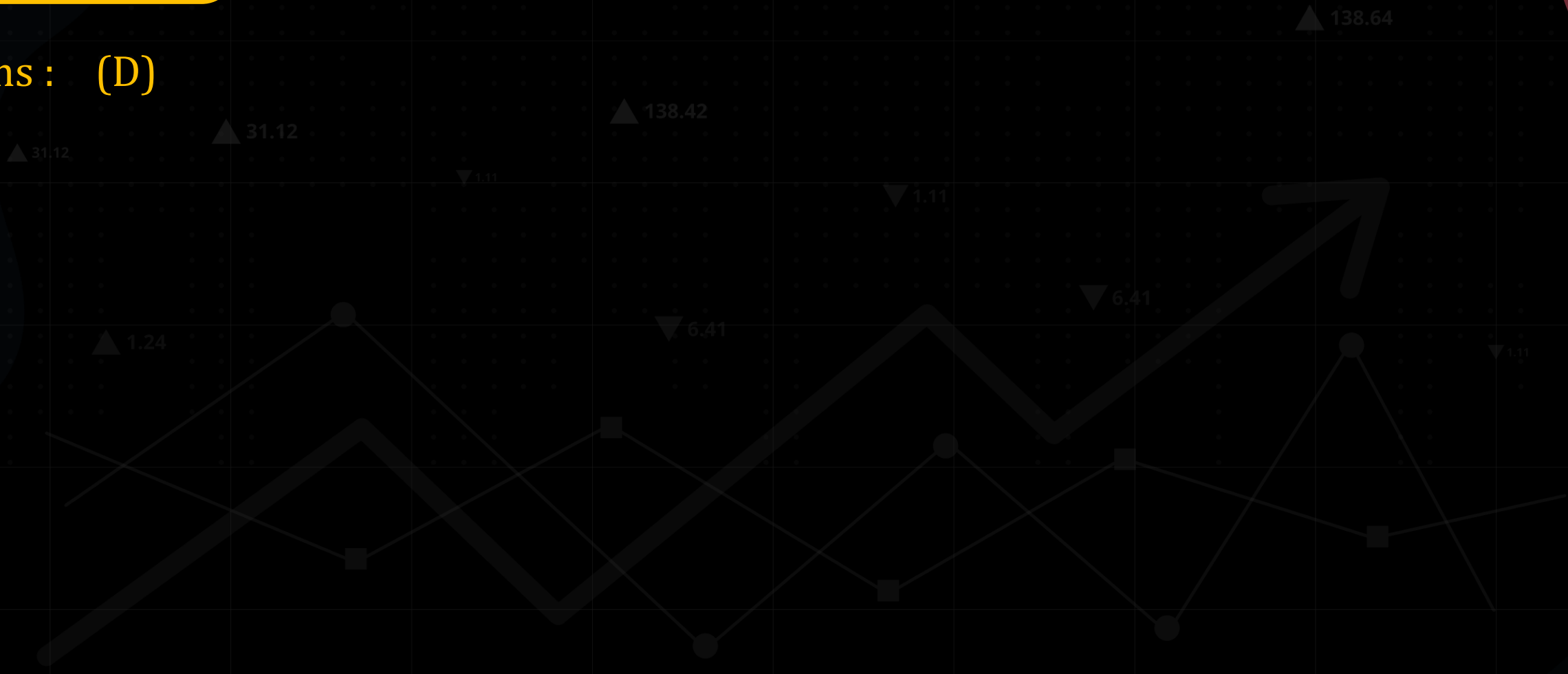
Q. Question

#Q.21. Following are the exceptions for issuing shares at a discount

- A** Sweat equity shares
- B** Conversion of debt into equity pursuant to statutory resolution plan
- C** Conversion of debt into equity pursuant to debt restructuring scheme
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.22. Such shares which are issued by a company to its directors or employees at a discount or for a consideration other than cash for working extraordinary hard and achieving desired output is honoured with

- A** Equity shares
- B** Preference shares
- C** Sweat equity shares
- D** Redeemable preference shares

Solution

Ans: (C)



Q. Question

#Q.23. Sweat equity shares may be issued if it is authorized by

- A** Ordinary resolution
- B** Special resolution
- C** Unanimous resolution
- D** Majority of the employees

Solution

Ans: (B)



Q.

Question

#Q.24. It has been decided by Vanita Watches Limited to sweat equity shares to five of its employees for the 'value additions' made by them in term of economic benefits which proved beneficial to the company. For how many year(s), the employees who have been allotted sweat equity shares cannot transfer them:

A

One year from the date of allotment

B

Three years from the date of allotment

C

Five years from the date of allotment

D

Six months from the date of allotment

Solution

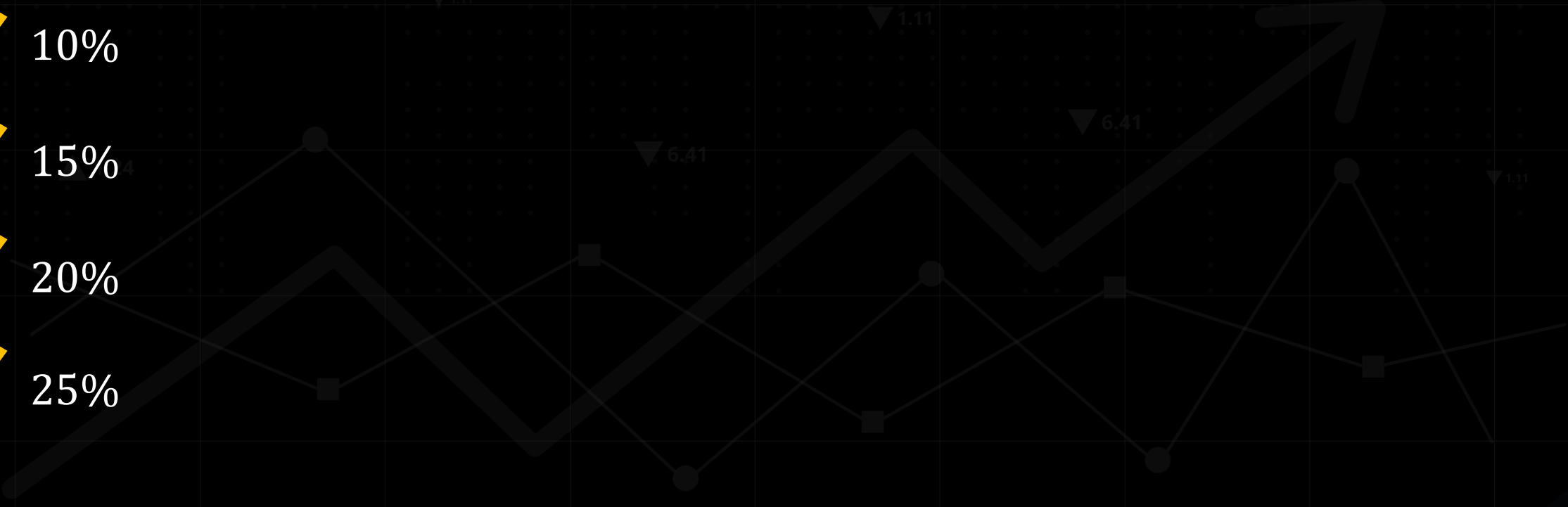
Ans: (B)



Q. Question

#Q.25. The sweat equity shares shall not exceed _____ of paid-up equity at any time

- A** 10%
- B** 15%
- C** 20%
- D** 25%



Solution

Ans: (D)



Q. Question

#Q.26. Identify the false statement with respect to issue of sweat equity shares by a company.

- A** Company should pass a special resolution
- B** There is not limit as to maximum rate of discount
- C** Company should seek approval of Central Government
- D** Sweat equity shares means the equity shares issued by the company to the directors or employees at a discount or for consideration other than cash

Solution

Ans: (C)



Q. Question

#Q.27. A private company can issue preference shares which are liable to be redeemed within particular period, only if articles authorizes such issue. Within how much such preference shares have to be redeemed?

- A** Within a period not exceeding 10 years;
- B** Within a period not exceeding 15 years;
- C** Within a period not exceeding 20 years;
- D** Within a period not exceeding 25 years;

Solution

Ans: (C)



Q. Question

#Q.28. Preference shares may be redeemed out of

- A** Profits
- B** Proceeds of a fresh issue of equity shares
- C** Proceeds of a fresh issue of preference shares
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.29. ABC Ltd. Wants to issue redeemable preference shares for a period of 35 years. Advise whether it can do so

- A** Yes, ABC Ltd. can issue redeemable preference shares
- B** Yes, ABC Ltd. can issue redeemable preference shares but for only 30 years
- C** Instead of issuing of shares of 35 years, ABC Ltd. Should issue irredeemable preference shares.
- D** No, ABC Ltd. can issue redeemable preference shares for a period not extending 20 years.

Solution

Ans: (D)



Q. Question

#Q.30. Rajesh infrastructure limited wants to issue preference shares for a period of more than 20 years for its infrastructure project. On the basis of which statement company can do so?

- A** Yes; company can issue irredeemable preference shares by passing special resolution
- B** Yes; company issue preference shares for a period of more than 20 years with the prior approval of Central Government
- C** Yes; company can issue irredeemable preference shares for infrastructure project
- D** Yes; company can issue preference shares for infrastructure project for a period upto 30 years.

Solution

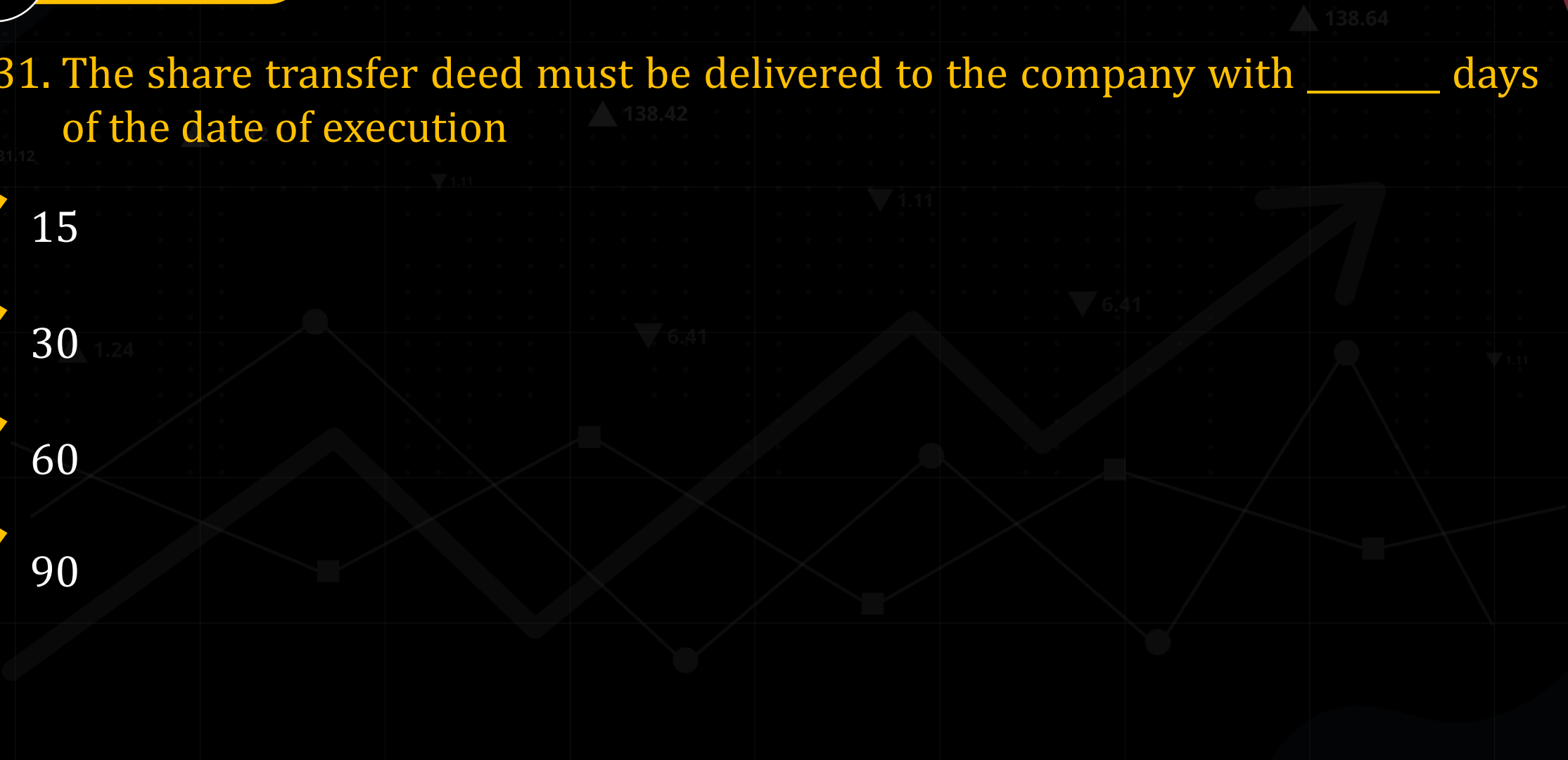
Ans: (D)



Q. Question

#Q.31. The share transfer deed must be delivered to the company with _____ days of the date of execution

- A** 15
- B** 30
- C** 60
- D** 90



Solution

Ans: (C)



Q. Question

#Q.32. Share Certificate are to be issued by a company within

- A** 2 months after allotment
- B** 1 month after allotment
- C** 6 months after allotment
- D** 3 months after allotment

Solution

Ans: (A)



Q. Question

#Q.33. In case of transfer of shares, share certificate shall be delivered within

- A** 1 month of receipt of transfer deed
- B** 2 months of receipt of transfer deed
- C** 3 months of receipt of transfer deed
- D** 6 months of receipt of transfer deed

Q. Question

#Q.34. Himanshu has received a notice from Chaitanya Progressive Books Private Limited on 7th August, 2019 intimating that Shefali has submitted a transfer deed duly signed by her for transfer of 500 partly paid shares (Rs. 6 paid-up out of face Value of Rs. 10 per shares) in his name. Himanshu as transferee must raise his objection to the proposed transfer of partly paid shares latest by _____.

A 14th August 2021

B 21st August 2021

C 22nd August 2021

D 6th September 2021

Solution

Ans: (B)





Question

#Q.35. Keshika is the original owner of 1000 equity shares of Rs. 50 each being allotted by Modern Biscuits Private Limited. As she wanted these shares to be transferred to her younger sister Vanshika as a gift, she completed the transfer deed in all respect and delivered the same to the company along with share certificates on 17th July 2020. However, the company did not register the transfer even after the expiry of more than one month nor did it send any notice of refusal. The reminder to the company remained unanswered. An appeal needs to be filed against the company with the National Company Law Tribunal (NCLT). Advise by choosing the correct option as to who has the right to file the appeal.

- A** Keshika, who continues to remain owner and transferor of equity shares till they are registered in the name of Vanshika, has the right to file an appeal with NCLT against the Company.
- B** Vanshika, as transferee and 'would be' owner of equity shares, has the right to file an appeal with NCLT against the Company.
- C** Both Keshika and Vanshika have to file a joint appeal with NCLT against the company, for either Keshika nor Vanshika are authorized to file the appeal individually.
- D** As per its direction, NCLT may allow either Keshika or Vanshika to file an appeal against the company.

Solution

Ans: (B)



Q. Question

#Q.36. If a private company refuses to transfer the shares, the transferee may appeal to NCLT within

- A** 15 days of receipt of notice of refusal
- B** 30 days of receipt of notice of refusal
- C** 60 days of receipt of notice of refusal
- D** 90 days of receipt of notice of refusal

Solution

Ans: (B)



Q. Question

#Q.37. If a public company refuses to transfer the shares, the transferee may appeal to NCLT within

- A** 15 days of receipt of notice of refusal
- B** 30 days of receipt of notice of refusal
- C** 60 days of receipt of notice of refusal
- D** 90 days of receipt of notice of refusal

Solution

Ans: (C)



Q. Question

#Q.38. A company may convert all or any of its fully paid up shares into stock

- A** By special resolution
- B** By ordinary resolution
- C** With the approval of the tribunal
- D** All of the above

Solution

Ans: (B)



Q. Question

#Q.39. ESOP may be issued subject to approval

- A** By way of Ordinary resolution
- B** By way of Special resolution
- C** By unanimous resolution of Board
- D** By approval of majority of the employees

Q. Question

#Q.40. In case of ESOP, there shall be a minimum period of _____ between grant of options and vesting of options

- A** 3 months
- B** 6 months
- C** 1 year
- D** 3 years

Q. Question

#Q.41. If a company have authorized share capital of Rs. 6,00,000; paid up share capital of Rs. 5,00,000; and a Loan from government of Rs. 2,00,000. Government ordered the company to convert its loan into shares. In this case; such order has the effect of increasing.

- A** The subscribed share capital of the company
- B** The paid-up share capital of the company
- C** The authorized share capital of the company
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.42. A company cannot issue fully paid bonus shares out of

- A** Free reserves
- B** Securities Premium
- C** Capital redemption reserve
- D** Revaluation reserve

Q. Question

#Q.43. Fully paid bonus shares may be issued if it is authorized by way of

- A** Ordinary resolution
- B** Special resolution
- C** NCLT approval
- D** Approval of registrar of companies

Q. Question

#Q.44. The scheme of capital reduction shall be sanctioned by

- A** NCLT
- B** Special Court
- C** High Court
- D** Company Law Board

Q. Question

#Q.45. Before Tribunal's order, the capital can be reduced only after _____

- A** Ordinary resolution
- B** Special resolution
- C** Unanimous resolution of Board
- D** Board resolution

Solution

Ans: (B)



Q. Question

#Q.46. While making an application to the Tribunal for seeking its confirmation in respect of extinguishing the liability of Rs. 3 per equity share, Medhavi Publisher Limited has to file a certificate along with the application, that the accounting treatment proposed by it for such reduction of share capital is in conformity within the accounting standards specified in the prescribed Section. Advise the company as to who can issue such certificate?

- A** Any of the directors of the company as authorized by the Board may issue such certificate
- B** A practicing company secretary is authorized to issue such certificate
- C** The auditor of the company is authorized to issue such certificate
- D** The legal advisor of the company is authorized to issue such certificate

Q. Question

#Q.47. A public company may give loans to its employee for an amount not exceeding their salary for a period of _____ with a view to enable them to purchase of its fully paid – up shares

- A** 1 month
- B** 3 months
- C** 6 months
- D** 1 year

Solution

Ans: (C)



Q. Question

#Q.48. Section _____ of Companies Act, 2013 deals with buy-back

- A** 67
- B** 68
- C** 69
- D** 70



Solution

Ans: (B)



Q. Question

#Q.49. Buy-back up to ___ of the total paid-up equity capital and free reserved can be done only by passing a Board resolution

- A** 5%
- B** 10%
- C** 15%
- D** 25%

Solution

Ans: (B)



Q. Question

#Q.50. Shareholders can approve buy-back up to _____ of the total paid-up capital and free reserves after passing _____

- A** 25%; Ordinary resolution
- B** 25%; Special resolution
- C** 26%; Ordinary resolution
- D** 26%; Special resolution

Solution

Ans: (B)



Q. Question

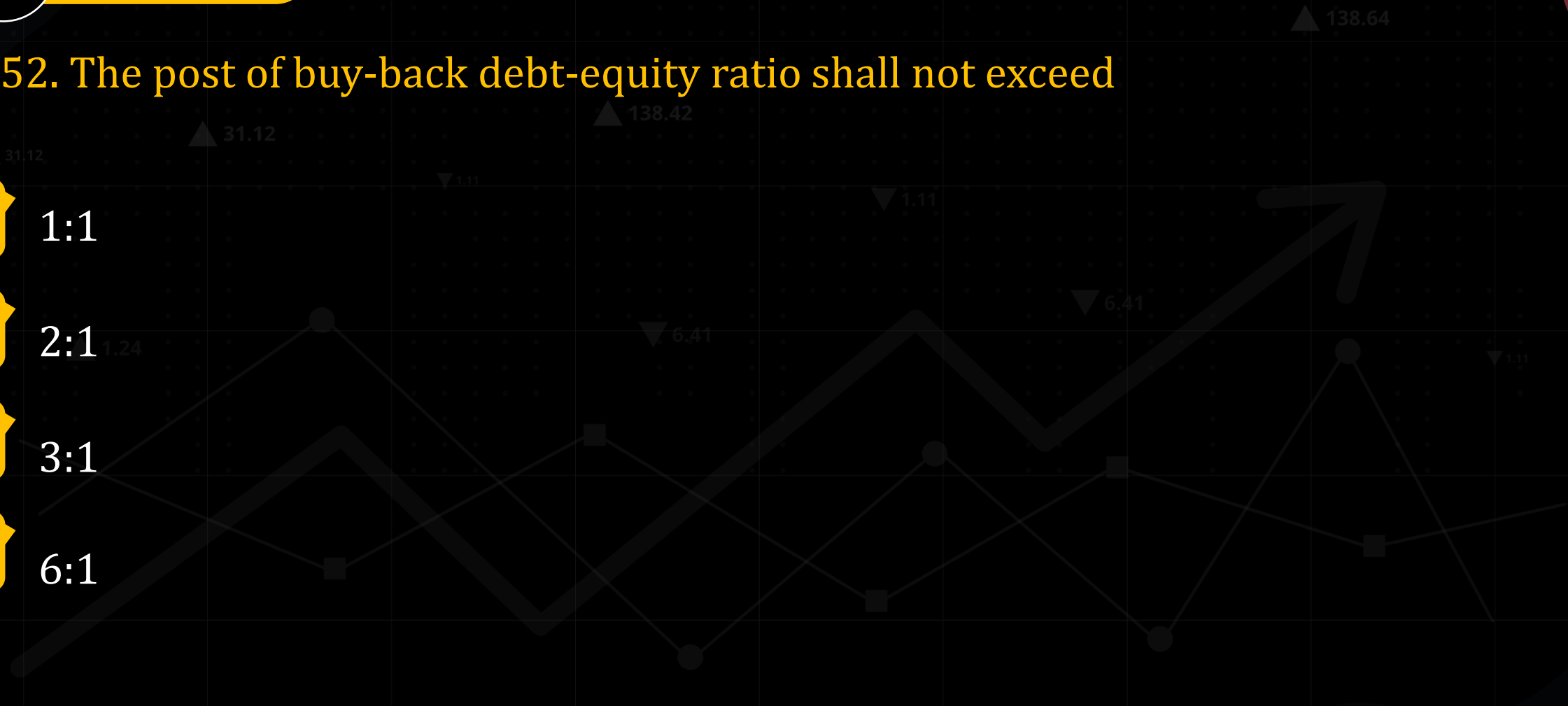
#Q.51. Goals Limited, a listed company has authorized share capital of Rs. 25,00,000 (issued, subscribed and paid up capital of Rs. 20,00,000). The company has planned to buy back shares worth Rs. 10,00,000. What is the maximum amount of equity shares that the company is allowed to buy back based on the total amount of equity shares?

- A** Rs. 2,00,000
- B** Rs. 5,00,000
- C** Rs. 6,25,000
- D** Rs. 8,00,000

Q. Question

#Q.52. The post of buy-back debt-equity ratio shall not exceed

- A** 1:1
- B** 2:1
- C** 3:1
- D** 6:1



Solution

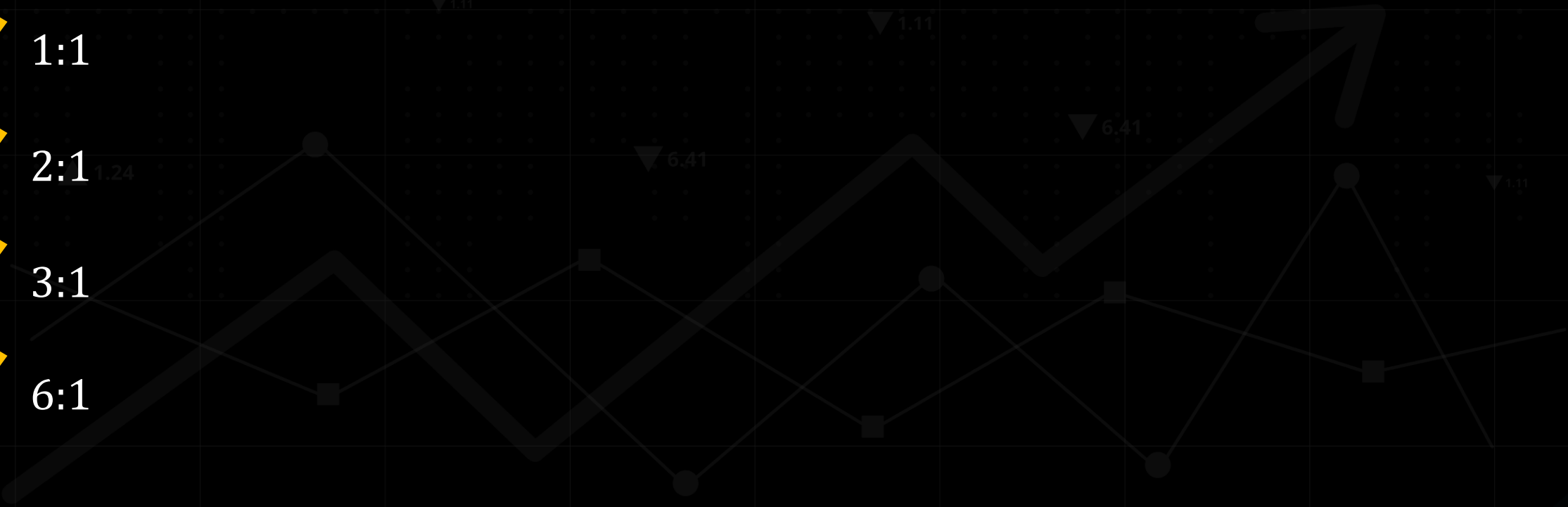
Ans: (B)



Q. Question

#Q.53. In case of a government company providing Housing Finance service, the post buy-back debt-equity ratio shall exceed

- A** 1:1
- B** 2:1
- C** 3:1
- D** 6:1



Solution

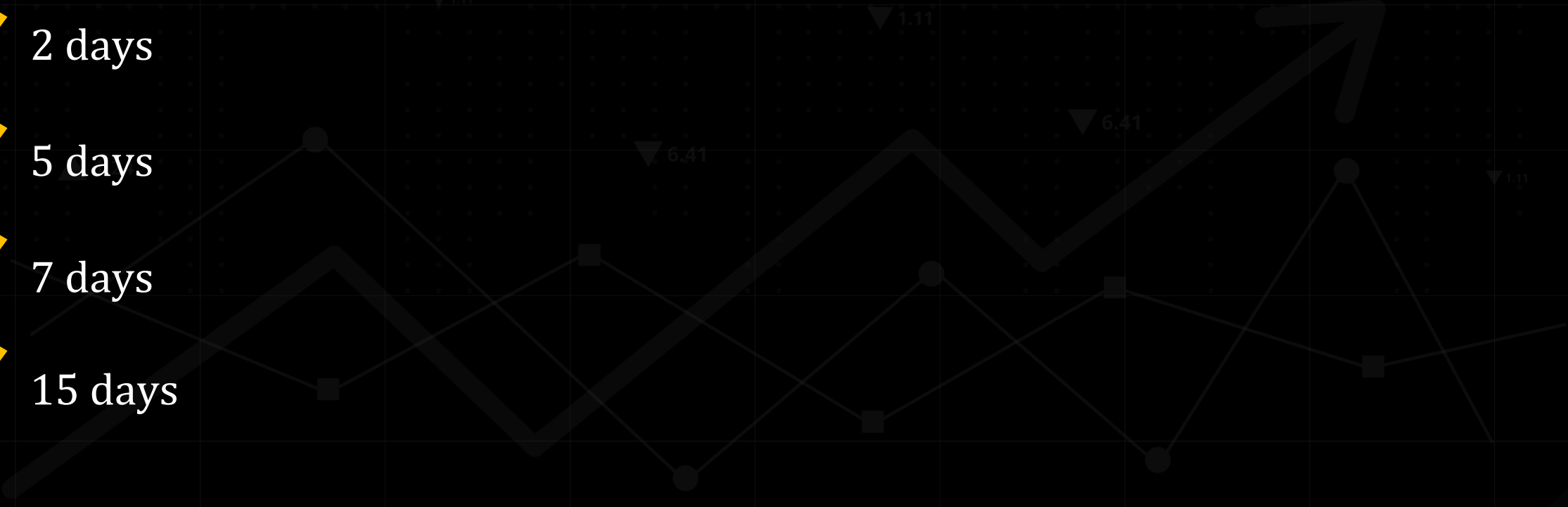
Ans: (D)



Q. Question

#Q.54. Securities bought back shall be extinguished within ____ of the last date of completion of buy-back

- A** 2 days
- B** 5 days
- C** 7 days
- D** 15 days



Solution

Ans: (C)



Q. Question

#Q.55. There must be a gap of at least _____ between 2 buy-backs

- A** 6 months
- B** 1 year
- C** 2 years
- D** 3 years



Solution

Ans: (B)



Q. Question

#Q.56. Prithvi Cements Limited is desirous of issuing debentures carrying voting rights. Which of the following options is best suited in such a situation.

- A** Prithvi Cements can issue debentures carrying voting rights if an ordinary resolution is passed permitting such issue.
- B** Prithvi Cements Limited can issue debentures carrying voting rights if a special resolution is passed permitting such issue.
- C** Prithvi Cements Limited can issue debentures carrying voting rights if it mortgages land and buildings worth two times the amount of such debentures.
- D** Prithvi Cements Limited cannot issue debentures carrying voting rights

Solution

Ans: (D)





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Q. Question**Section 73 – Prohibition on acceptance of deposits from Public**

#Q.1. A reserve account that shall not be used by the company for any purpose other than repayment of deposits is called

A Debenture redemption reserve

B Deposit Repayment reserve

C Capital redemption reserve

D Free reserve

Solution



(B)



Q. Question

#Q.2. Deposit Repayment Reserve must be created for at least of the deposits maturing during a following financial year

- A** 10%
- B** 15%
- C** 20%
- D** 25%



Solution



(C)



Q. Question

#Q.3. Bhumi Real Estate Developers Limited has accepted deposits from its members which are being paid on the maturity without any default. As a statutory obligation, the company is required to deposit in a specified account opened with its bankers, a particular amount on or before 30th April of each year till the deposits are fully repaid. Advise the company regarding the quantum of amount which must be so deposited.

- A** Not less than 50% of the amount of its deposits maturing during the following financial year
- B** Not less than 30% of the amount of its deposits maturing during the following financial year.
- C** Not less than 20% of the amount of its deposits maturing during the following financial year
- D** Not less than 10% of the amount of its deposits maturing during the following financial year.

Solution



(C)



Q. Question

#Q.4. Suneet Spices Limited decides to raise deposits of Rs. 20.00 lacs from its members. However, it is of the opinion to secure such deposits partially by offering security worth Rs. 15.00 lacs. Which of the following options best describe such deposits:

- A** Fully secured deposits (except a small portion)
- B** Unsecured deposits
- C** Partially secured deposits
- D** None of the above

Solution



(B)



Q. Question

Section 76 – Acceptance of deposits from Public by Eligible companies

#Q.5. Eligible company means a public company having

- A** Net worth \geq Rs.100 Cr
- B** Turnover \geq Rs.500 Cr
- C** Both (A) and (B)
- D** Either (A) and (B)

Solution



(D)



Q. Question

#Q.6. An eligible company, as per Section 76, which is accepting deposits within the limits specified under section 180(1)(c) may accept deposits by means of _____.

- A** Ordinary resolution
- B** Special resolution
- C** Unanimous resolution
- D** Special resolution and approval of central Government

Solution



(A)



Q. Question

#Q.7. Which of them will be considered as deposits?

- A** Money raised by issuing commercial papers
- B** Loans from State Bank of India
- C** Loans from State Bank of India
- D** Amount raised from unlisted unsecured NCDs

Solution



(D)



Q. Question

#Q.8. Which of them will be considered as deposits?

- A** Amount raised from foreign as per FEMA
- B** Amount received from Government
- C** Security deposit for performance of service
- D** Trade advance for supply of goods within 400 days

Solution



(D)



Q. Question

#Q.9. Any amount received in the course of, or for the purpose of, business of the company as an advance for the supply of goods or provision of services shall be deemed to be deposits on the expiry of ____ from the date of they become due to refund.

- A** 15 days
- B** 30 days
- C** 60 days
- D** 365 days

Solution



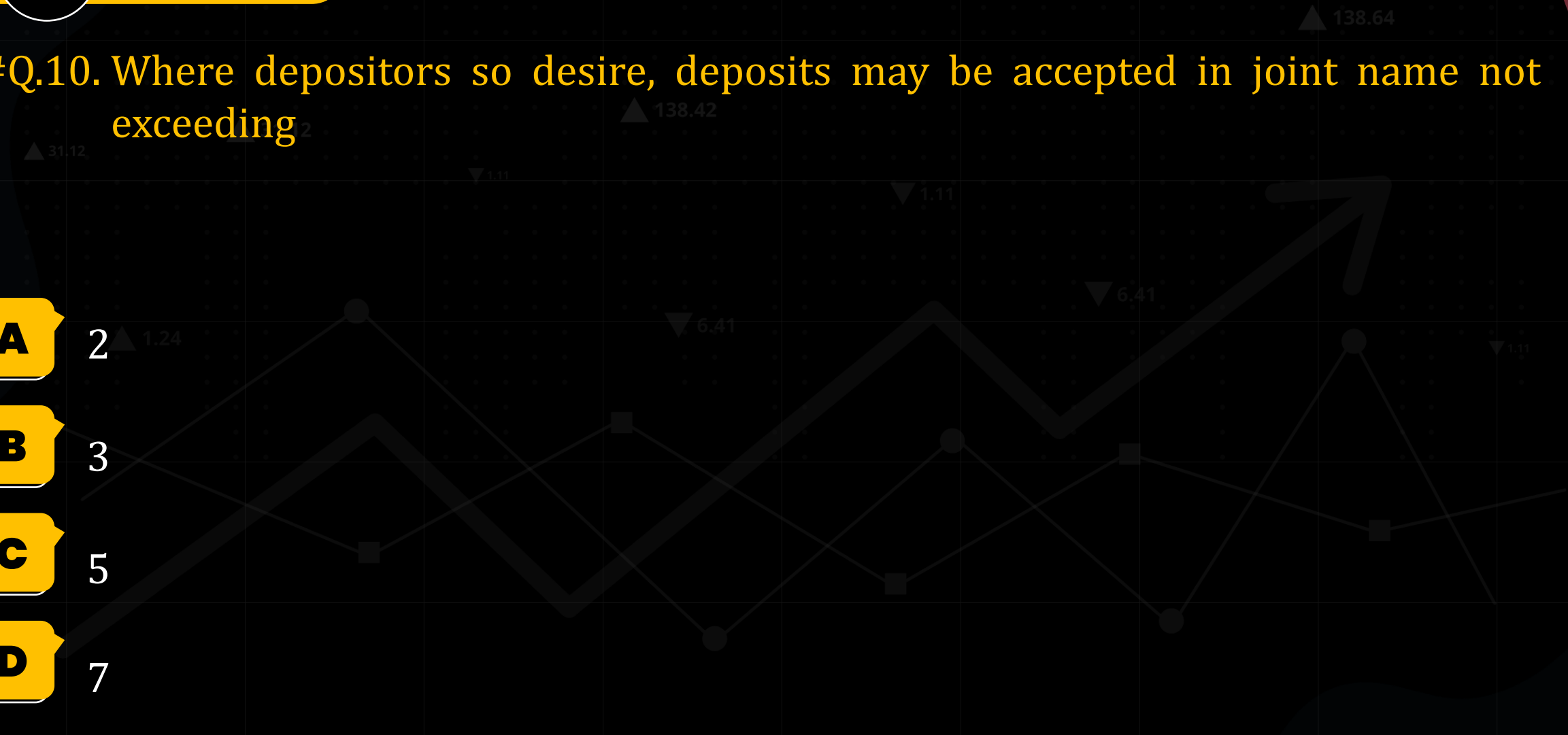
(d)



Q. Question

#Q.10. Where depositors so desire, deposits may be accepted in joint name not exceeding

- A** 2
- B** 3
- C** 5
- D** 7



Solution



(B)



Q. Question

#Q.11. As per the provisions of the companies Act, 2013 and relevant rules made thereunder, an eligible company can , in case the depositors so desire, may accept deposits in joint name not exceeding _____. A joint deposit may “Either or be accepted with or without any of the clauses, namely , “Jointly”, Survivor”, “First named or Survivor”, “Anyone or Survivor.” These clauses operate on

- A** Three, maturity
- B** Two maturity
- C** Five, accepting the deposits
- D** Five maturity

Solution



(A)



Q. Question

#Q.12. What is the maximum tenure for which a company can accept or renew deposits from its members as well as public ?

- A** 12 months
- B** 24 months
- C** 36 months
- D** 48 months

Solution



(C)



Q. Question

#Q.13. As per the provisions of the companies Act, 2013 and relevant rules made thereunder, an eligible company is not permitted to accept form public or renew the same deposits (whether secured or unsecured) which is repayable on demand or in less than _____ months, Further the maximum period of acceptance of deposit cannot exceed _____ months. But, for the purpose of meeting any of its short – term requirements of funds, a company may accept or renew deposits of repayment earlier than _____ months subjects to certain conditions.

- A** Six , thiry- six , six
- B** Six , thiry- six , three
- C** Six, sixty, six
- D** Three, sixty, six

Solution



(A)



Q. Question

#Q.14. An eligible company shall not raise deposits from its members exceeding _____ of its paid - up share capital, free reserves & securities premium.

- A** 10%
- B** 25%
- C** 35%
- D** 100%



Solution



(A)



Q. Question

#Q.15. A government company shall not raise deposits from exceeding _____ of its paid – up share capital, free reserves and securities premium.

- A** 10%
- B** 25%
- C** 35%
- D** 100%

▲ 31.12

▼ 1.11

▲ 138.42

▼ 6.41

▼ 1.11

▼ 6.41

▲ 138.64

▼ 1.11

Solution



(C)



Q. Question

#Q.16. A company must execute a deposit trust deed at least _____ days before issuing the circular or circular in the form of advertisement.

- A** 7
- B** 14
- C** 21
- D** 28

Solution



(A)



Q. Question

#Q.17. Deposit trustee may be removed before the expiry of his term after approval by way of

- A** Ordinary resolution
- B** Special resolution
- C** Unanimous Board resolution
- D** Board Resolution

Solution



(C)



Q. Question

#Q.18. A Limited company is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the minimum period for which it should mandatorily be preserved in good order.

- A** Four years from the financial year in which the latest entry is made in the Register
- B** Six years from the financial year in which the latest entry is made in the Register
- C** Eight years from the financial year in which the latest entry is made in the Register.
- D** Ten years from the latest date of entry.

Solution



(C)



Q. Question

#Q.19. Ruchita wants to renew her deposit Rs. 5.00 lakh maintained with Kewal constructions Limited before the expiry of original period with a view to avail higher rate of interest. For how much extended period, Ruchita is required to renew her deposit , so that the company shall pay her higher rate on deposits?

- A** One and a half times the unexpired period of original deposit.
- B** Double the unexpired period of original deposit.
- C** Six months more in addition to the unexpired period of deposit.
- D** Longer than the unexpired period of deposit

Solution



(D)



Q. Question

#Q.20. A company must file a return of deposits on or before _____ every year.

- A** 31st March
- B** 30th April
- C** 30th June
- D** 30th September

Solution



(C)



Q. Question

#Q.21. Every company shall pay a penal rate of interest _____ for the overdue period in case of deposits, whether secured or unsecured , matured and claimed but remaining unpaid.

- A** 9% p.a
- B** 10% p.a
- C** 12% p.a
- D** 18% p.a

Solution



(D)



Q. Question

#Q.22. MN limited failed to repay the Public Deposits on maturity after they are claimed. The company is required to pay penal interest at the rate of _____ for the overdue period.

- A** 15%
- B** 18%
- C** 12%
- D** 20%

Solution



(B)





thank

you



Today's Targets



Practice Questions



Q. Question

#Q.1. An interest or lien created on the property or assets of a company or any of its undertakings or both as security is known as:

- A** Debt
- B** Charge
- C** Liability
- D** Hypothecation

Solution



Ans.: (B)



Q. Question

#Q.2. Application for registration of charge created for debentures shall be in Form

- A** CHG-1
- B** CHG-2
- C** CHG-5
- D** CHG-9

Solution



Ans.: (D)



Q. Question

#Q.3. Application for registration of charge created otherwise than for debentures shall be in Form

- A** CHG-1
- B** CHG-2
- C** CHG-5
- D** CHG-9

Solution



Ans.: (A)



Q. Question

#Q.4. It shall be the duty of every company to register charge with Registrar within days of its creation

- A** 5
- B** 10
- C** 30
- D** 60



Solution



Ans.: (C)



Q. Question

#Q.5. For a charge created after Nov 2, 2018: if a company doesn't register the charge within 30 days, Registrar may allow such registration to be made within

- A** 30 days from the date of creation by paying additional fees
- B** 60 days from the date of creation by paying additional fees
- C** 90 days from the date of creation by paying additional fees
- D** 120 days from the date of creation by paying additional fees

Solution

Ans.: (B)



Q. Question

#Q.6. If a charge is created on or after 02-11-2018 but the registration is not made within the original period of 30 days and also not made within next 30 days after the expiry of original 30 days, then the Registrar is empowered to allow such registration to be made within a further period of

- A** 30 days
- B** 45 days
- C** 60 days
- D** 90 days

Solution



Ans.: (C)



Q. Question

#Q.7. Eztech Machines Limited owns a plot of land which was mortgaged to Urbane Commercial Bank Limited for raising term loan of ₹2.00 crore. The mortgage was duly registered with the Central Registry. First loan installment of ₹50.00 lacs was released immediately after sanction of term loan with the condition that subsequent three installments of ₹50.00 lacs shall be released as soon as the earlier released installment is utilized satisfactorily. Is it necessary either for the company or the bank to register, the charge on plot with the concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry?

- A** It is not necessary either for the bank or the company to register the charge on plot of land with the concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry.
- B** It is necessary to get the charge on plot on land registered with the concerned Registrar of Companies (ROC) irrespective of the fact that mortgage is registered with the Central Registry.
- C** The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the actual liability of the company with the Bank exceeds ₹ 1.00 crore.
- D** The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the term loan sanctioned by the bank to the company exceeds ₹2,00 crores.

Solution

Ans.: (B)



#Q.8. With a view to augment its production, Surya Techno-Products Limited availed a loan of ₹ 50,00 lacs from Shrilaxmi First Bank Limited for purchase of a new machinery by offering its factory worth ₹ 2.25 crores as security. However, the company did not initiate any steps to get the charge on factory registered in favor of lending banker within the specified time. As soon as the charge-holder bank came to know about the nonregistration of charge with the ROC, it applied to the Registrar for registration of charges along with the instrument creating the charge and paid the requisite fees when demanded. Advise the bank whether it can recover the fees so paid for registration of charge from Surya Techno Products

- A** Yes, the bank can recover the fees paid by it for registration of charge.
- B** No, the bank cannot recover the fees paid by it for registration of charge because the bank is equally responsible for getting the charge registered.
- C** Only when it obtains recovery orders from Regional Director (RD), the bank can recover the fees paid by it for registration of charge from the company.
- D** Only when it obtains recovery orders from National Company Law Tribunal (NCLT), the banks can recover the fees paid by it for registration of charge from the company.

Solution



Ans.: (A)



Q. Question

#Q.9. Any person acquiring property (on which charge is registered under section 77) shall be deemed to have notice of the charge from

- A** End of 30 days
- B** Date of application for charge
- C** Date of acquiring the property
- D** Date of such registration

Solution



Ans.: (D)



Q. Question

#Q.10. A charge was created on assets of Pram Limited. Such charge is registered on 12th November, 2018. Any person acquiring such assets shall be deemed to have notice of the charge: (Give your answer as per the provisions of the Companies Act, 2013)

- A** from 12th November, 2018;
- B** from 13th November, 2018;
- C** from 12th December, 2018;
- D** from 12th January, 2019;

Solution



Ans.: (A)



Q. Question

#Q.11. On receipt of intimation of satisfaction of charge, the registrar issues a notice to the holder calling a show cause within such time not exceeding days as to why payment or satisfaction in full should not be regarded as intimated to the registrar

- A** 14
- B** 21
- C** 30
- D** 300

Solution

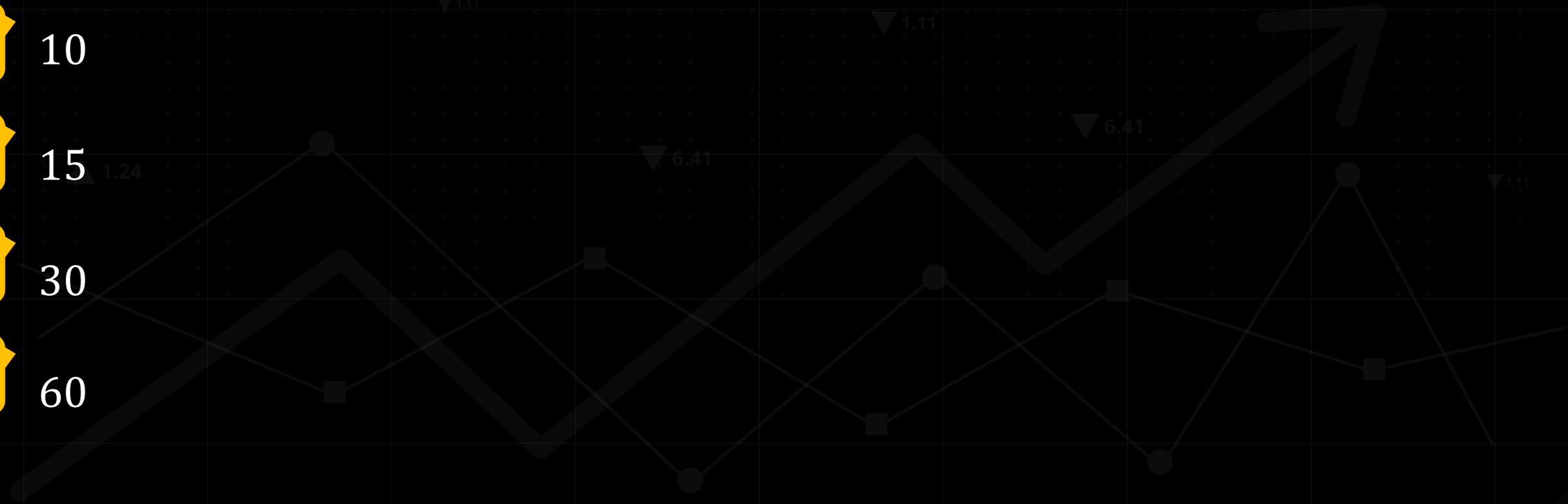
Ans.: (A)



Q. Question

#Q.12. If a person obtains an order for appointment of a receiver, he shall give a notice of such appointment to the company and registrar within days

- A** 10
- B** 15
- C** 30
- D** 60



Solution



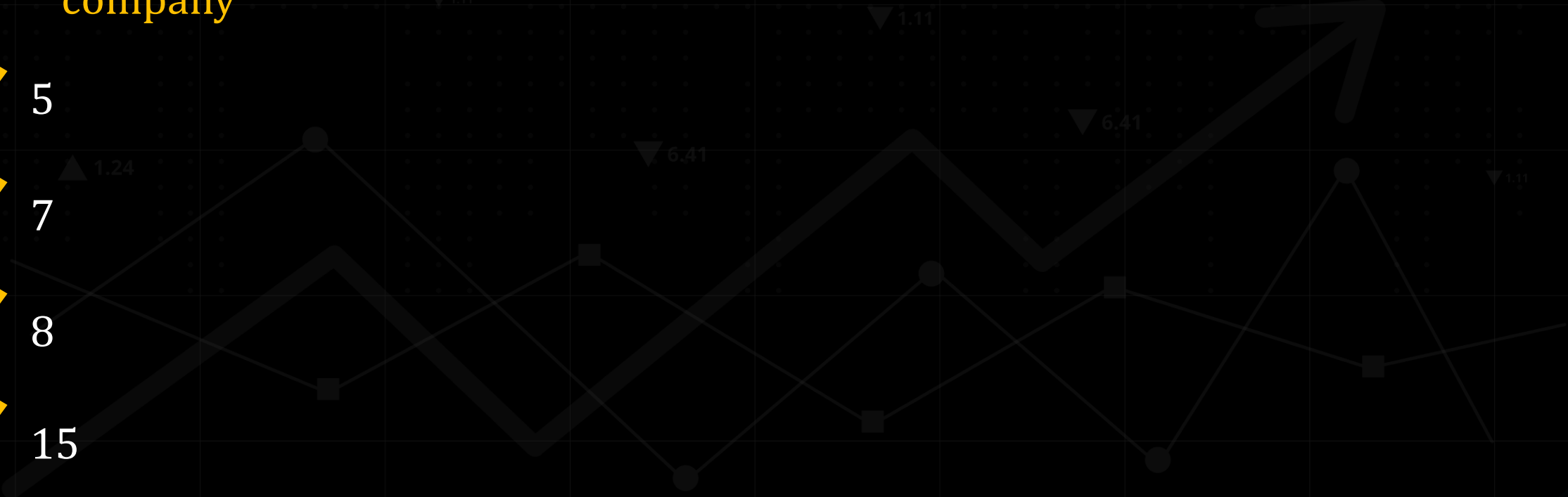
Ans.: (C)



Q. Question

#Q.13. The company's instrument creating a charge or modification thereon shall be preserved for a period of years from the date of satisfaction of charge by the company

- A** 5
- B** 7
- C** 8
- D** 15



Solution



Ans.: (C)



Q. Question

#Q.14. The entry for every creation, modification and satisfaction of charges is being done properly. The company is also preserving every instrument related to such charges. From the following fer how long the instrument of charges shall be maintained/preserved by the compony -

- A** for minimum 8 years from the date of creation of charge
- B** For minimum 10 years from the date of creation of charge
- C** For minimum 8 years from the date of satisfaction of charge
- D** permanently, without any time limit

Solution



Ans.: (C)



Q. Question

#Q.15. The Register of Charges and instrument of charges maintained by the company shall be open for inspection during

- A** working hours
- B** business hours
- C** at all times
- D** 9 A.M. to 5 P.M.

Q. Question

#Q.16. The registrar shall keep register of charges which shall be open to inspection by on payment of fee:

- A** the company
- B** the charge holder
- C** holder
- D** any person

Solution



Ans.: (D)



Q. Question

#Q.17. If a company contravenes the provisions of registration of charges, the company is liable to a penalty of

- A** INR 1 lakh
- B** INR 2 lakh
- C** INR 5 lakh
- D** INR 25 lakh

Solution



Ans.: (C)



Q. Question

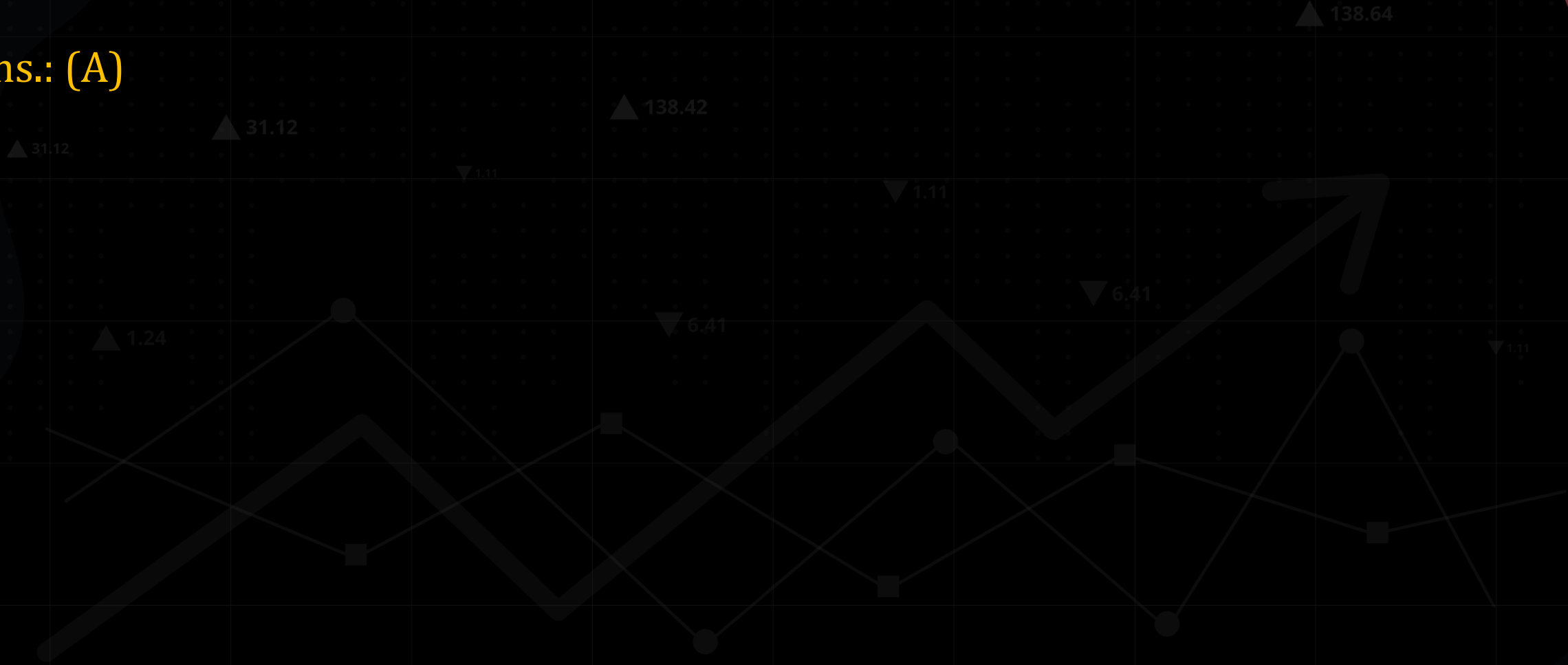
#Q.18. For contravention of chapter of charges, every officer in default shall be liable to a penalty of

- A** INR 50,000
- B** INR 1 lakh
- C** INR 5 lakh
- D** INR 10 lakh

Solution



Ans.: (A)





thank

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Q. Question

#Q.1. The entries shall be made within _____ after the Board of directors or its duly constituted committee approves the allotment of securities

- A** 5 days
- B** 7 days
- C** 15 days
- D** 30 days

Solution

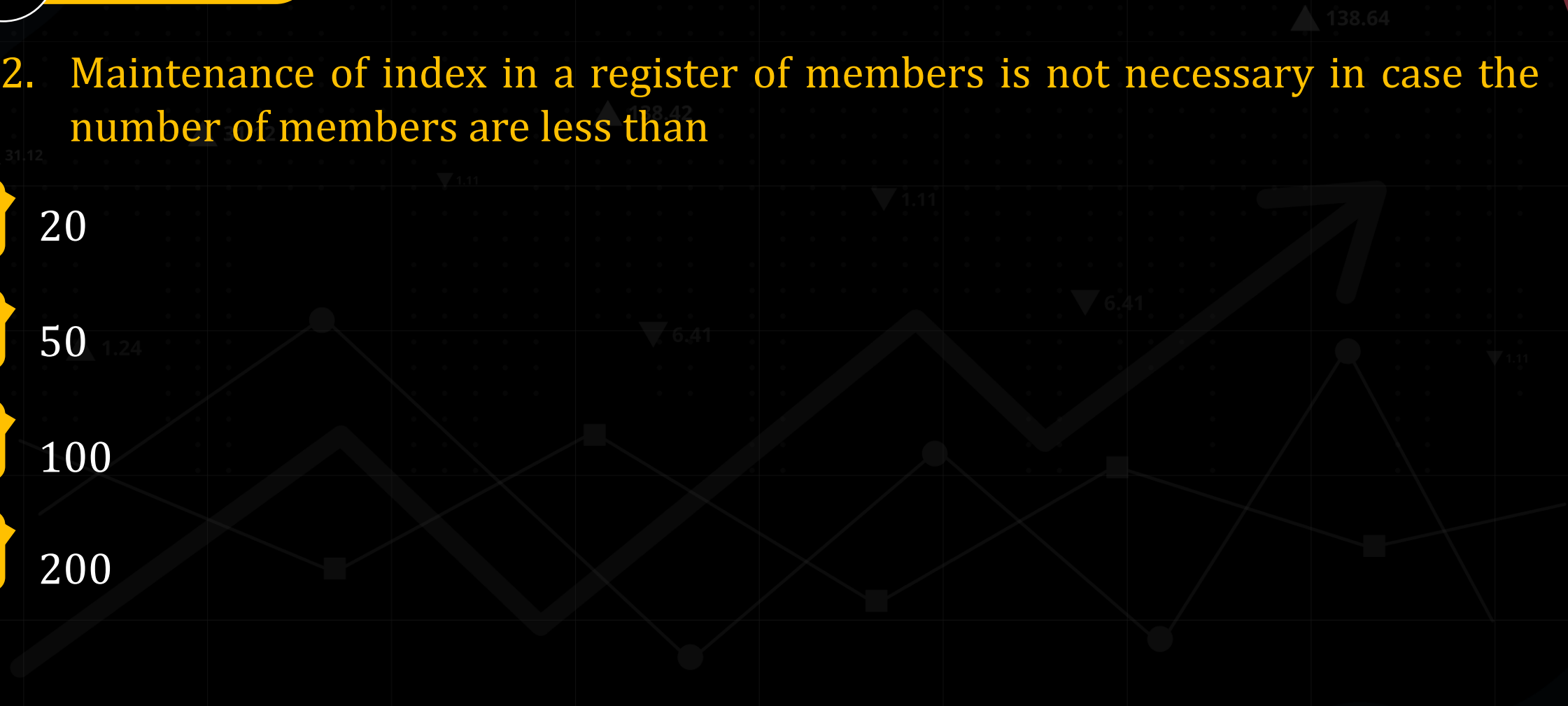
Ans: (B)



Q. Question

#Q.2. Maintenance of index in a register of members is not necessary in case the number of members are less than

- A** 20
- B** 50
- C** 100
- D** 200



Solution

Ans: (B)



Q. Question

#Q.3. The company shall within from the date of the opening of a foreign register of members, file with the Registrar notice of the situation of office where such register is kept

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

Ans: (B)



Q. Question

#Q.4. The company shall transmit to its registered office in India a copy of every entry in any foreign register of members within after the entry is made

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

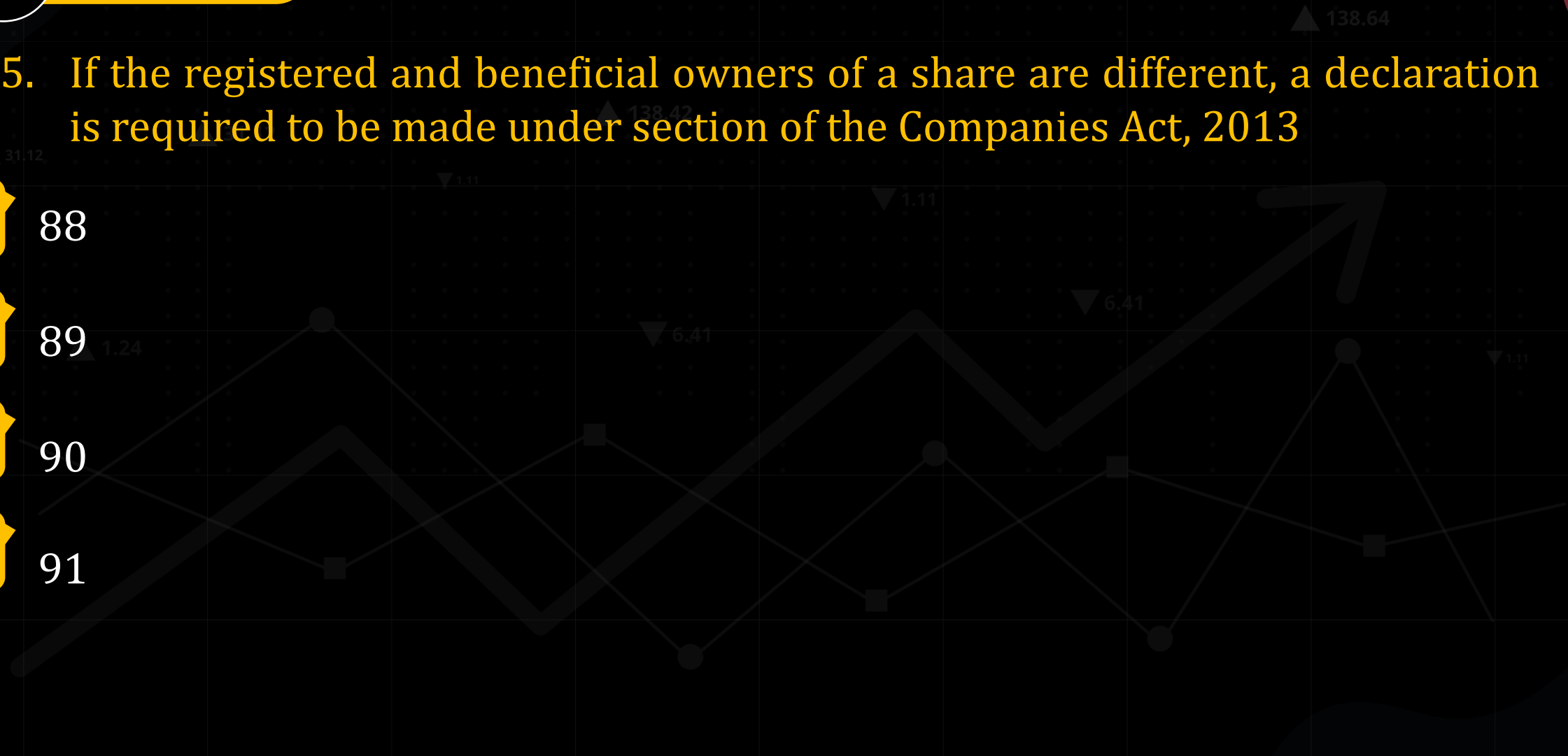
Ans: (A)



Q. Question

#Q.5. If the registered and beneficial owners of a share are different, a declaration is required to be made under section of the Companies Act, 2013

- A** 88
- B** 89
- C** 90
- D** 91



Solution

Ans: (B)



Q. Question

#Q.6. Where the name of a person is entered in the register of members of a company as the holder of shares in that company but who does not hold the beneficial interest in such shares, such person shall made a declaration to the company specifying the name of the person who holds the beneficial interest within, from the date on which his name is entered in the register of members

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

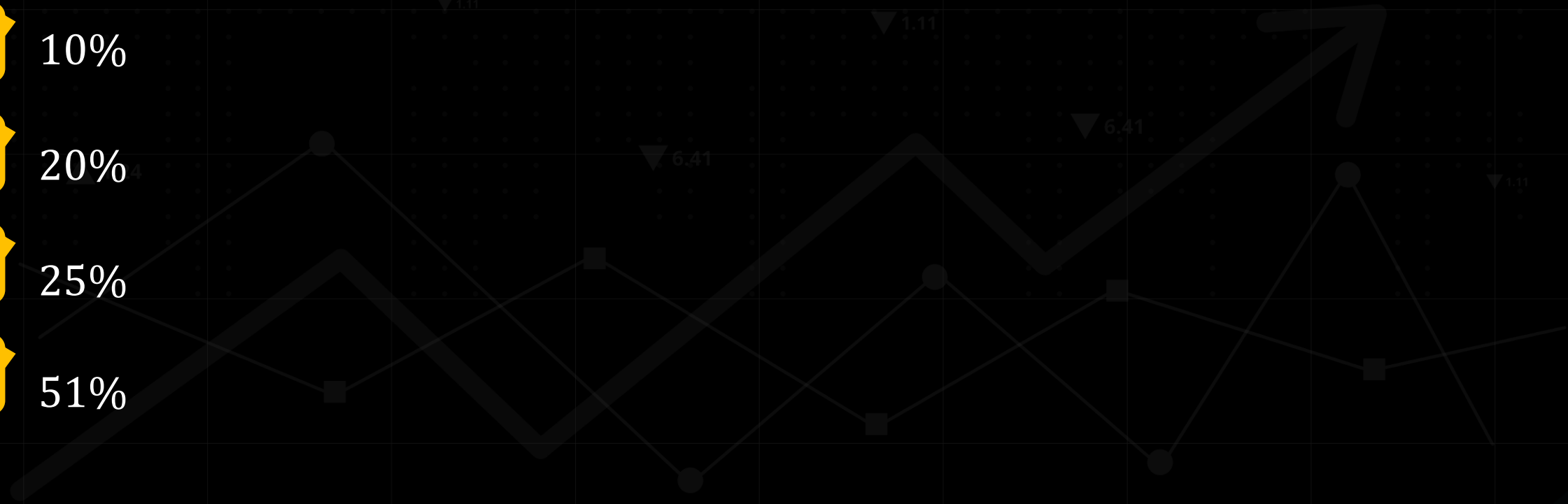
Ans: (B)



Q. Question

#Q.7. Significant beneficial owner means an individual holding beneficial interested of not less than

- A** 10%
- B** 20%
- C** 25%
- D** 51%



Solution

Ans: (A)



Q. Question

#Q.8. company may close its register of members for a maximum tenure of days in a year and for a maximum of days at any one time

- A** 30;15
- B** 45;30
- C** 60;30
- D** 75;45

Solution

Ans: (B)



Q. Question

#Q.9. Amber Limited is a manufacturer of glassware. Its paid-up share capital is divided into 20,000 shares of ₹100 each. The company is maintaining its register of members as per the provisions of the Companies Act, 2013. The company wanted to close its register of members for declaring dividend. It may do so by giving minimum days' notice.

- A** 7 days
- B** 10 days
- C** 15 days
- D** The register of members cannot be closed.

Solution

Ans: (A)



Q. Question

#Q.10. ABC Infrastructures Limited is a listed company quoted at National Stock Exchange. The company closed its Register of Members in June and August, 2017 for 12 and 21 days respectively. The CFO of company has informed the company secretary to consider closing of register in December for another 15 days for some strategic reasons. Referring to the provisions of Companies Act, 2013, examine the validity of above action of the company.

- A** Valid, as the closure of register of members by company each time is not exceeding 30 days.
- B** Invalid, as company cannot go for closure of Register of members more than twice in a year
- C** Invalid, as the period of closing register of members exceeding 30 days in a year.
- D** Invalid, as the period of closing the Register of members by the company is exceeding 45 days in a year

Q. Question

#Q.11. Normally the annual return of every company is filed in Form

- A** MGT-6
- B** MGT-7
- C** MGT-8
- D** MGT-9



Solution

Ans: (B)



Q. Question

#Q.12. The annual return of One Person Company and Small company is required to be filed in Form

- A** MGT-7
- B** MGT-7A
- C** MGT-8
- D** MGT-8A

Solution

Ans: (B)



Q. Question

#Q.13. Rema formed and occupied the office of director in Rem Stationers (OPC) Private Limited which deals in manufacturing and trading of various items of stationery. Rema noticed a changed provision which mandates that from the Financial Year 2020-21 onwards, an OPC shall file its Annual Return in MGT - 7A. Rema is also one of the directors in another company which too is required to file its Annual Return in MGT -7A. Which is that 'other company' where Rema also occupies the office of director in addition to OPC.

- A** That other company is a 'small company' where Rema also occupies the office of director in addition to OPC.
- B** That other company is an 'associate company' where Rema also occupies the office of director in addition to OPC.
- C** That other company is a subsidiary company where Rema also occupies the office of director In addition to OPC.
- D** That other company is a 'dormant company' where Rema also occupies the office of director In addition to OPC.

Solution

Ans: (A)



Q. Question

#Q.14. Normally the annual return of every company is required to be signed by

- A** Any director
- B** Company secretary
- C** Either by a director or company secretary
- D** A director and company secretary

Solution

Ans: (D)



Q. Question

#Q.15. The annual return of a One Person Company or Small company shall be signed by

- A** Company secretary only
- B** A director only
- C** A director or company secretary at the choice of the company
- D** A company secretary, or where there is no company secretary, by the director of the company

Solution

Ans: (D)



Q. Question

#Q.16. Which of the following companies, shall get there annual return certified by a company secretary in practice stating that the annual return discloses the facts correctly and adequately and that the company has complied with all the provisions of the Act

- A** Listed company
- B** Public Company having a paid-up capital of INR to crore or more
- C** Private company having a turnover of INR 50 crore or more
- D** All of the above

Solution

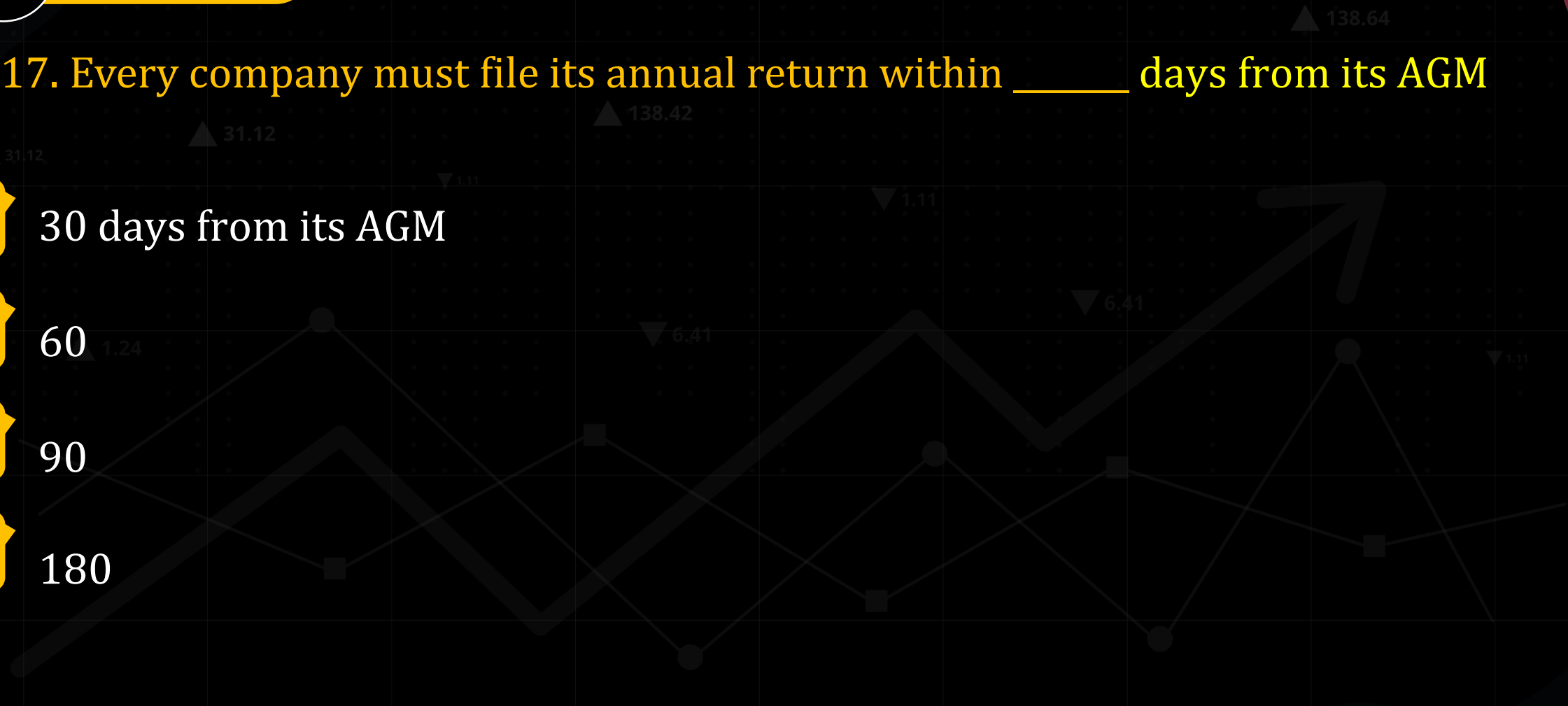
Ans: (D)



Q. Question

#Q.17. Every company must file its annual return within _____ days from its AGM

- A** 30 days from its AGM
- B** 60
- C** 90
- D** 180



Solution

Ans: (B)



Q. Question

#Q.18. If a company does not hold its AGM, then

- A** there is no need to file annual return
- B** annual return shall still be filed within 30 days from the last due date of AGM
- C** annual return shall still be filed within 60 days from the last due date of AGM
- D** annual return shall still be filed within 180 days from closure of financial year

Q. Question

#Q.19. Register of members, debenture-holders, other security holders or copies of return may also be kept at any other place in India in which more than of the total number of members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the company and the Registrar has been given a copy of the proposed special resolution in advance

- A** One-half
- B** One-eighth
- C** One-tenth
- D** One-third

Solution

Ans: (C)



Q. Question

#Q.20. The register of members may be kept at any other place in India where 1/10th members reside, if approved by

- A** Board resolution
- B** Ordinary resolution
- C** Special resolution
- D** Registrar of the state where register is to be kept

Solution

Ans: (C)



Q. Question

#Q.21. The register of members along with the index shall be preserved and shall be kept in the custody of the company secretary or other person authorised by the Board for the following period

- A** 8 years from the date of issue of the shares
- B** 8 years from the date of cessation of the membership
- C** 8 years from the end of the financial year in which the name was first entered in the register
- D** Permanently

Solution

Ans: (D)



Q. Question

#Q.22. Which among the following is correct under the provisions of Companies Act, 2013 and the relevant rules made thereunder regarding preservation of the Register of members along with the index?

- A** The register of members of a company along with the index shall be preserved for a period of 8 years and shall be kept in the safe custody of company secretary of the company or any other person authorized by Board for this purpose
- B** The register of members of a company along with the index shall be preserved for a period of 10 years and shall be kept in the state custody of company secretary of the company or any other person authorized by Board for this purpose
- C** The register of members of a company along with the index shall be preserved for a period of 20 years and shall be kept in the safe custody of company secretary of the company or any other person authorized by Board for this purpose
- D** The register of members of a company along with the index shall be preserved for a period permanently and shall be kept in the safe custody of company secretary of the company or any other person authorized by Board for this purpose

Solution

Ans: (D)



Q. Question

#Q.23. The register of debenture and other security holders along with the index shall be preserved and shall be kept in the custody of the company secretary or other person authorized by the Board for the following period

- A** 8 years from the date of issue of the debentures or other securities
- B** 8 years from the date of redemption
- C** 8 years from the end of the financial year in which the name was first entered in the register
- D** Permanently

Solution

Ans: (B)



Q. Question

#Q.24. Copies of annual return along with copies of all the certificates and documents required to be annexed shall be preserved for

- A** 8 years from the date of filing with the Registrar
- B** 8 years from the end of the Financial year for which the annual return pertains
- C** 8 years from the date of the Annual General Meeting where the annual return was adopted
- D** Permanently

Q. Question

#Q.25. Register of member shall be open for inspection during business hours for not less than ____ on every working day

- A** 1 hour
- B** 2 hours
- C** 5 hours
- D** 8 hours

Solution

Ans: (B)



Q. Question

#Q.26. The Registrar may grant an extension by for holding AGM to any company for special reasons (except in the case of first AGM of the company) (Study Material)

- A** 1 month
- B** 2 months
- C** 3 months
- D** 6 months

Solution

Ans: (C)



Q. Question

#Q.27. The gap between 2 AGMs must not be more than

- A** 12 months
- B** 15 months
- C** 18 months
- D** 15 months as may be extended by Registrar of companies to 18 months

Solution

Ans: (D)



Q. Question

#Q.28. A company may hold its first AGM within

- A** 6 months from the closing of first financial year
- B** 9 months from the closing of first financial year
- C** 6 months from the closing of first financial year and may be extended by Registrar by another 3 months
- D** 9 months from the closing of first financial year and may be extended by Registrar by another 3 months

Solution

Ans: (B)



Q. Question

#Q.29. OPR Limited incorporated on 10th January, 2019 and closed its Financial Statement on 31st March, 2020. The First Annual General Meeting of the Members shall be held on or before

- A** 31st October, 2020
- B** 30th September, 2020
- C** 31st December, 2020
- D** 30th November, 2020

Solution

Ans: (C)



Q. Question

#Q.30. Annual General Meeting of a company may be held on

- A** any day
- B** any day other than a public holiday
- C** any day other than a national holiday
- D** any day other than Sunday

Solution

Ans: (C)



Q. Question

#Q.31. Swiss Commodities Private Limited was incorporated in 2015. Company was not running its business properly due to unexpected ups and downs. It could not hold its first annual general meeting in the year 2016. The company is planning to apply for extension of time for holding the AGM from the Registrar of Companies. On which grounds Company can get an extension?

- A** They will not get any extension.
- B** It Company proves that their financial statements are confiscated.
- C** It they prove that directors have fell below numbers.
- D** If they prove that members are not available.

Solution

Ans: (A)



Q. Question

#Q.32. Soya Limited was incorporated in 2014 and has its registered office in Noida. Company wants to call its 4th Annual General Meeting in Mumbai Whether it is possible?

- A** It is not possible as Annual General Meeting has to be held in Noida:
- B** It is possible with consent of 50% members is received:
- C** It is possible if consent of 75% members is received:
- D** It is possible if consent of 100% members is received;

Solution

Ans: (D)



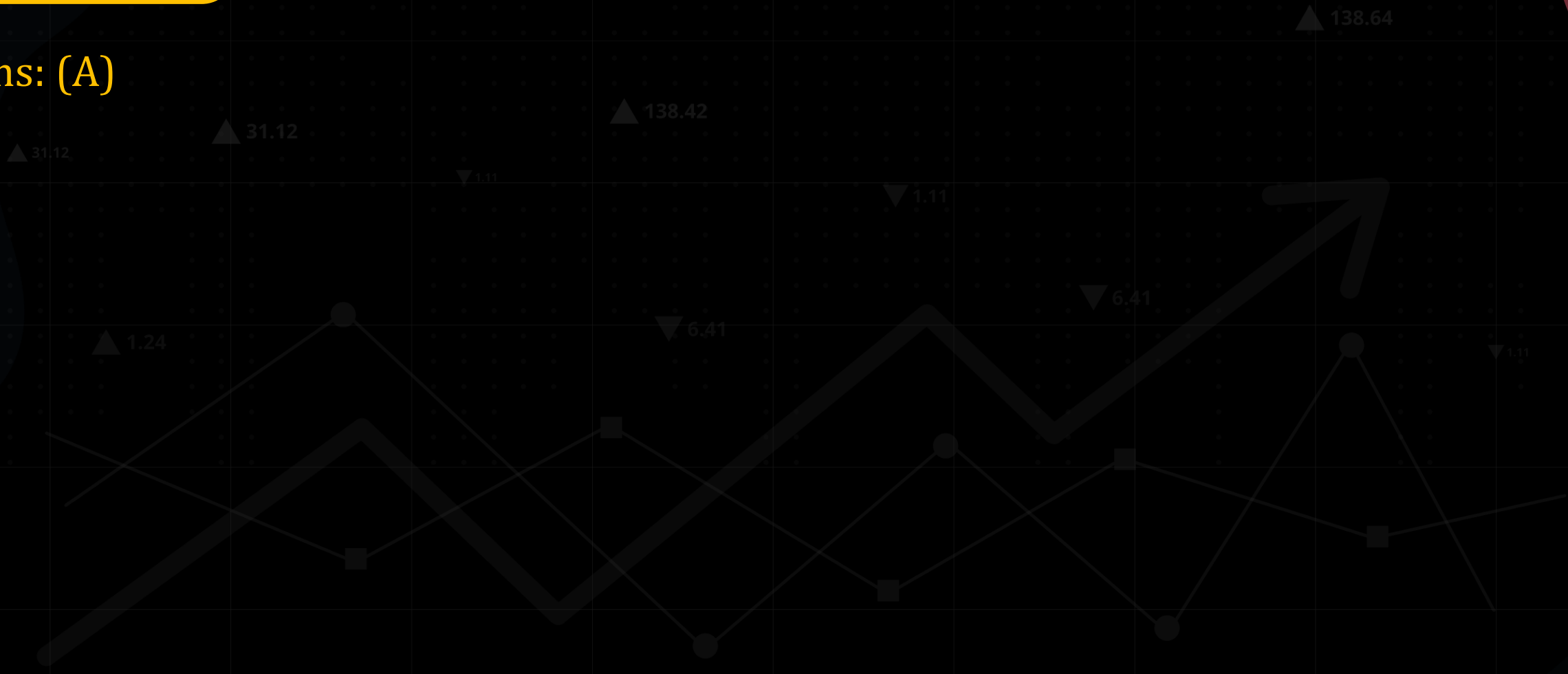
Q. Question

#Q.33. Due to the management disputes, Flow Writing Industries Limited could not hold its current Annual General Meeting by the latest due date. Even after lapse of the due date, it seemed rather impossible to convene the AGM. In such a grim situation, one option available was to approach National Company Law Tribunal (NCLT) and seek direction for the calling of AGM. Out of the following four options, which one is applicable in the given case:

- A** Any member of the company can make an application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.
- B** A member of the company holding at least 1% of the total paid-up share capital must make an application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.
- C** Minimum two members of the company holding at least 1% of the total paid-up share capital must make a joint application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.
- D** Minimum five members of the company holding at least 1% of the total paid-up share capital must make a joint application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.

Solution

Ans: (A)



Q. Question

#Q.34. If a company defaults in holding AGM, then the company and officer in default may be subject to a fine up to and for continuous offence, further fine up to

- A** INR 50,000; INR 5,000 per day
- B** INR 1 lakh; INR 1,000 per day
- C** INR 1 lakh; INR 5,000 per day
- D** INR 10 lakh; INR 10,000 per day

Q. Question

#Q.35. An extraordinary general meeting may be convened by

- A** Board resolution
- B** Requisitions
- C** Tribunal
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.36. The request to call an extraordinary general meeting may be given to Board by members holding of the paid-up share capital carrying voting rights

- A** One-fifth
- B** One-tenth
- C** One-third
- D** One-eighth

Solution

Ans: (B)



Q. Question

#Q.37. On the request of requisitions, the Board must proceed to call EGM within _ days for the consideration of that matter on a day not later than days from the date of receipt of such requisition

A 30;60

B 21;60

C 30;45

D 21;45

Solution

Ans: (D)



Q. Question

#Q.38. The Board of Directors of Gama Ltd. did not call the Extra Ordinary General meeting within 21 days from the date of receipt of requisition from members, then the requisitions may themselves call a meeting within a period of from the date of requisition.

- A** 15 days
- B** 30 days
- C** 1 month
- D** 3 months

Solution

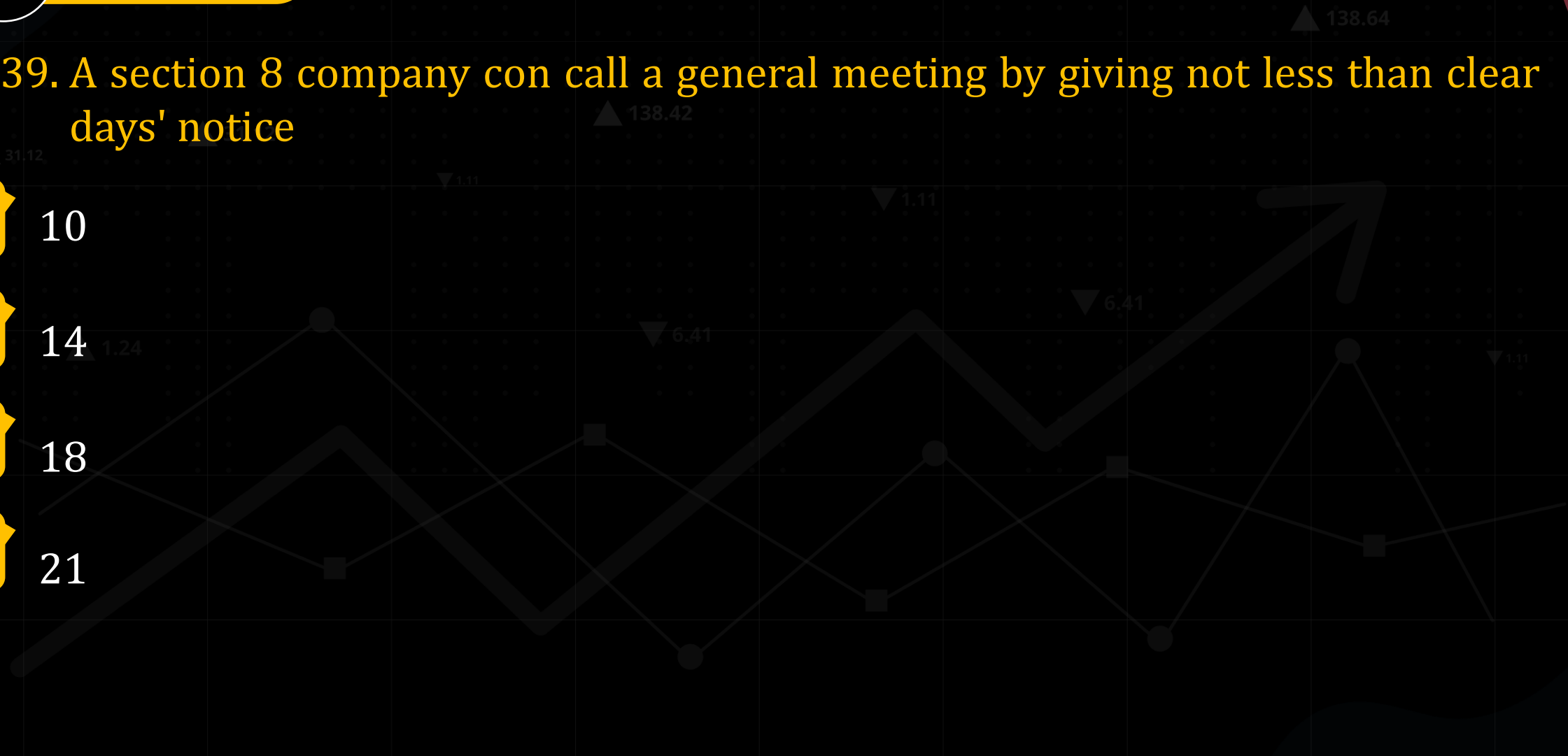
Ans: (D)



Q. Question

#Q.39. A section 8 company can call a general meeting by giving not less than clear days' notice

- A** 10
- B** 14
- C** 18
- D** 21



Solution

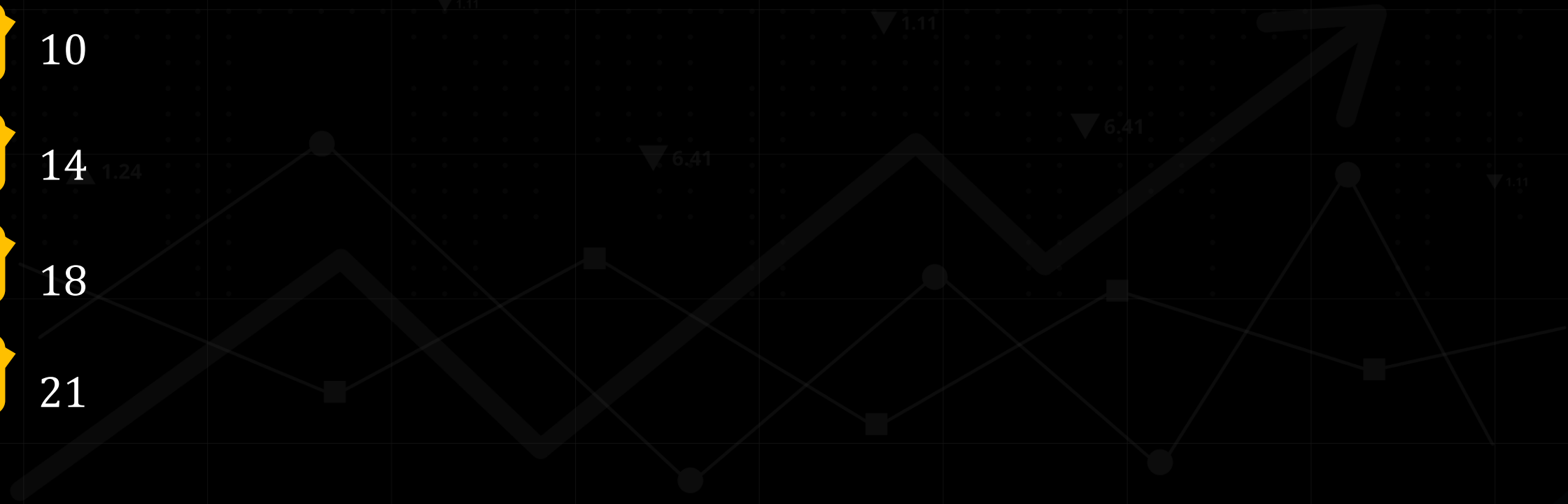
Ans: (B)



Q. Question

#Q.40. A company, other than section 8 company, can call its general meeting by giving not less than clear days' notice

- A** 10
- B** 14
- C** 18
- D** 21



Solution

Ans: (D)



Q. Question

#Q.41. A company wants to hold its AGM on 26 August, 2018. What should be the last date by which notice shall be sent by post so that the provisions of section 10 are not contravened

- A** 5th August, 2018
- B** 4th August, 2018
- C** 2nd August, 2018
- D** 1st August, 2018

Solution

Ans: (C)



Q. Question

#Q.42. An AGM may be called at a shorter notice if consent is given by

- A** Members holding 95% of the paid-up share capital
- B** 95% of the number of members
- C** Majority in number of members and having 95% of the paid-up share capital
- D** Majority of the number of members

Solution

Ans: (B)



Q. Question

#Q.43. In case of a company having share capital, an Extraordinary General Meeting may be called at a shorter notice if consent is given by

- A** Members holding 95% of the paid-up share capital
- B** 95% of the number of members
- C** Majority in number of members and having 95% of the paid-up share capital
- D** Majority of the number of members

Solution

Ans: (C)



Q. Question

#Q.44. In case notice of general meeting is given by post, it is presumed that the notice is received by members

- A** In normal course of post
- B** Within 24 hours of dispatch of notice
- C** Within 48 hours of dispatch of notice
- D** Within 72 hours of dispatch of notice

Solution

Ans: (C)



Q. Question

#Q.45. Annual general meeting needs to be called by giving 21 days' clear notice. However, it can be called on a shorter notice if members entitled to vote in that meeting give their consent in writing or by electronic mode. In such case, how many members have to give their consents?

- A** 75% of members entitled:
- B** 90% of members entitled:
- C** 91% of members entitled:
- D** 95% of members entitled:

Solution

Ans: (D)



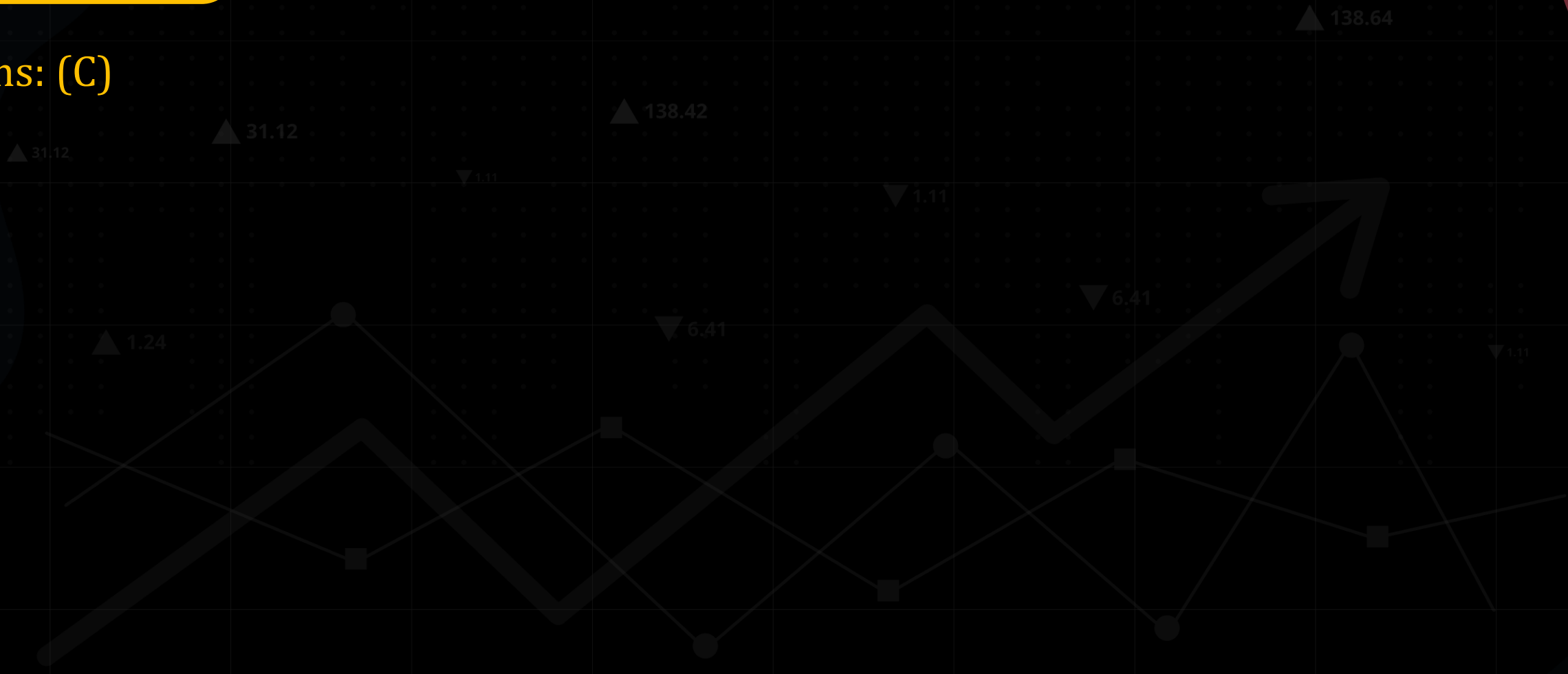
Q. Question

#Q.46. All the 40 members of Taxila Traders Limited have valid voting rights. Due to some urgency, its directors are desirous of convening Annual General Meeting (AGM) at a shorter notice than statutorily required. Is it possible for them to do so?

- A** Taxila Traders Limited cannot convene AGM- at shorter notice than statutorily required.
- B** Taxila Traders Limited can convene AGM at shorter notice than statutorily required, if consent in writing or by electronic mode is accorded by all the forty members who are entitled to vote at the AGM
- C** Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 38 members who are entitled to vote at the AGM.
- D** Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 36 members who are entitled to vote at the AGM.

Solution

Ans: (C)



Q. Question

#Q.47. In Annual General Meeting, which one of the following will be treated as special business?

- A** declaration of any dividend:
- B** fixing of the remuneration of the auditors:
- C** appointment of directors in place of those retiring:
- D** regularization of Director's Appointment:

Solution

Ans: (D)



Q. Question

#Q.48. Unless articles provide for a larger quorum, the quorum of a general meeting for a private company is

- A** 2 members personally present
- B** 5 members personally present
- C** 15 members personally present
- D** 30 members personally present

Solution

Ans: (A)



Q. Question

#Q.49. In case of a public company having 5,000 members: quorum of a general meeting is

- A** 2 members personally present
- B** 5 members personally present
- C** 15 members personally present
- D** 30 members personally present

Solution

Ans: (C)



Q. Question

#Q.50. There are 5,400 members in Dicey Limited. The quorum for its AGM is

- A** 2 members personally present
- B** 5 members personally present
- C** 15 members personally present
- D** 30 members personally present

Solution

Ans: (D)



Q. Question

#Q.51. The Articles of Star Limited, having 10,000 members, provide that the quorum for its general meeting shall be 15 members personally present. How many members must be personally present in its AGM to convene the meeting

- A** 2
- B** 15
- C** 30
- D** 50

Solution

Ans: (C)



Q. Question

#Q.52. The quorum of a general meeting shall be

- A** present only at the start of the meeting
- B** present throughout the meeting
- C** present for only 30 minutes from the start of the meeting
- D** can be present anytime during the meeting

Solution

Ans: (B)



Q. Question

#Q.53. If AGM of Scan Private Limited is adjourned for the want of quorum, then how many members will constitute quorum at the adjourned meeting

- A** 10
- B** 15
- C** Members personally present
- D** 30

Solution

Ans: (C)



Q. Question

#Q.54. Which of the following persons shall not be counted for the purpose of quorum?

- A** Member
- B** Legal representative of President of India, who is a member in the company
- C** Legal representative of a body corporate, which is a member
- D** Proxy

Solution

Ans: (D)



Q. Question

#Q.55. Wide Infra Limited is a Company with 1350 members. Extra General Meeting of Wide Infra Limited was scheduled on 15th November, 2018 at 11am. On the day of meeting, 3 members were present at 10.45am. What number of members is required to fulfil quorum requirement?

- A** Additional 4 members before 11.30 am
- B** Additional 4 members before 11.15am
- C** Additional 12 members before 11.30am
- D** Additional 12 members before 11.15am

Solution

Ans: (C)



Q. Question

#Q.56. The members of Matrix Limited requisitioned for calling Extra Ordinary General Meeting to consider some urgent matters. The same was called by the company. Meeting was scheduled on 31st August, 2018. However, required quorum was not present at the meeting. In this case, what Matrix Limited shall do?

- A** Matrix Limited shall adjourn the meeting to the same day in the next week at the same time and place:
- B** Matrix Limited shall adjourn the meeting to such other day at such other time and place:
- C** The meeting shall be cancelled:
- D** Matrix Limited shall proceed ahead with the available quorum:

Solution

Ans: (C)



Q. Question

#Q.57. A person can be appointed as proxy

- A** of only 1 member
- B** any number of members
- C** of maximum 50 members
- D** of maximum 50 members having an aggregate shareholding of up to 10% of total share capital

Solution

Ans: (D)



Q. Question

#Q.58. The proxy form must be deposited at least before the meeting

- A** 24 hours
- B** 48 hours
- C** 72 hours
- D** 7 days

Solution

Ans: (B)



Q. Question

#Q.59. The AOA of a public company provides that a member must deposit his proxy form at least 72 hours before the meeting. In this case, by when member can deposit his proxy form?

- A** 24 hours before the meeting
- B** 48 hours before the meeting
- C** 72 hours before the meeting
- D** During the meeting

Solution

Ans: (B)



Q. Question

#Q.60. For inspecting proxies, a member must give a notice of his intention at least meeting

- A** 24 hours
- B** 48 hours
- C** 3 days
- D** 7 days before the

Solution

Ans: (C)



Q. Question

#Q.61. The Annual General Meeting of ORT Limited was scheduled on 22, January 2022. Mr. A. shareholder of QRT Limited desires to inspect proxy forms lodged with the company. He requires to put notice in writing for inspection at least on or before

- A** 7th January 2022
- B** 22nd December 2021
- C** 15th January 2022
- D** 19th January 2022

Solution

Ans: (D)



Q. Question

#Q.62. After giving due notice, a member can inspect the proxy form during the period

- A** beginning 24 hours before the meeting
- B** beginning 48 hours before the meeting
- C** beginning with the start of the meeting
- D** beginning 24 hours before the conclusion of the meeting

Solution

Ans: (A)



Q. Question

#Q.63. The AGM of Pawan Limited was scheduled on 20th January 2019. Mr. Anant, shareholder of Pawan Limited desires to inspect proxy forms lodged with the company. He requires to put notice for inspection on or before

- A** 5th January 2019
- B** 13th January 2019
- C** 19th January 2019
- D** 17th January 2019

Solution

Ans: (D)



Q. Question

#Q.64. If a member has not paid his calls, company of restrict his voting rights

- A** after passing ordinary resolution
- B** after passing special resolution
- C** if proper authorization is there in articles
- D** compony can not restrict his voting rights at all

Solution

Ans: (C)



Q. Question

#Q.65. Which of the following companies are required provide E-voting facility to its members?

- A** Company which has listed its equity shares
- B** Nidhi company
- C** Company having 900 members
- D** All of the above

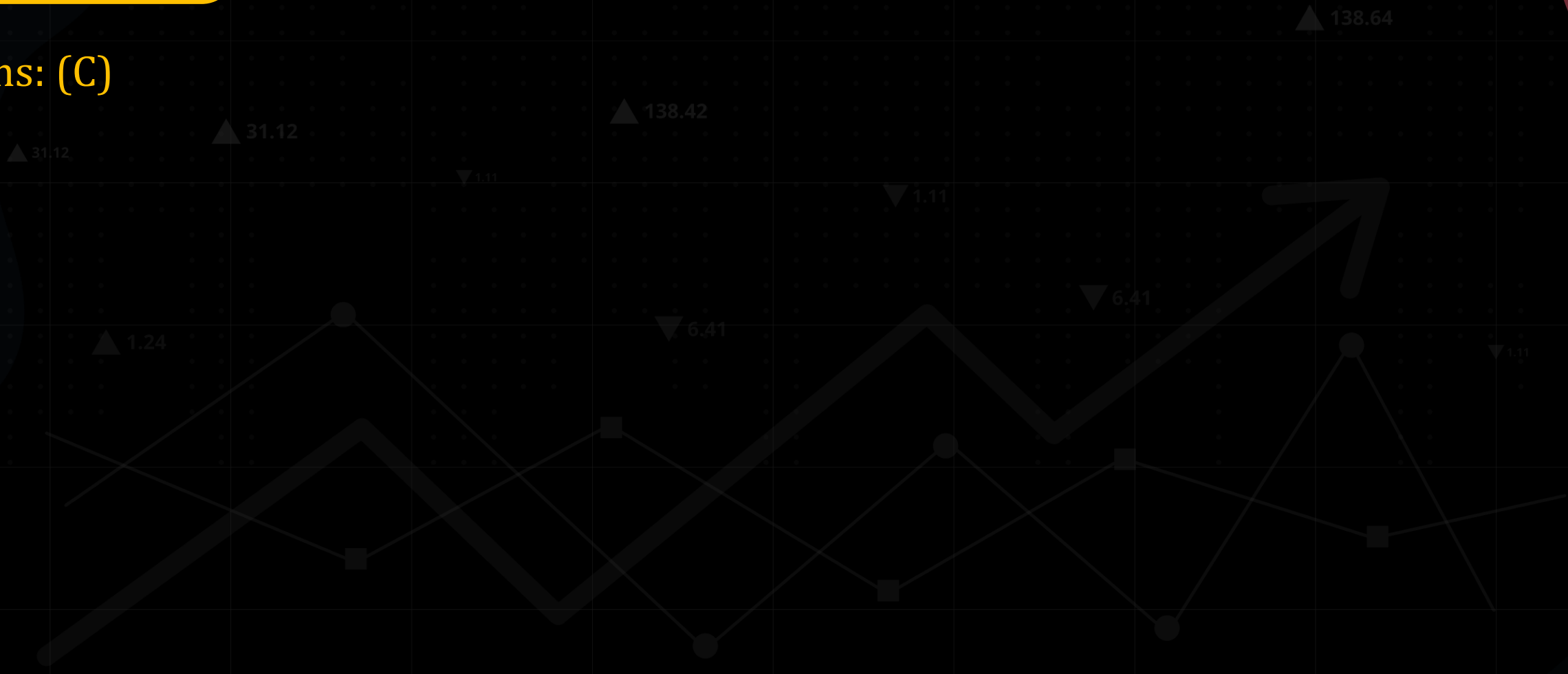
Q. Question

#Q.66. The remote e-voting facility shall be kept open for minimum

- A** 1 day
- B** 2 days
- C** 3 days
- D** 5 days

Solution

Ans: (C)



Q. Question

#Q.67. The remote e-voting facility shall conclude

- A** 24 hours before the meeting
- B** with the start of the meeting
- C** 48 hours before the start of the meeting
- D** at 5:00 pm one day before the meeting

Solution

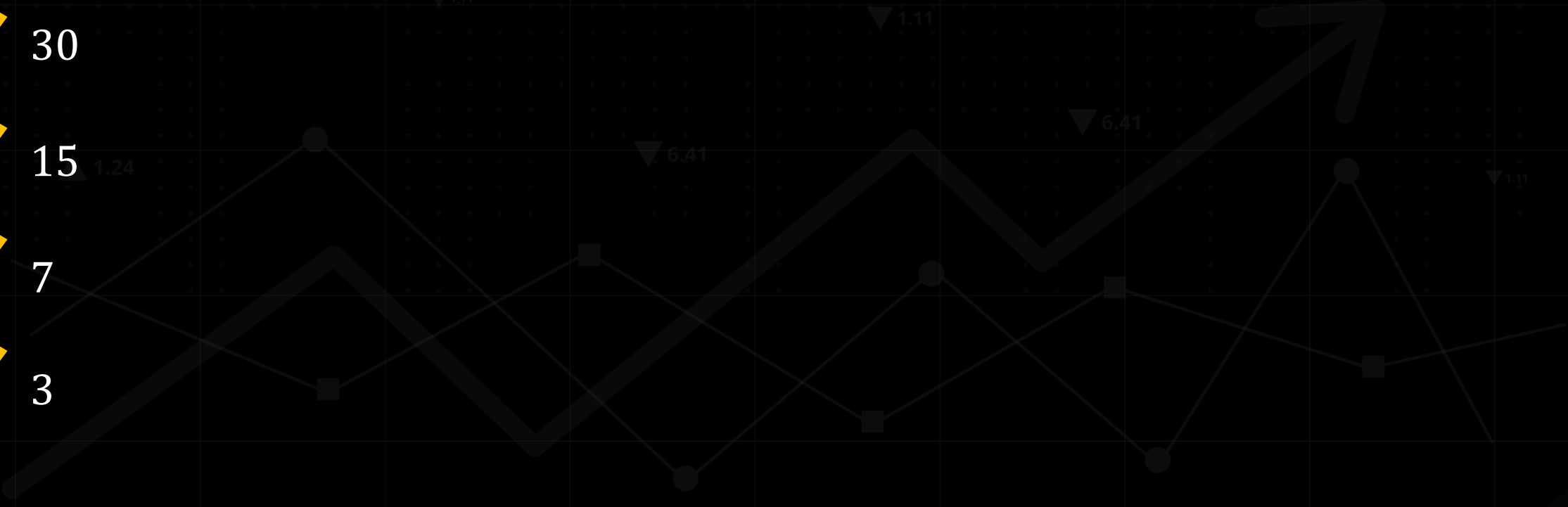
Ans: (D)



Q. Question

#Q.68. The cut-off date for e-voting shall be within maximum _____ days before the date of General Meeting

- A** 30
- B** 15
- C** 7
- D** 3



Solution

Ans: (C)



Q. Question

#Q.69. A member who has voted in the remote e-voting

- A** Cannot attend the general meeting
- B** Can attend the general meeting but will not be counted in the quorum
- C** Can attend the general meeting and will also be counted in the quorum but cannot vote
- D** Can attend and vote at the meeting and his previous vote will be automatically revoked

Solution

Ans: (C)





Question

#Q.70. In the current financial year Zunee Traders Limited, a non-listed company, has 556 members. increased from 451 members which it had in the immediate previous financial year. For the forthcoming Annual General Meeting (AGM), advise the company whether it is required to provide to its members the facility to exercise their right to vote at this AGM by electronic means.

- A** Since the company has more than 500 members it is required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means.
- B** The company is not required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means since its members are less than one thousand.
- C** Though the company is required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means because it has more than 500 members, it can, as a one-time measure, seek exemption from ROC beforehand and in that case, it need not provide facility of voting by electronic means.
- D** Only a listed company is required to provide to its members the facility to exercise their right to vote at the General Meetings by electronic means.

Solution

Ans: (B)



Q. Question

#Q.71. In case of company having share capital, the poll may be demanded by

- A** Members holding at least one-tenth of the total voting power: or
- B** Members holding paid-up share capital of INR 5 lakh
- C** Either (a) or (b)
- D** Both (a) and (b)

Solution

Ans: (C)



Q. Question

#Q.72. A poll demanded by members shall be taken by Chairman

- A** forthwith
- B** within 24 hours
- C** within 48 hours
- D** before conclusion of the meeting

Solution

Ans: (C)



Q. Question

#Q.73. On which of the following matters, poll shall be taken forthwith

- A** appointment of auditor
- B** appointment of director
- C** appointment of chairman
- D** removal of auditor

Solution

Ans: (C)



Q. Question

#Q.74. The scrutinizer needs to submit his report on the poll within days from the date on which poll is taken

- A** 3 days
- B** 5 days
- C** 7 days
- D** 30 days

Solution

Ans: (C)



Q. Question

#Q.75. Which of the following companies are exempted from the requirement of postal ballot

- A** OPC
- B** Private company having 150 members
- C** Public company having 200 members
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.76. Which of the following businesses need not be passed by way of postal ballot

- A** Issue of shares with differential rights
- B** Buy-back of shares
- C** Alteration of objects clause
- D** Change of registered office within the local limits of the city, town or village

Solution

Ans: (D)



Q. Question

#Q.77. On a requisition in writing u/s111, a notice of array resolution which those members may intend to move shall be given by company at least before the meeting

- A** 2 weeks
- B** 4 weeks
- C** 6 weeks
- D** 8 weeks

Solution

Ans: (C)



Q. Question

#Q.78. A company has 100 members. Only 80 turned up in the general meeting, out of which only 50 participated in the voting process. Minimum how many members need to vote in favor to pass an ordinary resolution

- A** 51
- B** 41
- C** 25
- D** 26



Solution

Ans: (D)



Q. Question

#Q.79. A company has 1,000 members. Only 900 turned up in the general meeting, out of which only 500 participated in the voting process. Minimum how many members need to vote in favor to pass a special resolution

- A** 750
- B** 675
- C** 375
- D** 376

Solution

Ans: (C)



Q. Question

#Q.80. Which of the following require ordinary resolution?

- A** To change name of the company
- B** Alteration of AOA
- C** Reduction of share capital
- D** To declare dividend

Q. Question

#Q.81. A resolution shall be special resolution when the votes cast in favor of the resolution by members are not less than the number of votes, if any. cast against the resolution

- A** twice
- B** 3 times
- C** One-third
- D** One-fourth

Solution

Ans: (B)



Q. Question

#Q.82. Supertech Computers Pvt. Ltd. has 120 members. It sends notice to all of them, 20 members did not attend the meeting. Out of remaining 100 members, 20 members abstained from voting. Advice the company, how many members should vote in favour of resolution, if it has to be passed as a Special Resolution?

- A** 60 votes
- B** 80 votes
- C** 41 votes
- D** 20 votes

Solution

Ans: (A)



Q. Question**#Q.83. Resolution requiring special notice is required**

- A** For appointment of a person other than the retiring auditor as auditor at the AGM
- B** For removing a director before the expiry of the period of his office
- C** For both (a) and (b)
- D** For none of the above

Q. Question

#Q.84. A special notice u/s115 need to be given by members holding not less than

- A** 1% of the total voting power
- B** 5% of the total voting power
- C** 10% of the total voting power
- D** 15% of the total voting power

Solution

Ans: (A)



Q. Question

#Q.85. Special notice must be given by members at least days before the general meeting and the company need to circulate it to all the members et least days before the meeting

- A** 45,21
- B** 30,21
- C** 21,14
- D** 14,7

Solution

Ans: (D)



Q. Question

#Q.86. Notice of a meeting was sent on 1st April, 2018 to pass a resolution for issuing bonus shares for a meeting scheduled on April 30, 2018. The meeting however was adjourned to May 7, 2018 and then again to May 20, 2018, where the resolution was finally passed. What shall be deemed to be the date of passing of this resolution

- A** April 1, 2018
- B** April 30, 2018
- C** May 7, 2018
- D** May 20, 2018

Solution

Ans: (D)



Q. Question

#Q.87. A copy of every special resolution is required to be filed with Registrar in Form days of the passing of the resolution

- A** MGT-9; 30
- B** MGT-9;60
- C** MGT-14; 30
- D** MGT-14;60

Solution

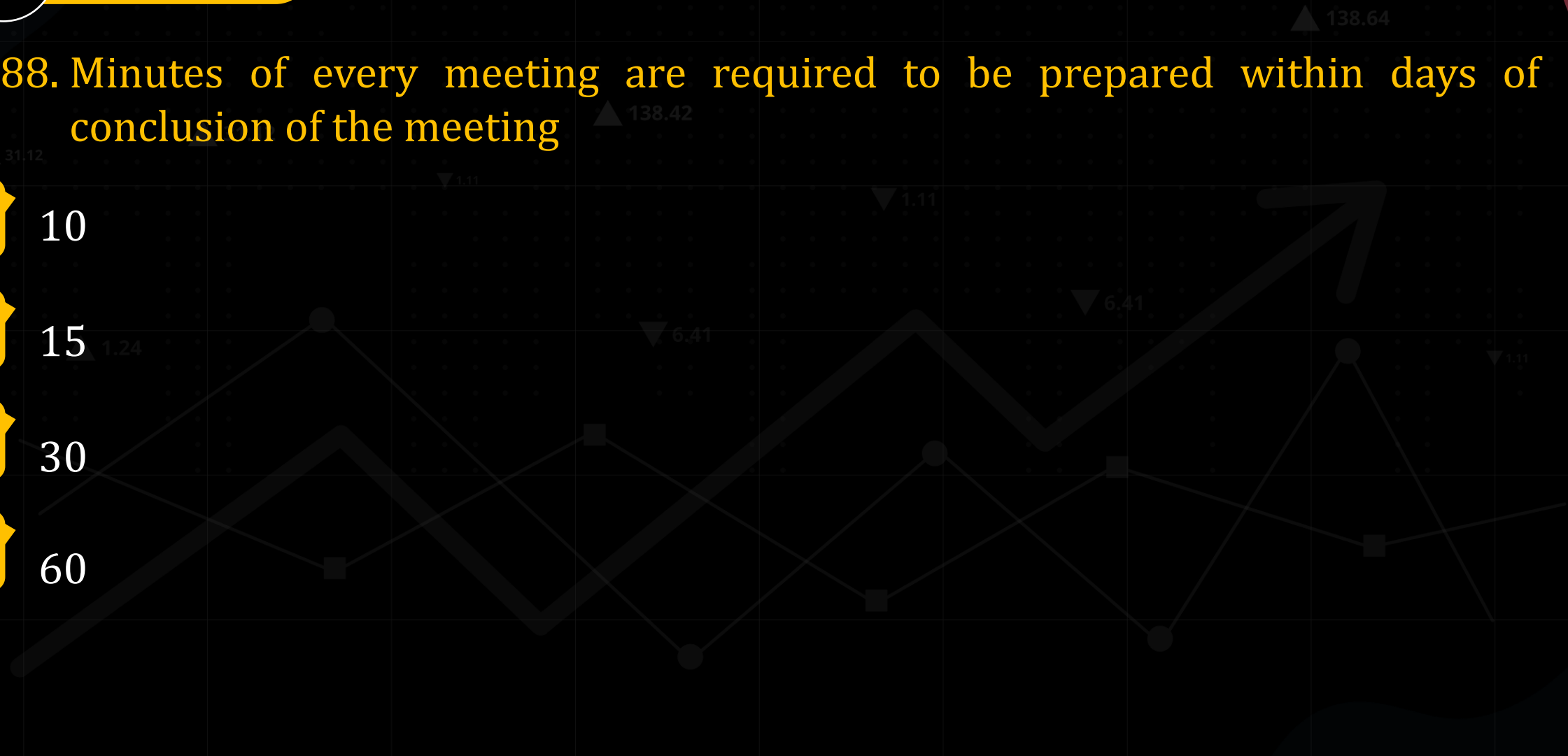
Ans: (C)



Q. Question

#Q.88. Minutes of every meeting are required to be prepared within days of conclusion of the meeting

- A** 10
- B** 15
- C** 30
- D** 60



Solution

Ans: (C)



Q. Question

#Q.89. shall have absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes

- A** Directors
- B** Chairman
- C** Managing Director
- D** Manager

Solution

Ans: (B)



Q. Question

#Q.90. The minutes of a Board meeting shall be signed by

- A** Chairman of the said meeting
- B** Chairman of the next succeeding meeting
- C** Either (a) or (b)
- D** Managing Director

Solution

Ans: (C)



Q. Question

#Q.91. If the Chairman of a general meeting dies, the minutes of the general meeting can be signed by

- A** Chairman of the next general meeting
- B** Chairman of the next board meeting
- C** Director duly authorised by the Board
- D** Manager

Solution

Ans: (C)



Q. Question

#Q.92. The minutes of a general meeting shall be preserved

- A** for 5 years
- B** for 8 years
- C** for 15 years
- D** permanently

Q. Question

#Q.93. Minutes book shall be open for inspection during business hours for not less than in each business day

- A** 1 hour
- B** 2 hours
- C** 5 hours
- D** 8 hours

Solution

Ans: (B)



Q. Question

#Q.94. The minute book of General meetings of Alpha Limited will be kept at:

- A** That place where members of Alpha Limited will decide.
- B** That place where all employees of Alpha Limited will decide.
- C** Registered office of the company Alpha Limited.
- D** That place where senior officials of Alpha Limited will decide.

Solution

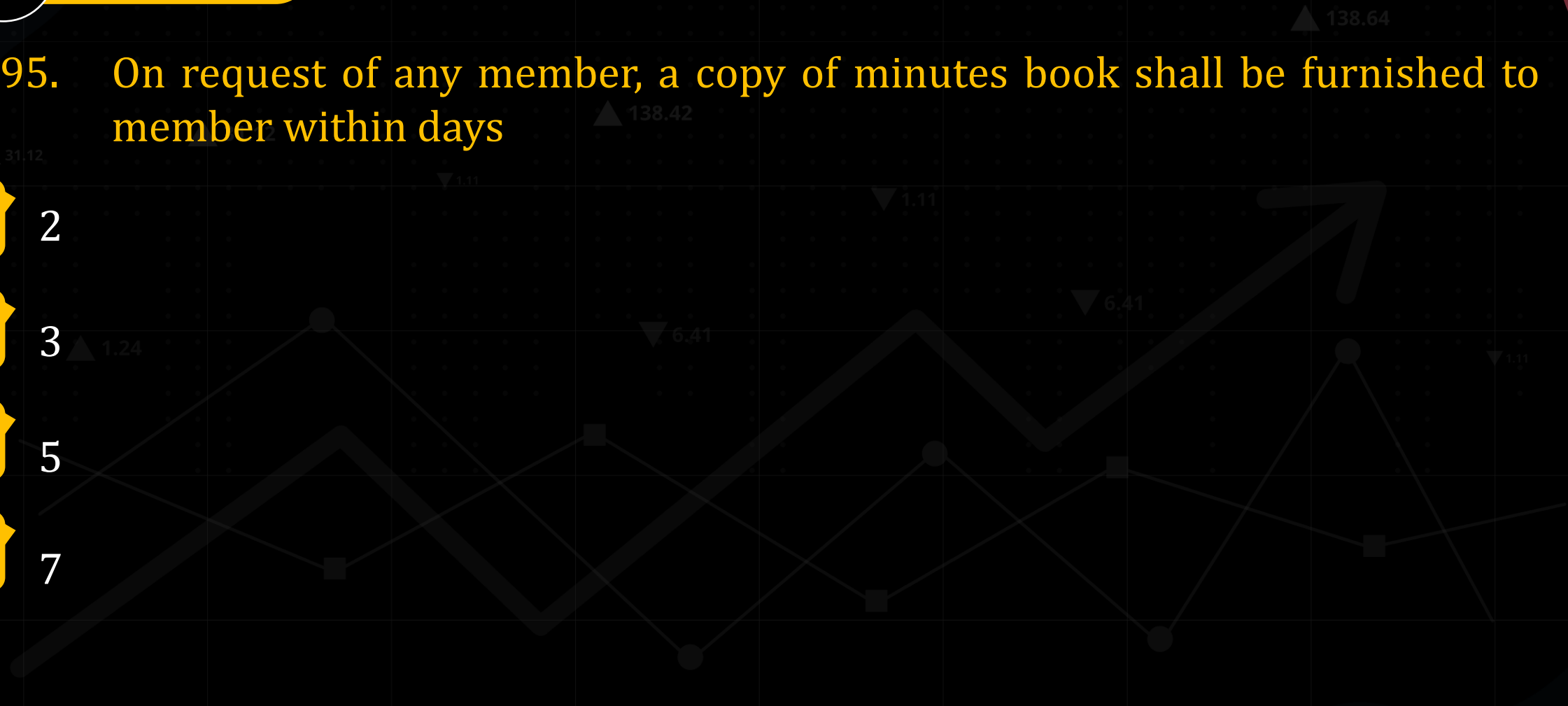
Ans: (C)



Q. Question

#Q.95. On request of any member, a copy of minutes book shall be furnished to member within days

- A** 2
- B** 3
- C** 5
- D** 7



Solution

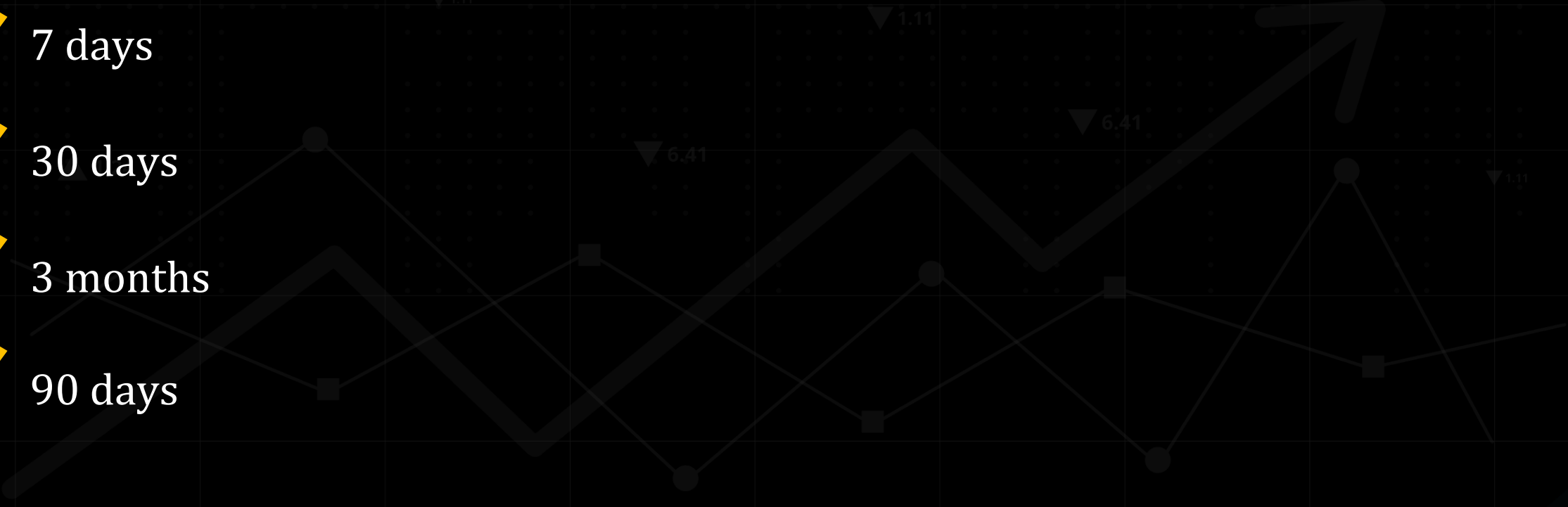
Ans: (D)



Q. Question

#Q.96. Every listed company shall file with the Registrar a copy of the report on each annual general meeting within of the conclusion of the AGM

- A** 7 days
- B** 30 days
- C** 3 months
- D** 90 days



Solution

Ans: (B)



Q. Question

#Q.97. The Annual General Meeting of Yellow Limited was held on 25th June 2022. According to the provisions of Companies Act, 2013, till what date the company should submit report on AGM to the registrar?

- A** 30.06 .2022
- B** 10.07 .2022
- C** 24.07.2022
- D** 25.07.2022

Solution

Ans: (D)





Question



#Q.98. The Annual General Meeting (AGM) of Green Limited was held on 31.8.2022. Suppose the Chairman of the company after two days of AGM went abroad for next 31 days. Due to the unavailability of the Chairman, within time period prescribed for submission of copy of report of AGM with the registrar, the report as required was signed by two Directors of the company, of which one was additional Director of the company. Comment on the signing of this report of AGM.

- A** Yes, the signing is in order as the report can be signed by any director in the absence of Chairman
- B** No, the signing is not in order as only the Chairman is authorised to sign the report
- C** Yes, the signing is in order, as in the absence of Chairman at least two directors should sign the report.
- D** No, the signing is not in order, since in case the Chairman is unable to sign, the report shall be signed by any two directors of the company, one of whom shall be the Managing director, if there is one and company secretary of the company.

Solution

Ans: (D)



Q. Question

#Q.1. When the dividend is declared at the Annual General Meeting of the company, it is known as

- A** Final Dividend
- B** Interim Dividend
- C** Dividend on preference shares
- D** Scrip Dividend

Solution

Ans: (A)



Q. Question

#Q.2. Dividend can be declared out of -

- A** Capital reserve
- B** Revaluation reserve
- C** Debenture Redemption Reserve
- D** Earlier year's reserve brought forward

Solution

Ans: (D)



Q. Question

#Q.3. Amount to be transferred to reserves out of profits before any declaration of dividend is

- A** 5%
- B** 7.5%
- C** 10%
- D** at the discretion of the company

Solution

Ans: (D)



Q. Question

#Q.4. : Shreyas Mechanics Limited owns a plot of land which was purchased long before. As the property rates are going up, it is decided to revalue the plot at fair value which is moderately ten times the original price, thus resulting in a revaluation profit of ₹20,00,000. The Board of Directors is keen to utilize ₹20,00,000 along with free reserves of ₹ 24,00,000 for declaration of dividend at the forthcoming Annual General Meeting (AGM) to be held on 28th September, 2019. Advise the company.

- A** ₹ 20,00,000 are to be excluded from the distributable profits as the same cannot be utilized towards declaration of dividend.
- B** Only 25% of ₹ 20,00,000 can be utilized as distributable profits towards declaration of dividend.
- C** Up to 50% of ₹20,00,000 can be utilized as distributable profits towards declaration of dividend.
- D** Up to 60% of ₹20,00,000 can be utilized as distributable profits towards declaration of dividend.

Q. Question

#Q.5. The interim dividend in a public company is declared by the -

- A** Board of Directors
- B** Shareholders in the AGM
- C** Company Secretary
- D** Chief Financial Officer

Solution

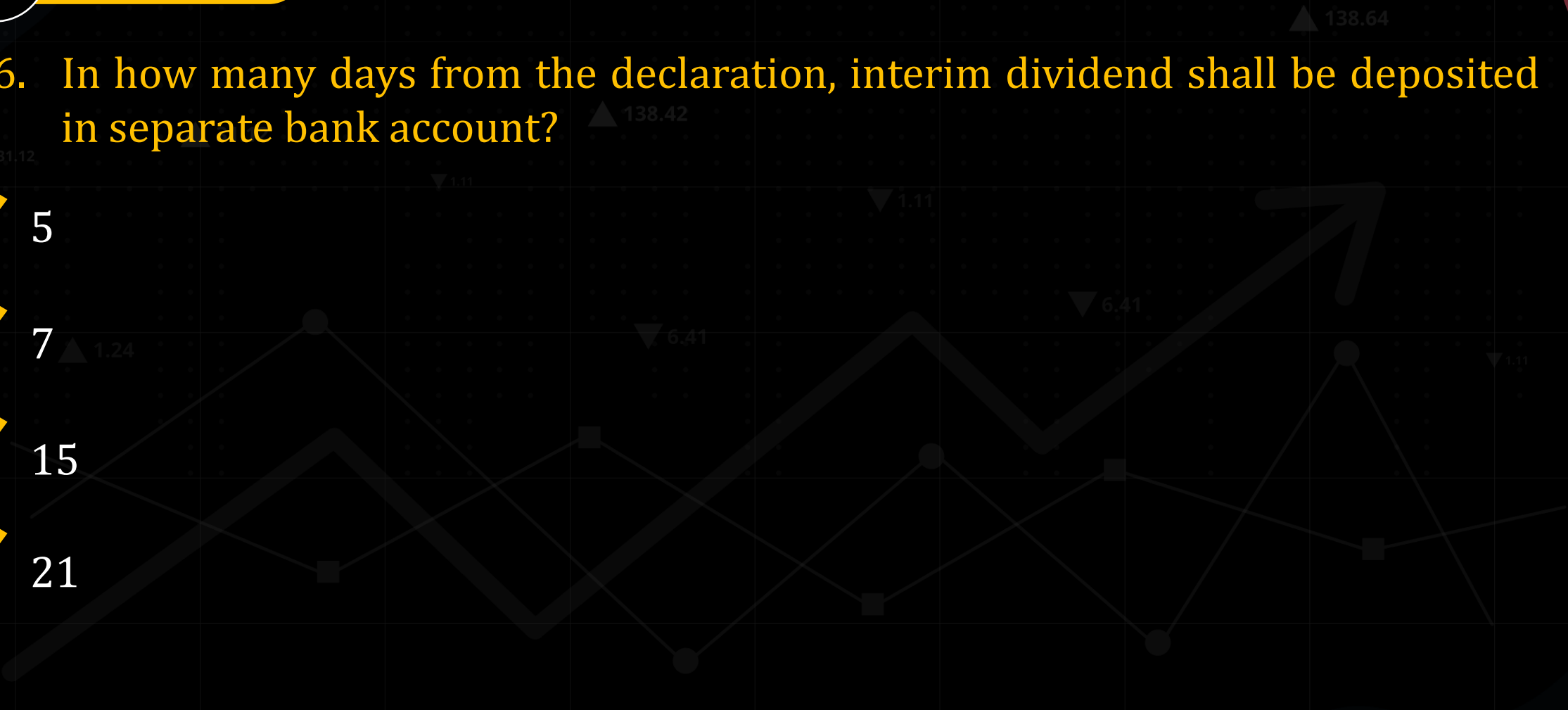
Ans: (A)



Q. Question

#Q.6. In how many days from the declaration, interim dividend shall be deposited in separate bank account?

- A** 5
- B** 7
- C** 15
- D** 21



Solution

Ans: (A)



Q. Question

#Q.7. The Board of Directors of Mitali Ltd. declared interim dividend on 10th April 2019. The Directors have to deposit the amount of interim dividend in a scheduled bank in a separate bank account on or before

- A** 25th April 2019
- B** 15th April 2019
- C** 10th May 2019
- D** 18th April 2019

Solution

Ans: (B)



Q. Question

#Q.8. The authorised and paid-up share capital of Avantika Ayurvedic Products Limited is ₹50.00 lacs divided into 5,00,000 equity shares of ₹10 each. At its Annual General Meeting (AGM) held on 24th September, 2019, the company declared a dividend of ₹2 per share by passing an ordinary resolution. Mention the latest date by which the amount of dividend must be deposited in a separate account maintained with a scheduled bank

A Latest by 29th September, 2019

B Latest by 4th October, 2019

C Latest by 9th October, 2019

D Latest by 24th October, 2019

Q. Question

#Q.9. The Board of Directors of Jip Rise Pharmaceuticals Limited are contemplating to declare interim dividend in the last week of July, 2018 but the company has incurred loss during the current financial year up to the end of June, 2018. However, it is noted that during the previous five financial years i.e., 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18, the company had declared dividend at the rate of 8%,9%,12%,11% and 10% respectively. Advise the Board as to the maximum rate at which they can declare interim dividend despite incurring loss during the current financial year.

- A** Maximum at the rate of 10%.
- B** Maximum at the rate of 11%.
- C** Maximum at the rate of 10.5%.
- D** Maximum at the rate of 11.5%.

Solution

Ans: (B)



Q. Question

#Q.10. After declaration, dividend shall be paid within

- A** 14 days
- B** 21 days
- C** 30 days
- D** 45 days

Solution

Ans: (C)



Q. Question

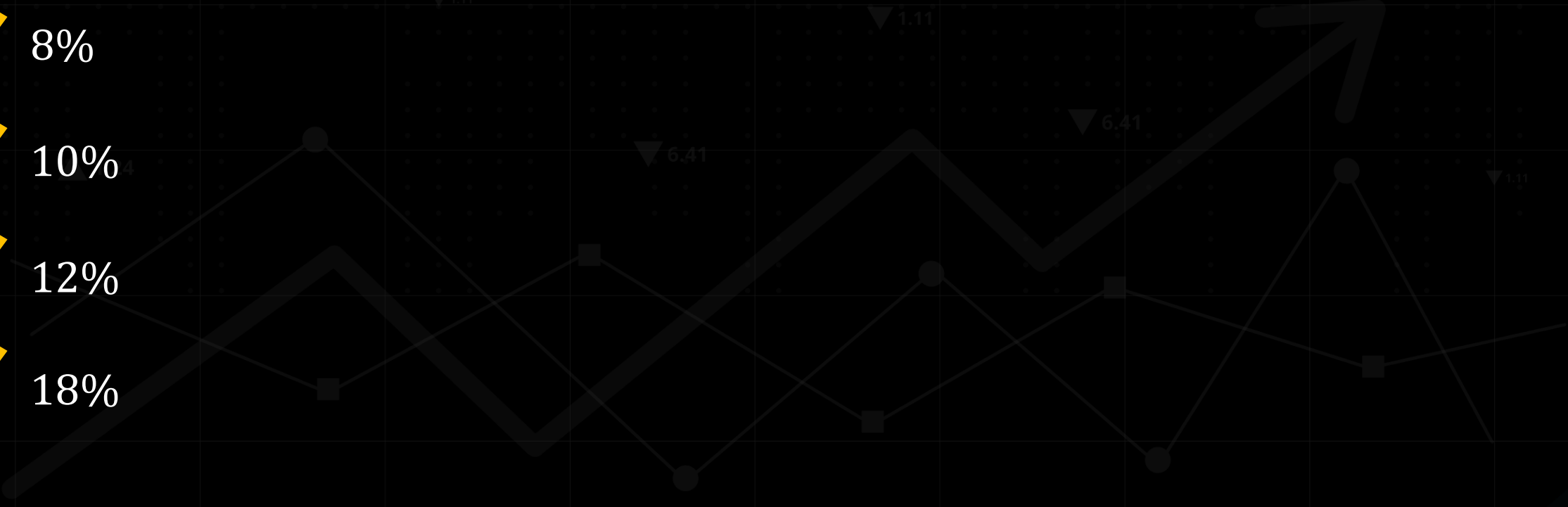
#Q.11. Where dividend is not paid within 30 days, it shall be transferred to Unpaid dividend account within_____.

- A** 5 days
- B** 7 days
- C** 21 days
- D** 30 days

Q. Question

#Q.12. In case of delay in transferring the amount to unpaid dividend account, company shall pay interest on such amount at

- A** 8%
- B** 10%
- C** 12%
- D** 18%



Q. Question

#Q.13. XP Ltd declared 12% dividend to its Equity Shareholders. However, Company missed to transfer unpaid dividend to bank account even after 40 days from declaration of Dividend, In such case how much interest will be payable?

- A** 8% p.a.
- B** 16% p.a.
- C** 10% p.a.
- D** 12% p.a.

Solution

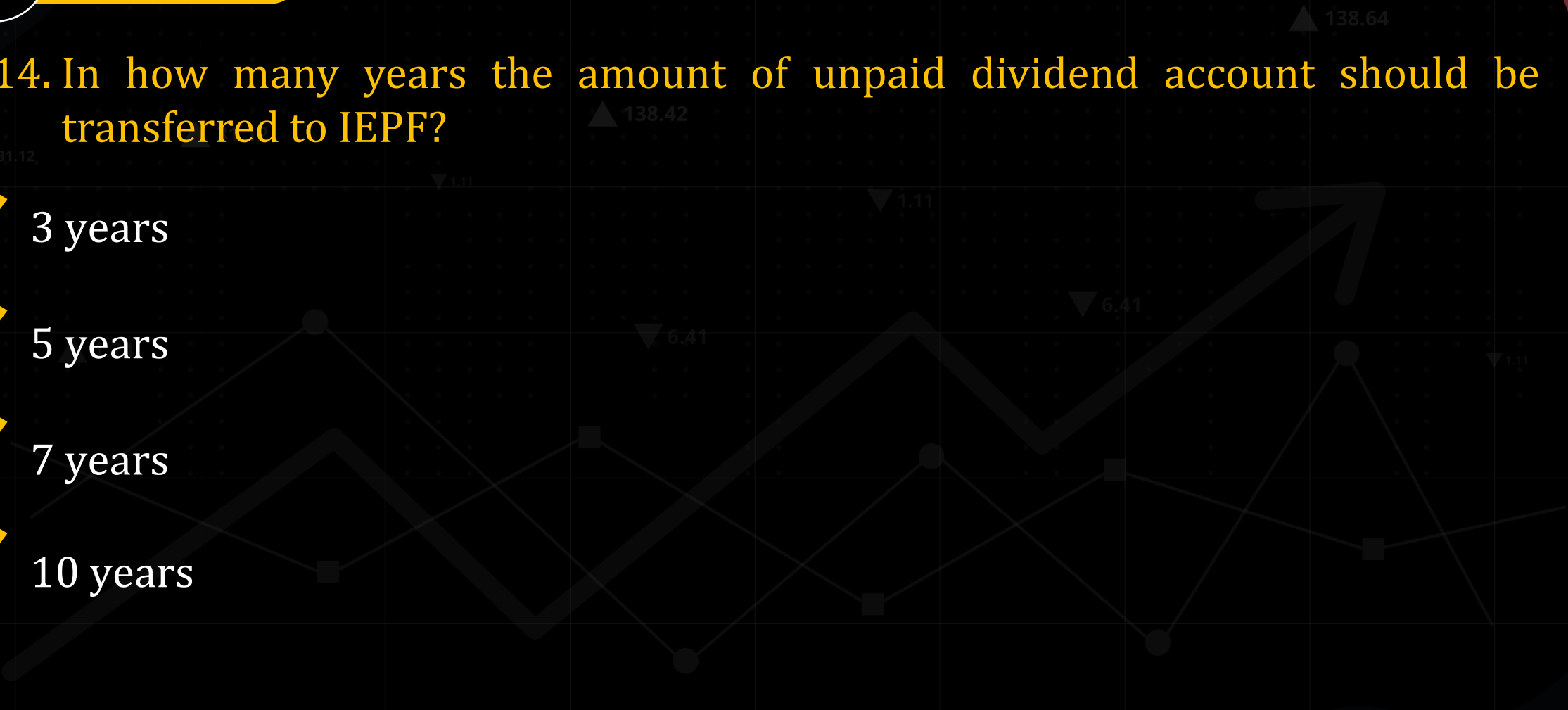
Ans: (D)



Q. Question

#Q.14. In how many years the amount of unpaid dividend account should be transferred to IEPF?

- A** 3 years
- B** 5 years
- C** 7 years
- D** 10 years



Solution

Ans: (C)



Q. Question

#Q.15. Which of the following is not credited to IEPF account?

- A** Unpaid dividend account
- B** Matured deposits with company
- C** Profit on sale of asset
- D** Matured debentures with company

Q. Question

#Q.16. Sumitra Healthcare and Hospitality Limited had issued 9% non-convertible debentures which matured four years back. However, 1000 such debentures of ₹100 each are still remaining unclaimed and unpaid even after the maturity. State the period after which the company needs to transfer them to Investor Education and Protection Fund (IEPF) if they remain unclaimed and unpaid.

- A** After the expiry of five years from the maturity date.
- B** After the expiry of six years from the maturity date
- C** After the expiry of seven years from the maturity date
- D** After the expiry of eight years from the maturity date.

Solution

Ans: (C)



Q. Question

#Q.17. The amount accumulated in the Investor Education and Protection Fund shall not be used for

- A** refunds in respect of unclaimed dividends, matured deposits, mature debentures, application money due for refund and interest thereon,
- B** reimbursement of legal expenses incurred in pursuing class action suits under Section 37 and 245.
- C** grants or donation to the Central Government for the purpose of investor's education and training.
- D** distribution of any disgorged amount among eligible and identifiable applicants who have suffered losses.

Solution

Ans: (C)



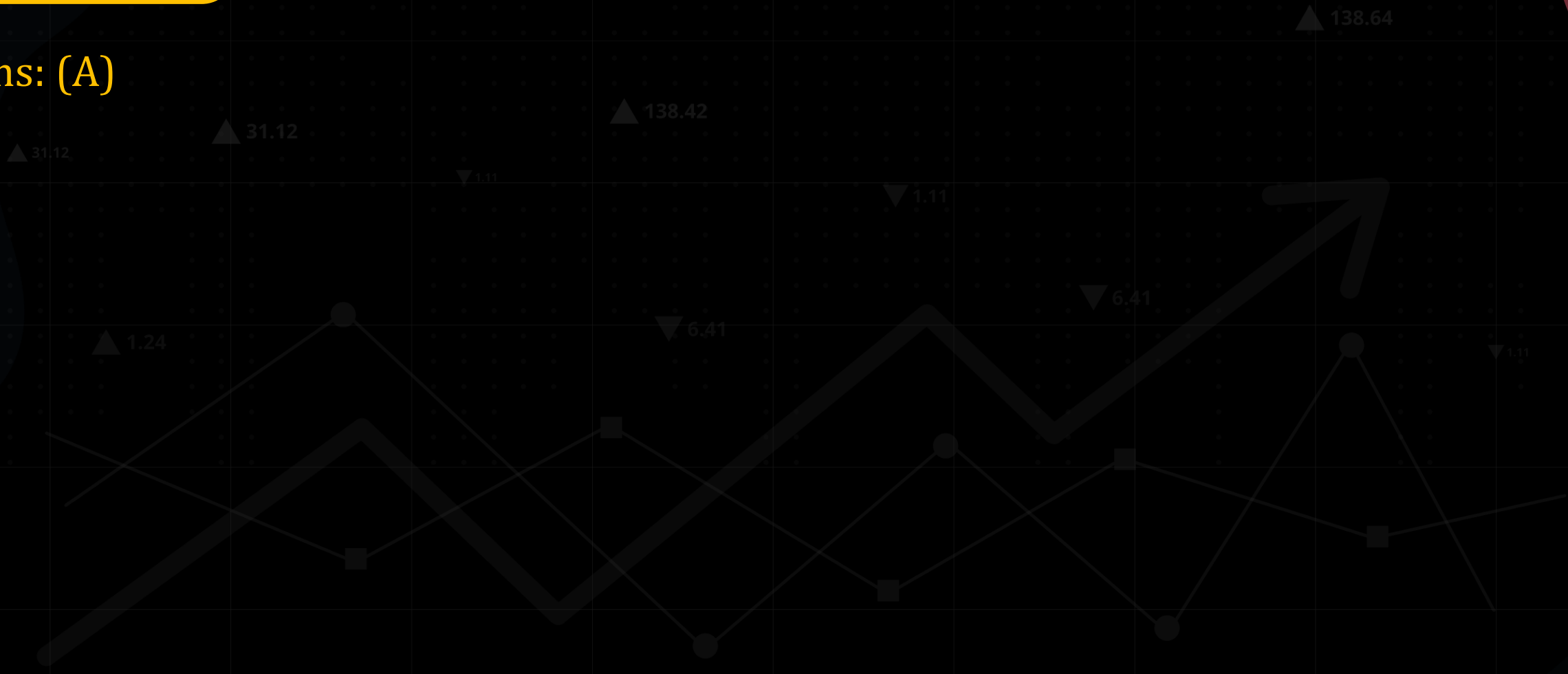
Q. Question

#Q.18. Mr. X is a shareholder of Mark Pvt Ltd. He transferred his shares to his daughter Ms. D. in the month of February. Registration of such instrument of transfer is still pending by the Company. In this scenario, Companies Act, 2013 state certain provisions which have to be kept in mind by the Company. Which provision mentioned below in this regard is correct?

- A** Company has to transfer the dividend in relation to such shares to the Unpaid Dividend Account
- B** Company has to transfer the dividend in relation to such shares in the name of transferee
- C** Company has to issue fully paid-up bonus shares in the name of transferor
- D** Company has to issue fully paid-up bonus shares in the name of transferee

Solution

Ans: (A)





Question



#Q.19. The Directors of Silver tongue Solutions Limited proposed dividend at 18% on equity shares for the financial year 2018-2019. The same was approved in the Annual general body meeting held on 30th September 2019. The Directors declared the approved dividends. Mr. Jagan was the holder of 2000 equity of shares on 31st March, 2019. but he transferred the shares to Mr. Rajiv on 8th August 2019. Mr. Rajiv has sent the shares together with the instrument of transfer to the company for registration of the shares in his favour only on 25th September 2019. The registration of the transfer of shares is pending on 30th September 2019 . With respect to the dividend declared the correct action to be taken by the company is:

- A** Pay the dividend to Mr. Jagan
- B** Pay the dividend to Mr. Rajiv
- C** Transfer the dividend in relation to such shares to the Unpaid Dividend Account
- D** Transfer the dividend in relation to such shares to the Investor Education and Protection Fund.

Solution

Ans: (C)



Q. Question

#Q.20. Dividend once declared, should be paid within days from the date of declaration

- A** 14 days
- B** 21 days
- C** 30 days
- D** 45 days

Solution

Ans: (C)



Q. Question

#Q.21. If declared dividend has not been paid or the warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall also be liable to pay simple interest at the rate of p.a. during the period for which such default continues

- A** 5%
- B** 6%
- C** 15%
- D** 18%

Solution

Ans: (D)



Q. Question

#Q.22. In which of the following case, there will be on offence if dividend is not paid within 30 days

- A** Dividend lawfully adjusted against calls due from the shareholders
- B** There is dispute regarding right to receive dividend
- C** Due to non-availability of funds in company's bank account
- D** Due to operation of law dividend cannot be paid

Solution

Ans: (C)





Today's Targets



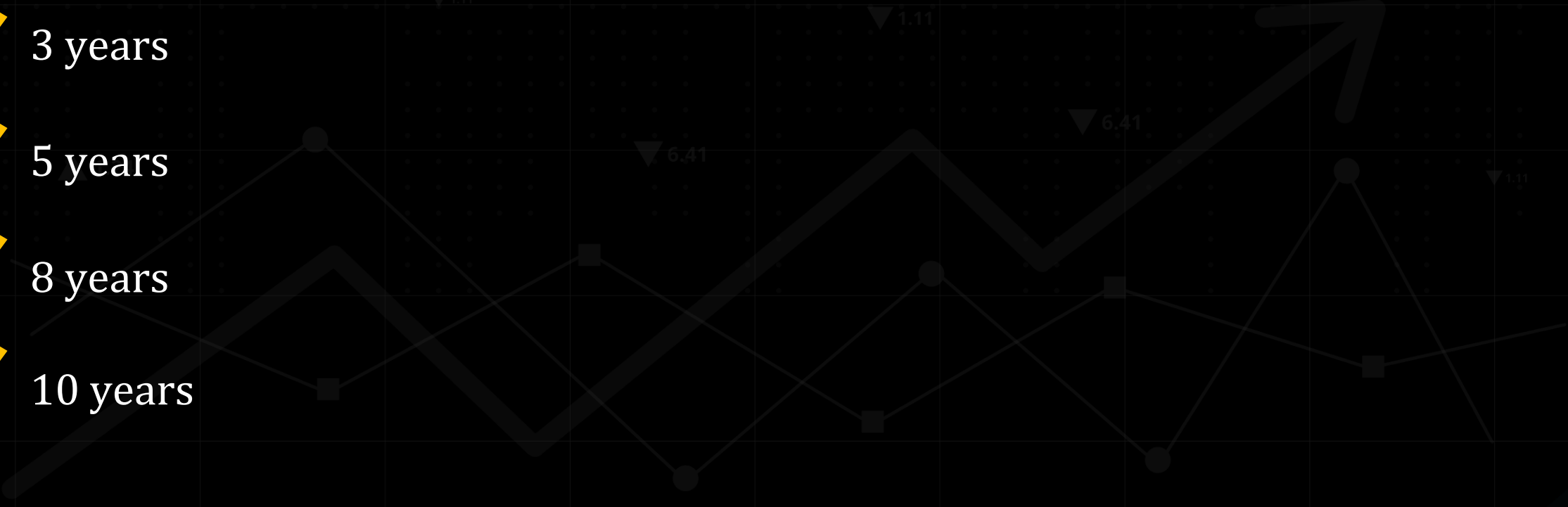
Practice Questions



Q. Question

#Q.1. The books of accounts of every company shall be maintained in order for

- A** 3 years
- B** 5 years
- C** 8 years
- D** 10 years



Solution

Ans: (C)



Q. Question

#Q.2. A company can keep its books of accounts at any place in India other than its registered office only after giving the Registrar a notice within

- A** 5 days
- B** 7 days
- C** 15 days
- D** 30 days

Solution

Ans: (B)





Question



#Q.3. ABC Ltd, a pharmaceutical company was having its manufacturing plant in Solan, Himachal Pradesh. The address of its registered office as informed to the Registrar of Companies was of one of its Director's office, situated at Mumbai, Maharashtra. To comply with the provisions of the Companies Act, 2013 it was keeping all its books of accounts, other relevant papers and financial statements at its registered office. After sometime Directors of the company found it difficult to maintain such books etc. at the registered office, so in a duly convened meeting of the Board of the Directors, it was decided that the books of accounts and other relevant papers be kept at the office situated in Solan. Within which time period the Registrar must be given notice about such decision of the board -

- A** Within 30 days from the date of tacking such decision by the board.
- B** Within 15 days from the date it starts maintaining its books of accounts at the office situated at Solan.
- C** Within 30 days from the date it starts maintaining its books of accounts at the office situated at Solan,
- D** Within 7 days from the date of taking such decision by the board.

#Q.4. Ganesh Company Ltd, a public company incorporated under the Companies Act, 2013 has Mr. Jay- Director, Mr. Sagar - Independent Director, Mr. Abhishek - Nominee Director and Mr. Yash - Whole time director. Mr. Abhishek wants to inspect the books of accounts of Shankar Company Limited, the subsidiary of Ganesh Company Limited. You are required to state whether Mr. Abhishek is eligible to inspect the books of accounts of Ganesh Company Limited?

- A** Yes, Mr. Abhishek can inspect the books of accounts of Shankar Company limited only on authorization of the public financial institution on whose behalf he has been so appointed in the board of the Ganesh Company Ltd
- B** No. Mr. Abhishek being a nominee director can only inspect the books of accounts of Ganesh Company Ltd and not its subsidiary company.
- C** Yes, Mr. Abhishek can inspect the books of accounts of Shankar Company limited only on authorization by way of resolution of the board of directors.
- D** Yes, Mr. Abhishek can inspect the books of accounts of Shankar Company limited only on authorization by way of resolution of the members holding not less than 25% of the paid-up share capital of the company.

Solution

Ans: (C)



Q. Question

#Q.5. ABC Limited dealing in Fast Moving Consumable Goods (FMCG) has its registered office at Mumbai. The composition of Board of Directors and Key Managerial Personnel are :

Mr. P (Managing Director), Mr. Q (Director), Mr. R (Director). Mr. S (Nominee Director), Mr. V (Chief Financial Officer). Mr. W (Whole time Company secretary).

If any compliance relating to Maintenance and keeping of Books of accounts of Companies Act. 2013 , is not followed by the company then penalty for contravention will be imposed on the following persons -

A

Mr. P & Mr. V

B

Mr. P. Mr. Q, Mr. R and Mr. S

C

Mr. P. Mr. S, Mr. V and Mr. W

D

Mr. P. Mr. Q, Mr. R, Mr. S, Mr. V & Mr. W



Solution

Ans: (A)



Q. Question

#Q.6. Which of the following company is mandatorily required to prepare cash flow statement?

- A** OPC
- B** Small company
- C** Dormant company
- D** Nidhi company

Solution

Ans: (D)



Q. Question

#Q.7. The financial statements of a One Person Company (OPC) include all of the following documents, except

- A** Balance Sheet
- B** Profit and Loss statement
- C** Cash flow statement
- D** Statement of changes in equity

Q. Question

#Q.8. The financial statement in relation to a dormant company may not include:

- A** balance sheet
- B** cash flow statement
- C** applicable explanatory note
- D** profit and loss account

Solution

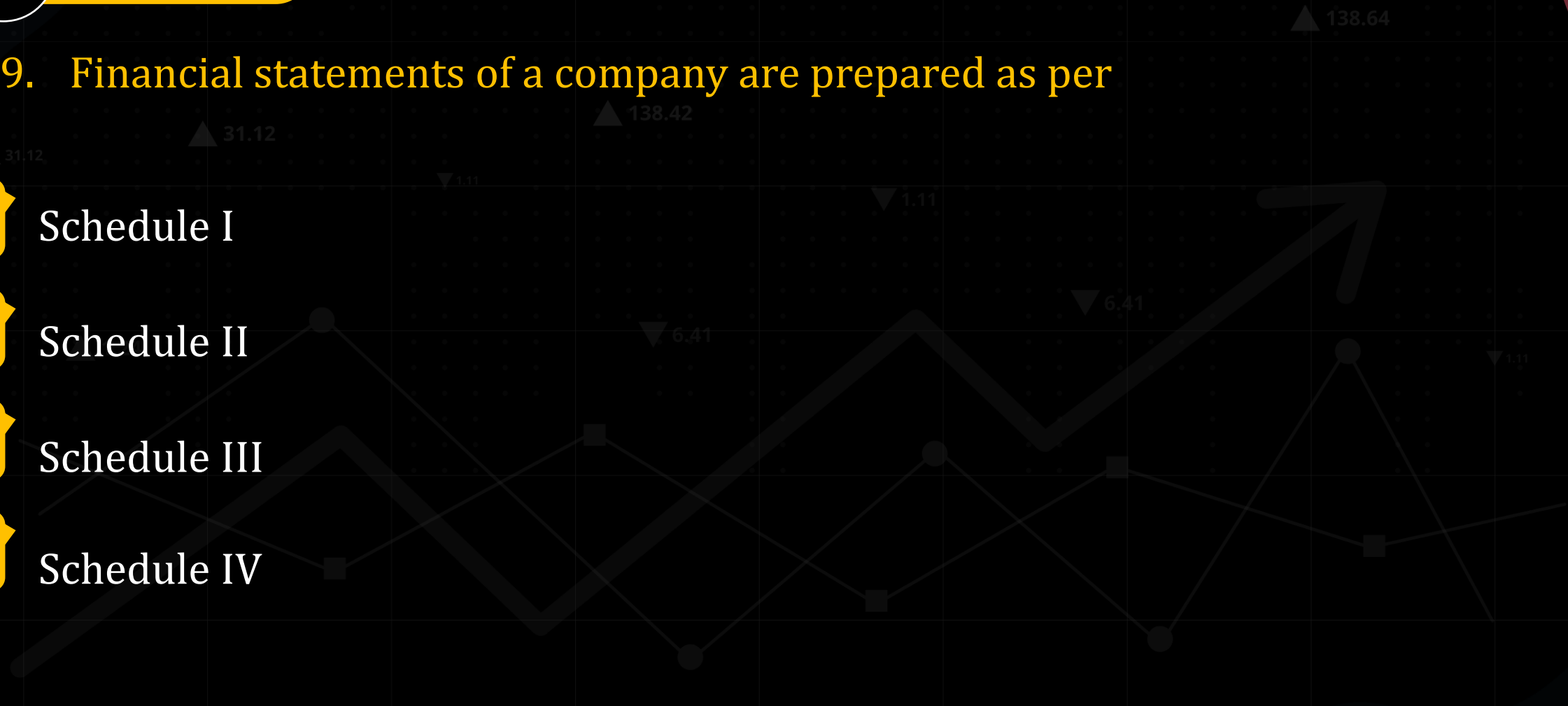
Ans: (B)



Q. Question

#Q.9. Financial statements of a company are prepared as per

- A** Schedule I
- B** Schedule II
- C** Schedule III
- D** Schedule IV



Solution

Ans: (C)



Q. Question

#Q.10. On application of Central Government. Tribunal may order to re-open books of accounts of a company for maximum

- A** 3 years
- B** 5 years
- C** 8 years
- D** 10 years

#Q.11. ABC Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2021, the securities and exchange board of India (SEBI) has found some irregularities in the filings made by the company. Accordingly, SEBI proposes to make an application to the Tribunal for reopening of the books of accounts of the Company. You, as an expert, are called upon by SEBI to advise with which last financial year for reopening of books of accounts an application can be made?

A 2016-2017

B 2014-2015

C 2011-2012

D 2012-2013



Solution

Ans: (D)



Q. Question

#Q.12. Which one of the following person/authorities cannot make an application to Court/ NCLT to reopen the books of accounts and financial statements of the Company?

- A** Central Government
- B** Shareholder
- C** Income tax authorities
- D** Securities and Exchange Board of India

Solution

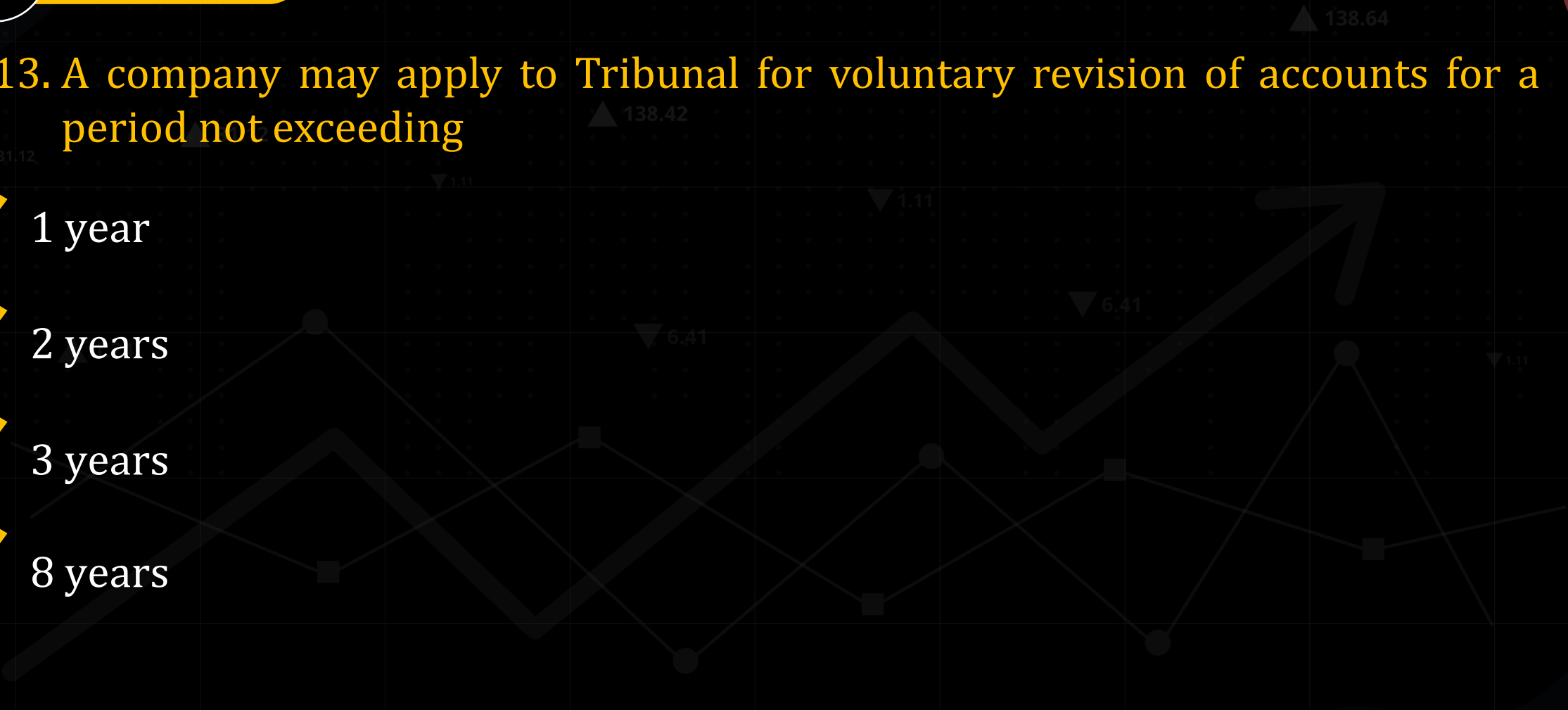
Ans: (B)



Q. Question

#Q.13. A company may apply to Tribunal for voluntary revision of accounts for a period not exceeding

- A** 1 year
- B** 2 years
- C** 3 years
- D** 8 years



Solution

Ans: (C)



Q. Question

#Q.14. The Chairperson and members of National Financial Reporting Authority shall not be associated with any audit firm during the course of their appointment and year(s) after ceasing to hold such appointment

- A** 1
- B** 2
- C** 3
- D** 8

Solution

Ans: (B)



Q. Question

#Q.15. The Board of Directors of M/s XYZ Limited approved the financial statement for the year ended 31st March 2019 at their meeting. The Company has a Managing Director, Chief Financial Officer, Company Secretary and Four Other Directors. The financial statement shall be signed on behalf of Board by

- A** The Company Secretary and Managing Director
- B** Any two directors
- C** The Managing Director and another Director
- D** The Chief Financial Officer, Company Secretary, Managing Director and any one director

Solution

Ans: (D)



Q. Question

#Q.16. CSR Committees of the Board shall consist of

- A** Directors forming $1/3^{\text{rd}}$ of the total number of directors
- B** At least 2 directors out of which 1 shall be independent
- C** 3 or more directors out of which one shall be managing director
- D** 3 or more directors, out of which at least 1 director shall be independent

Solution

Ans: (D)



Q. Question

#Q.17. Provisions of CSR are applicable to

- A** Companies with Net worth of 500 crore or more
- B** Companies with Turnover of 1000 crore or more
- C** Companies with Net Profit of 5 crore or more
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.18. Where the amount to be spent by a company on CSR does not exceed , the requirement of CSR Committee shall not be applicable and the functions of such committee shall be discharged by the Board of Directors

- A** INR 10 lakh
- B** INR 50 lakh
- C** INR 2 crore
- D** There is no such provision and a company covered under CSR is always required to appoint a CSR Committee

Solution

Ans: (B)



Q. Question

#Q.19. Every company covered under CSR provisions must spend on CSR

- A** 1% of average net profits of past 3 years
- B** 2% of average net profits of past 3 years
- C** 3% of average net profits of past 3 years
- D** 5% of average net profits of past 3 years

Solution

Ans: (B)



Q. Question

#Q.20. While computing net profits for the purpose of CSR, which of the following should be excluded?

- A** Profits from USA branch
- B** Profits from Pakistan branch
- C** Dividend received from a company covered under CSR
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.21. From the following information in respect of company ABC Ltd. Compute the amount the company is required to spend on account of Corporate Social Responsibility

Financial year

2014-15
2015-16
2016-17

30
22
27

Net profit (₹ cr.)

A

26 Crore

B

52 Lacs

C

55 Lacs

D

26 Lacs

Solution

Ans: (B)



Q. Question

#Q.22. Compute the minimum amount the company (ABC Limited) is required to spend on account of Corporate Social Responsibility in financial year 2022-23, if during the financial years 2019-20, 2020-21 and 2021-22 net profits are ₹30Crores, ₹25 crores and ₹32 crores respectively

- A** ₹ 87 lakhs
- B** 1.45 crores
- C** 1.64 crores
- D** ₹ 58 lakhs

Solution

Ans: (D)



Q. Question

#Q.23. Amex limited is a public company having a net. worth of Rs. 950 crores, turnover of 200 crores (the company is just 5 years since the date of its incorporation) during the immediately preceding financial year, has to constitute a Corporate Social Responsibility (CSR) Committee, It has, Directors (A, B, C, D, E, F, G, H and I). Further Mr. F,G,H and I are independent directors O, of the following statements which statement is correct

- A** CSR committee may constitute of A, B and C
- B** CSR committee may constitute of A, B and D
- C** CSR committee may constitute of A, F and G
- D** There is no need to constitute a CSR committed es the turnover is just 200 crores during the immediately preceding financial year

Solution

Ans: (C)





Question

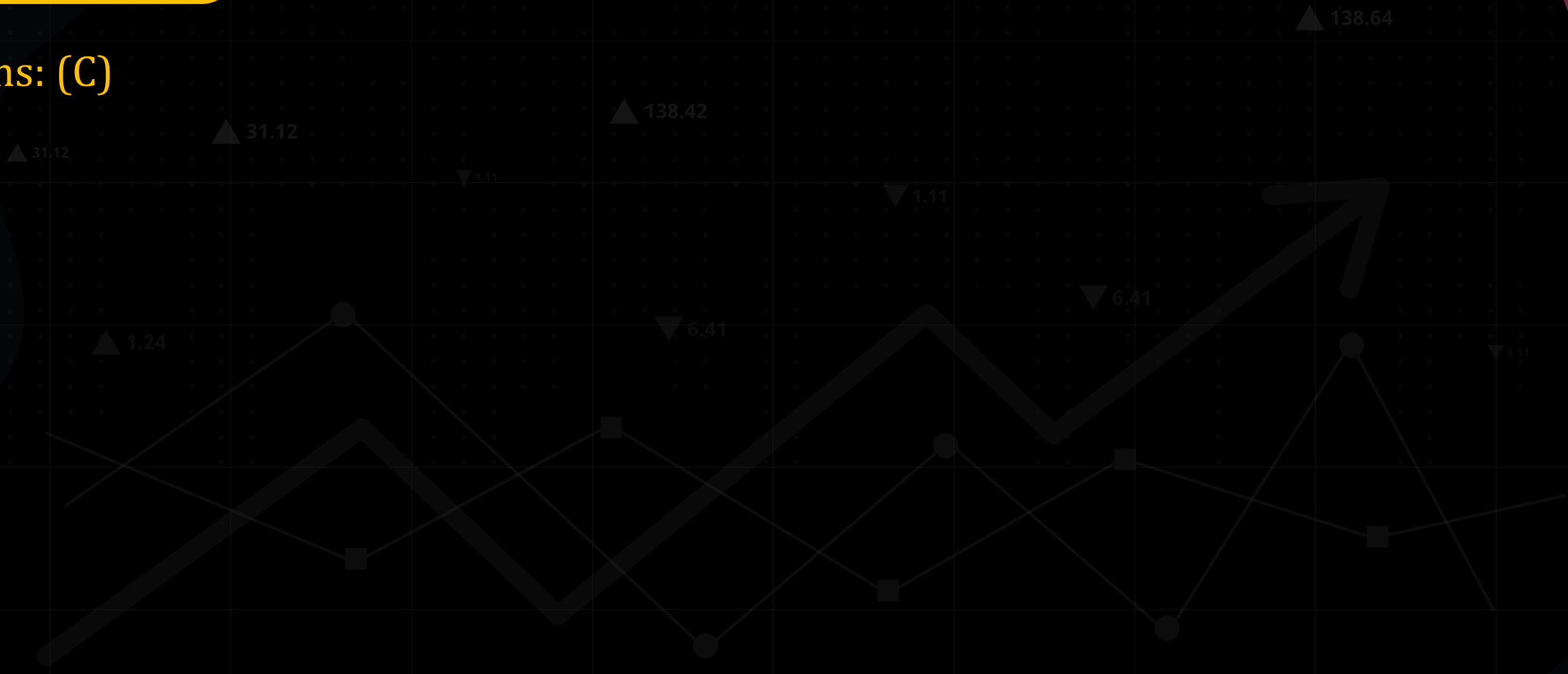
#Q.24. Alexa limited is a public company having a net worth of Rs. 950 crores. The company is covered under the provisions of Corporate Social Responsibility. However, for FY 2020-21, the Board have failed to spend the requisite amount.

Now as per the provisions of Companies Act, 2013; what corrective action does Board needs to take to avoid any penal consequences

- A** CSR is a voluntary activity and there are no penal consequences for not spending the requisite amount on CSR
- B** The Board only needs to specify in the Board's report, the reasons for not spending the amount
- C** The Board needs to specify in the Board's report. the reasons for not spending the amount and transfer the unspent amount to a fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year
- D** The Board needs to specify in the Board's report. the reasons for not spending the amount and transfer the unspent amount to Investors Education and Protection Fund, within a period of 6 months of the expiry of the financial year

Solution

Ans: (C)



Q. Question

#Q.25. Under the provisions of Companies Act, 2013: for the purpose of CSR, "ongoing project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding excluding the financial year in which it was commenced

- A** 2 years
- B** 3 years
- C** 5 years
- D** 8 years

Solution

Ans: (B)



Q. Question

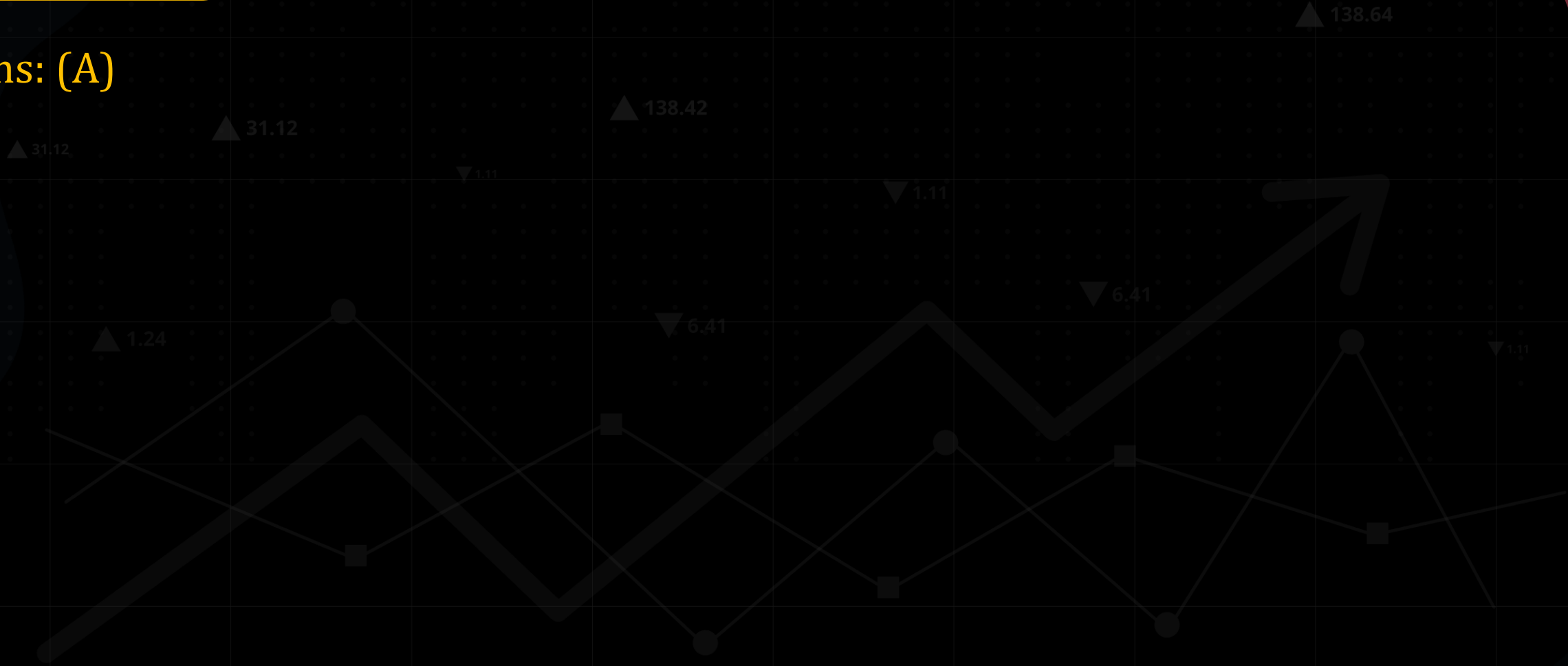
#Q.26. Any unspent amount of CSR during a financial year, pursuant to an ongoing project, undertaken by the company in pursuance of its CSR Policy, shall be transferred by the company within a period of from the end of the financial year to an Unspent CSR Account

- A** 30 days
- B** 60 days
- C** 90 days
- D** 6 months

Solution



Ans: (A)



Q. Question

#Q.27. As per the provisions of Corporate Social Responsibility, a company is allowed to spend a maximum upto _ of its total CSR expenditure of the company for the financial year on administrative overheads

- A** 2%
- B** 3%
- C** 5%
- D** 10%



Q. Question

#Q.28. In the immediately preceding financial year, Jordon Limited was having a turnover of INR 1,050 crore. Accordingly, during the current financial year 2021-22; Jordon limited spent 3% of its average net profits on CSR during FY 202122. The company later came to know that as per law, they were only required to spend 2% of its average net profits on CSR. The company wants to know if it can set-off the excess expenditure against the CSR obligations of future years. Choose the correct statement.

- A** No, there is no provision of set-off of such excess expenditure
- B** Yes, the company can set-off the excess expenditure against the CSR obligation of immediate next financial year only
- C** Yes, the company can set-off the excess expenditure against the CSR obligation of immediate succeeding 3 financial years
- D** Yes, the company can set-off the excess expenditure against the CSR obligation of immediate succeeding 8 financial years

Solution

Ans: (C)



Q. Question

#Q.29. As per the provisions of the Companies Act, 2013, which of the following statement is correct with respect to the surplus arising out of the CSR activities:

- A** The surplus cannot exceed five percent of total CSR expenditure of the company for the financial year.
- B** The surplus shall not form part of the business profit of a company
- C** The surplus cannot exceed 10 percent of total CSR expenditure of the company for the financial year.
- D** The surplus shall form part of the business profit of a company

Solution

Ans: (B)



Q. Question

#Q.30. Which of the following companies shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of INR 1 crore or more

- A** Every company covered under the provisions of CSR under section 135 of The Act
- B** Every company having CSR obligation of INR 10 crore or more in the immediately preceding financial year
- C** Every company having CSR obligation of INR 10 crore or more in any of the immediately preceding 3 financial years
- D** Every company having average CSR obligation of INR 10 crore or more in the immediately preceding 3 financial years

Solution

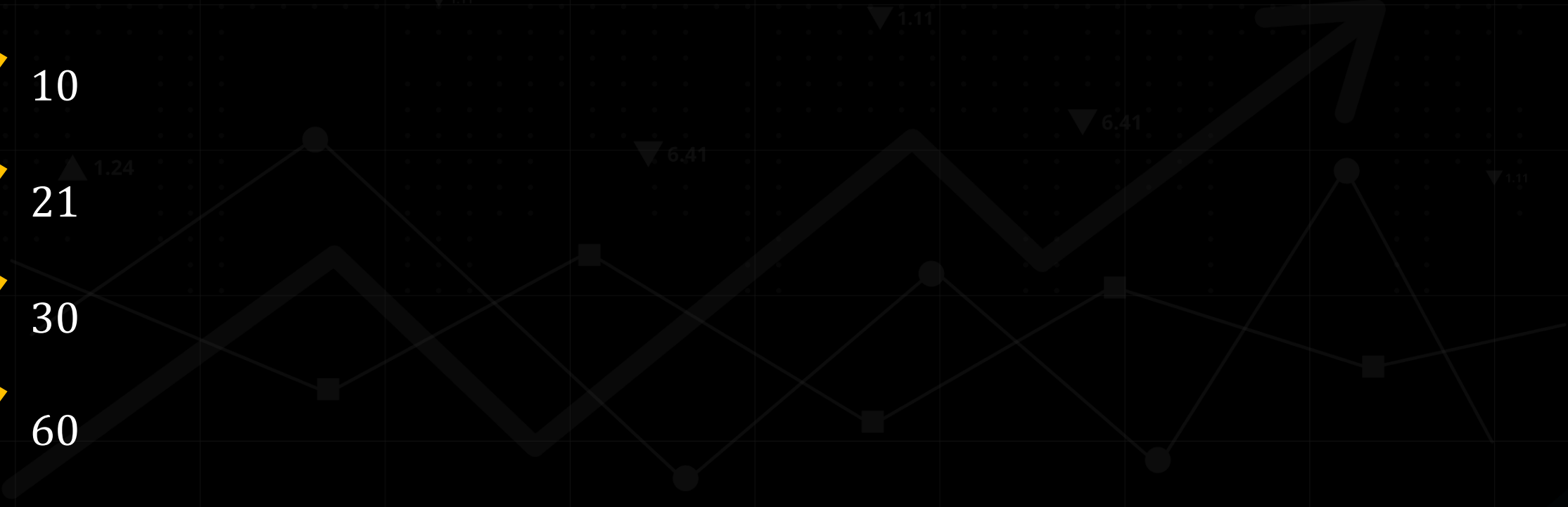
Ans: (D)



Q. Question

#Q.31. The audited financial statements must be circulated to members at least ___ days before

- A** 10
- B** 21
- C** 30
- D** 60



Solution

Ans: (B)



Q. Question

#Q.32. In case of a company limited by shares, financial statements can be circulated to members at : shorter period if approval is granted by

- A** 95% of members
- B** Members having 95% of the paid-up share capital
- C** Majority of the members
- D** Majority in number of members and which have 95% of the paid-up share capital

Q. Question

#Q.33. In case of a company not having share capital financial statements can be circulated to members at a shorter period if approval is granted by

- A** 95% of members
- B** Members having 95% of total voting power
- C** Majority of the members
- D** Majority in number of members and which have 95% of total voting power

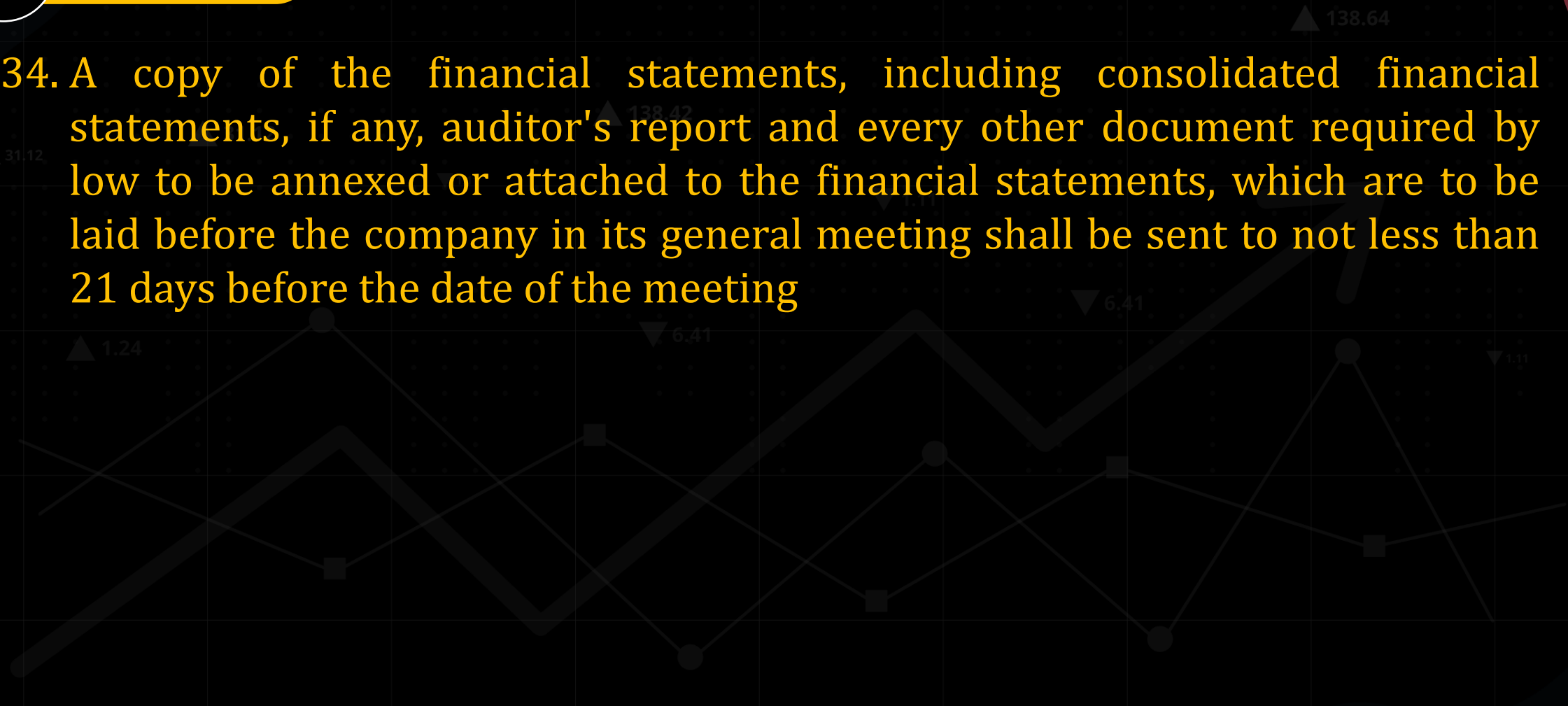
Solution

Ans: (B)



Q. Question

#Q.34. A copy of the financial statements, including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before the company in its general meeting shall be sent to not less than 21 days before the date of the meeting



- A** every member of the company, to every director of the company, to every debenture holder of the company, to every trustee for the debenture holder of any debentures issued by the company. and to all persons other than such member or trustee, being the person so entitled:
- B** every member of the company, to every director of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled:
- C** every member of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled;
- D** every member of the company, to every debenture holder of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled;

Solution

Ans: (C)



Q. Question

#Q.35. The financial statements must be filed with Registrar within they are adopted

- A** 15
- B** 30
- C** 60
- D** 90



Solution

Ans: (B)



Q. Question

#Q.36. OPC shall file a copy of the duly adopted financial statements to registrar in

- A** 30 days of the date of meeting in which it was adopted
- B** 90 days of the date of meeting in which it was adopted
- C** 90 days from the closure of the financial statements
- D** 180 days from the closure of the financial statements

Solution

Ans: (D)



Q. Question

#Q.37. Who can be appointed as an internal auditor?

- A** Chartered accountant
- B** Cost accountant
- C** Any other professional
- D** All of the above

Solution

Ans: (D)



Q. Question

#Q.38. Karm Ltd, is a listed company. It has a paid-up capital INR 40 crore and turnover of INR 100 crore. Decide whether the company needs to comply with internal audit requirement under the provisions of Companies Act, 2013

- A** No, the provisions of internal audit are not applicable to listed companies
- B** No, because the company has the paid-up capital of INR 40 crore only
- C** No, the turnover is less than INR 200 crore
- D** Yes, because the provisions of Internal audit are applicable to every listed company

Solution

Ans: (D)





Question

#Q.39. Perfect Ltd is a listed company. The company is in the business of manufacturing of steel and had its head office at Karnataka. The company's operations are spread out across India. The company appointed a firm of Chartered Accountants, N& Co LLP, as its internal auditors for the year ended 31 March 2019. However, for the financial year 2019-20, the company is planning to have an in-house internal audit system commensurate with its size and operations. If the company does that then it is planning not to continue with N& Co LLP as its internal auditors. Please advise.

- A** The company being listed needs to have a firm of CA as its internal auditors and hence the company needs to continue with N& Co LLP or appoint some other firm.
- B** The company being listed needs to have a firm of CA as its internal auditors and hence the company needs to continue with N& Co LLP or may appoint some other consultant which may not be a firm.
- C** The company being listed should not change its internal audit process within a year and hence should continue with N& Co LLP.
- D** If the internal audit function of the company is fine as per its size and operations then it may decide not to continue with N& Co LLP.

Solution

Ans: (D)



Q. Question

#Q.40. Excellent Art Private Limited, has a paid-up capital of Rs.50 crore. Turnover of Rs.25 crore and borrowing of Rs. 25 crore and outstanding deposits of Rs. 30 crore. Decide if the Company needs to comply with internal audit requirements under the Act?

- A** No. The provisions of Internal audit are not applicable on private companies.
- B** Yes. Company is having Paid up capital of Rs.50 Crore and outstanding deposits more than Rs.25 crore..
- C** No. Because the borrowings are less than Rs. 100 crore and Turnover is less than Rs. 200 crore
- D** None of the above

Solution

Ans: (C)





thank

you



Today's Targets



Practice Questions



Q. Question

#Q.1. After registration of company, first auditors shall be appointed within

- A** 30 days
- B** 90 days
- C** 180 days
- D** 1 year

Solution

Ans : (A)



Q. Question

#Q.2. The auditor of a government company shall be appointed or re-appointed by

- A** The Central Government
- B** Comptroller and Auditor General of India
- C** Central Government on the advice of Comptroller and Auditor General of India
- D** None of the above

Solution

Ans : (B)



Q. Question

#Q.3. Every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its:

- A** Second annual general meeting
- B** Fourth annual general meeting
- C** Sixth annual general meeting
- D** Eight annual general meeting

Q. Question

#Q.4. Appointment of auditor shall be ratified at every Annual general meeting by

- A** Board of Directors
- B** Ordinary resolution
- C** Special resolution
- D** There is no requirement of ratification

Solution

Ans : (D)



Q. Question

#Q.5. The word 'firm' for the purpose of Section 139 shall include-

- A** An individual auditor
- B** A LLP
- C** An individual auditor and LLP both
- D** A company

Solution

Ans : (B)



Q. Question

#Q.6. The requirement of rotation of auditor is applicable to which of the following companies

- A** Listed company
- B** Public company having a paid-up capital of INR 1 crore
- C** Private company having a paid-up capital of INR 5 crore
- D** All of the above

Q. Question

#Q.7. For an individual auditor or firm which has completed its term, there is a cooling-off period of

- A** 2 years
- B** 3 years
- C** 4 years
- D** 5 years

Solution

Ans : (D)



Q. Question

#Q.8. Birthday Card Limited, a listed company can appoint or re-appoint, Mishra & Associates (a firm of Chartered Accountants), as their statutory auditors for:

- A** One year only
- B** One term of 3 consecutive years only
- C** One term of 4 consecutive years only
- D** Two terms of 5 consecutive years

Solution

Ans : (D)



Q. Question

#Q.9. In a government company, the auditor shall be appointed within

- A** 30 days from AGM
- B** 60 days from AGM
- C** 90 days from commencement of the financial year
- D** 180 days from commencement of the financial year

Solution

Ans : (D)



Q. Question

#Q.10. The first auditor of a government company shall be appointed by

- CAG within ___ days from incorporation:
- on failure of CAG, by Board within next ___ days: and
- on failure of Board by members within next ___ days

- A** 30;30:60
- B** 30;60;30
- C** 60;30;60
- D** 30;60,90

Solution



Ans : (C)



Q. Question

#Q.11. The first auditor of a company (other than government company) shall be appointed by Board within days of incorporation and on failure of Board, by members within next days

- A** 15;30
- B** 30;45
- C** 15;60
- D** 30;90

Solution

Ans : (D)



Q. Question

#Q.12. In case of company other than government company, the casual vacancy in the office of auditor shall be filled by within days of casual vacancy

- A** Board; 30
- B** Ordinary resolution; 60
- C** Special resolution: 30
- D** Board: 60

Solution

Ans : (A)





Question

#Q.13. BSP Ltd appointed XPP & Co Ltd as their statutory auditors for the year ended 31 March 2018 on 18 June 2018, as per Section 139(8) of the Companies Act 2013, to fill the casual vacancy caused by resignation of previous statutory auditors to hold office till the conclusion of next Annual General Meeting (AGM) of BSP Ltd. BSP Ltd is listed with Bombay Stock Exchange and National Stock Exchange. BSP Ltd is covered under auditors rotation requirements and wants to re-appoint XPP & Co LLP at their next AGM. Please advise.

- A** XPP & Co LLP can be re-appointed for a term of five consecutive years at the AGM and after that can be considered for re-appointment for another five consecutive years.
- B** XPP & Co LLP can be re-appointed for a term of four consecutive years at the AGM and after that can be considered for re-appointment for another five consecutive years.
- C** XPP & Co LLP can be re-appointed for a term of five consecutive years at the AGM.
- D** XPP & Co LLP cannot be re-appointed at the AGM

Solution

Ans : (A)



Q. Question

#Q.14. PQR Limited is a small company as defined in the Companies Act, 2013. Mr. X was appointed as the statutory auditor of PQR Limited for the finance year 2019-20. What is the maximum tenure allowed to Mr. X to continue to hold the appointment of statutory auditor of PQR Limited as per the section 139 of the Companies Act, 2013?

- A** One term of 5 years
- B** Two terms of 5 years each
- C** Three terms of 5 years each
- D** Any term without limit

Solution

Ans : (D)



Q. Question

#Q.15. Mr. Unfortunate is a Statutory Auditor of OKS Limited, a listed company. Mr. Unfortunate died in a road accident. The vacancy in the office of the auditor within days shall be filled in by the Board

- A** 45 days
- B** 60 days
- C** 90 days
- D** 30 days

Solution

Ans : (D)



Q. Question

#Q.16. The removal of an auditor requires previous approval of

- A** Central Government
- B** NCLT
- C** Registrar of companies
- D** High Court

Solution

Ans : (A)



Q. Question

#Q.17. Once the approval of Central Government is granted, an auditor can be removed by passing

- A** Ordinary resolution
- B** Special resolution
- C** Special resolution after receipt of special notice
- D** Ordinary resolution after receipt of special notice

Solution

Ans : (B)



Q. Question

#Q.18. The auditors of a company can be removed by

- A** Board of Directors of company
- B** Audit committee
- C** Company in general meeting by ordinary resolution & previous approval of Central Government
- D** Company in general meeting by special resolution & previous approval of Central Government

Solution

Ans : (D)



Q. Question

#Q.19. For appointing an auditor other than retiring auditor

- A** Special notice is required
- B** Ordinary notice is required
- C** Neither ordinary nor special notice is required
- D** Approval of Central Government is required

Solution

Ans : (A)



Q. Question

#Q.20. A special notice is required in which of the following cases

- A** Removal of auditor
- B** Appointment of auditor in place of retiring auditor which has completed its term u/s 139(2)
- C** Appointment of auditor in place of retiring auditor who is retiring for reasons other than 139 (2)
- D** All of the above

Solution



Ans : (C)



Q. Question

#Q.21. If the right to make representation u/s140 is abused by retiring auditor, on order of the _____, representation need not be sent or read out

- A** NCLT
- B** Central Government
- C** High Court
- D** Registrar of companies

Q. Question

#Q.22. If an auditor is changed by the Tribunal u/s140. that auditor shall not be eligible to be appointed as auditor of any company for

- A** 2 years
- B** 5 years
- C** 10 years
- D** 15 years

Solution

Ans : (B)



Q. Question

#Q.23. A relative of the auditor may hold securities of the company of

A Face value \leq INR 1 lakh

B Face value \leq INR 5 lakh

C Issue price $<$ INR 1 lakh

D Issue price $<$ INR 5 lakh

Q. Question

#Q.24. A Chartered Accountant is not eligible for appointment as an auditor of a company when his relative holds securities in the Company of

- A** Market Value not exceeding ₹ One Lakh
- B** Book Value not exceeding ₹ One Lakh
- C** Face Value not exceeding ₹ One Lakh
- D** Face Value not exceeding ₹ Five Lakh

Solution

Ans : (C)



Q. Question

#Q.25. A person can be appointed as an auditor of a company if he is indebted to that company for a maximum up to

- A** NIL
- B** INR 50,000
- C** INR 5,00,000
- D** INR 10,00,000

Solution

Ans : (C)



Q. Question

#Q.26. The partner of the auditor can give guarantee to the company only up to

- A** INR 10,000
- B** INR 1 lakh
- C** INR 1 lakh
- D** INR 10 lakh

Solution

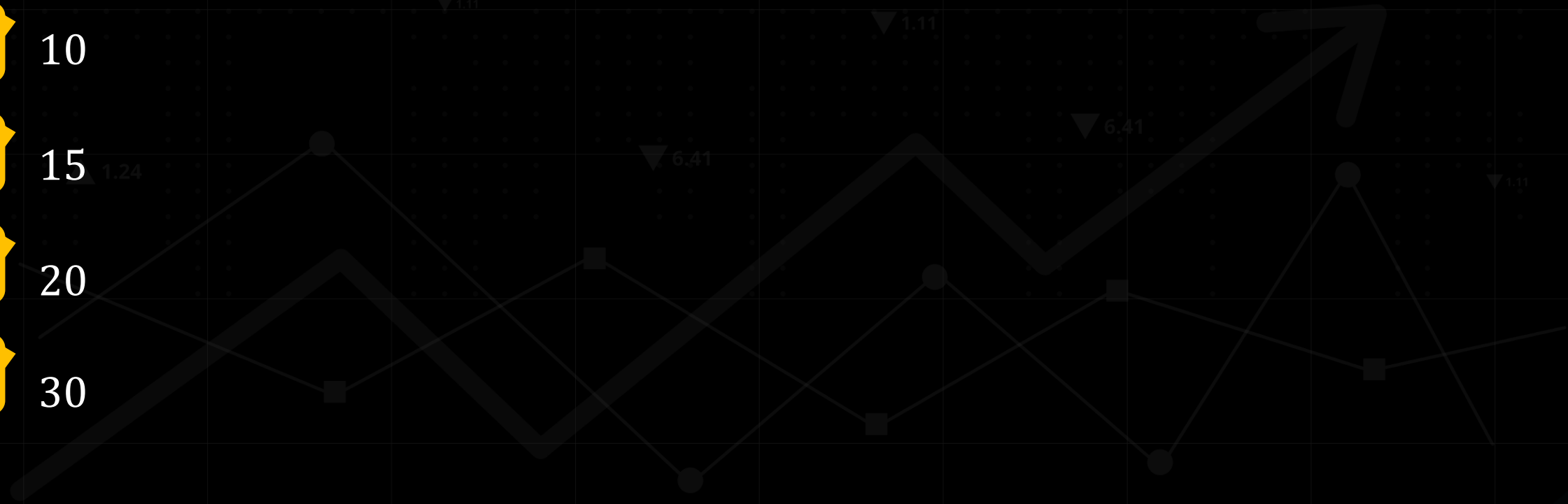
Ans : (B)



Q. Question

#Q.27. As per Section 141, a partner of a firm can hold appointment as auditor of maximum companies at any given point of time

- A** 10
- B** 15
- C** 20
- D** 30



Solution

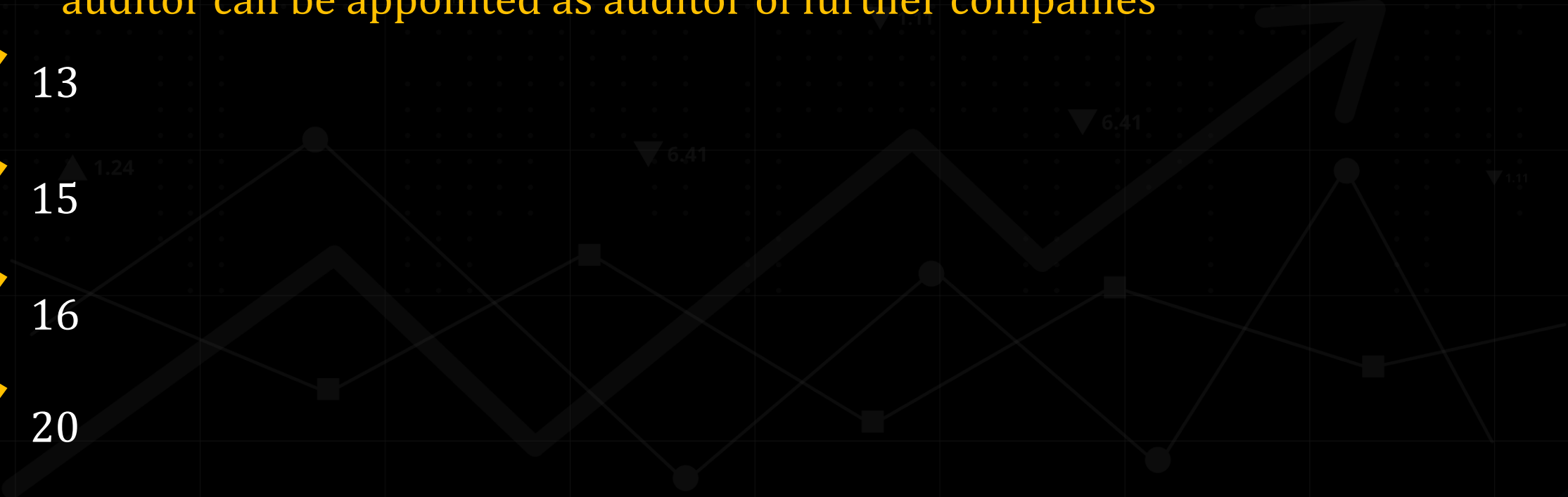
Ans : (C)



Q. Question

#Q.28. A person is an auditor of 2 OPCs, 1 small company and 4 private companies (all private companies having a paid-up capital of INR 50 crore). Now the auditor can be appointed as auditor of further companies

- A** 13
- B** 15
- C** 16
- D** 20



Solution

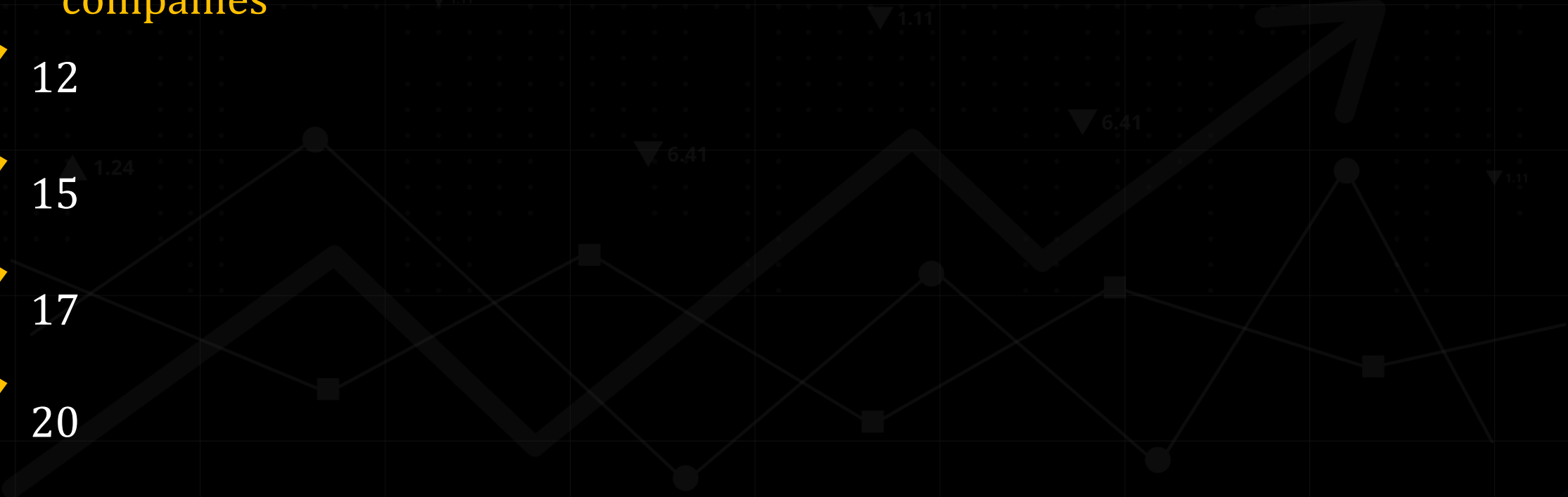
Ans : (D)



Q. Question

#Q.29. A person is an auditor of 3 dormant companies: 2 small companies and 3 Section 8 companies. He can further hold appointment as auditor in companies

- A** 12
- B** 15
- C** 17
- D** 20



Solution



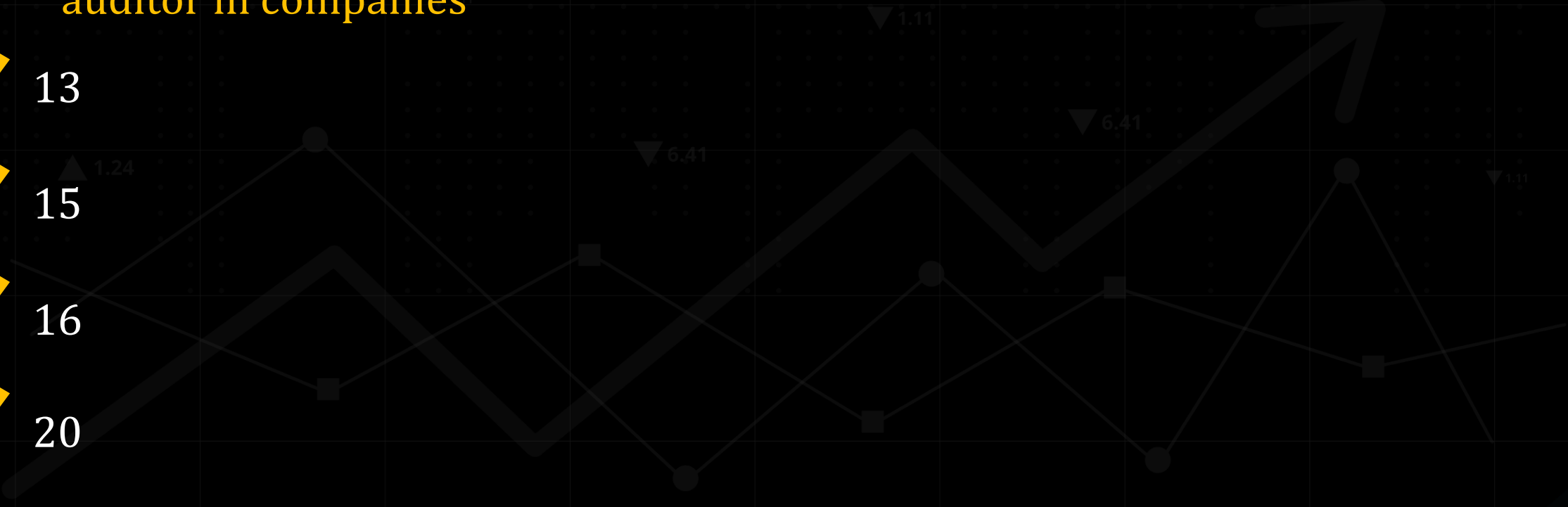
Ans : (C)



Q. Question

#Q.30. A person is an auditor of 2 small companies; 10PC and 4 public companies having paid-up capital of INR 10 crore. He can further hold appointment as auditor in companies

- A** 13
- B** 15
- C** 16
- D** 20



Solution

Ans : (C)



Q. Question

#Q.31. A person who has been convicted by court for an offence involving fraud is disqualified for appointment as auditor for a period of

- A** 2 years
- B** 5 years
- C** 10 years
- D** 20 years

Solution



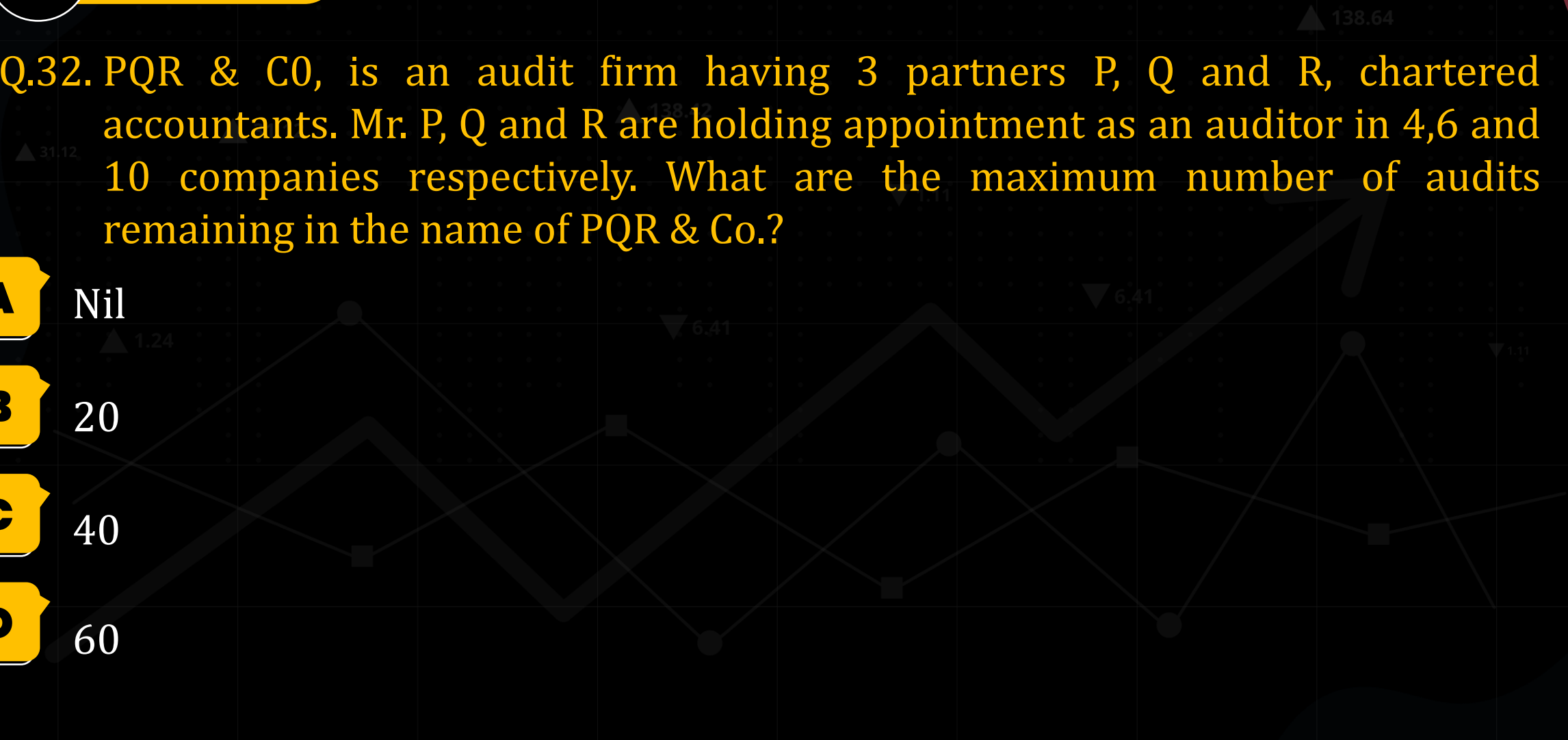
Ans : (C)



Q. Question

#Q.32. PQR & Co, is an audit firm having 3 partners P, Q and R, chartered accountants. Mr. P, Q and R are holding appointment as an auditor in 4,6 and 10 companies respectively. What are the maximum number of audits remaining in the name of PQR & Co.?

- A** Nil
- B** 20
- C** 40
- D** 60



Solution



Ans : (C)



Q. Question

#Q.33. The audit report u/s143 is addressed to

- A** Members
- B** Board of Directors
- C** Audit committee
- D** Central Government

Solution

Ans : (A)



Q. Question

#Q.34. In case of a Government company, CAG has a right to conduct supplementary audit within from the date of receipt of audit report

- A** 30 days
- B** 60 days
- C** 90 days
- D** 6 months

Solution

Ans : (B)



Q. Question

#Q.35. It is duty of every auditor to report a fraud involving an amount of _____ to the Central Government

- A** 1 lakh or more
- B** 10 lakh or more
- C** 1 crore or more
- D** 10 crore or more

Solution

Ans : (C)



Q. Question

#Q.36. For frauds involving an amount of less than INR 1 crore: the auditor needs to report the fraud to Board within

- A** 1 day
- B** 2 days
- C** 7 days
- D** 30 days

Solution

Ans : (B)



Q. Question

#Q.37. Which of the non-financial matter, Statutory auditor is required to report in his report -

- A** Whether employees appointed during the period covered by audit meet the requisite educational/professional qualification at the time of appointment.
- B** Whether every page of minute book of General meetings bears full signature of Chairman as per provisions of Companies Act, 2013.
- C** Whether the incorporation documents are managed properly.
- D** Whether any director is disqualified from being appointed as a director under section 164(2).

Solution

Ans : (D)





Question



#Q.38. SHRD Private Ltd is engaged in the business of software and consultancy. The company has an annual turnover of INR 2,000 crores but its profit margins are not very good as compared to the industry standards. For the financial year ended 31 March 2019, the company proposed appointment of its statutory auditors at its Board meeting. However, the remuneration was not finalized. The statutory auditors completed the engagement formalities including the engagement letter between the company and the auditors and it was decided that the engagement letter be signed without fee i.e. with the clause that the fee to be mutually decided. Please provide your views on this.

- A** Such engagement letter is not valid.
- B** Engagement letter with such arrangement is valid.
- C** Engagement letter should specify the fee of last year, if applicable, if the fee for the current year is not yet finalized at the time of signing of the engagement letter.
- D** Engagement letter should specify 10% increase in the fee as compared to last year as per the norms of the ICAI, in case the fee is not finalized at the time of signing of the engagement letter.

Solution

Ans : (B)



Q. Question

#Q.39. Which of the following is a prohibited service to be rendered by the auditor to the company?

- A** Design and implementation of any financial information system
- B** Making report to the members of the company on the accounts examined by him
- C** Compliance with the auditing standards
- D** Reporting of fraud against the company by officers or employees to the Central Government

Solution

Ans : (A)



Q. Question

#Q.40. MNP Ltd is a medium-sized company engaged in the business of pharmaceuticals. For the year ended 31 March 2018, the company is looking for appointment of GST (Goods and Services Tax) auditor. The company wants to appoint somebody for this work who is familiar with the business of the company i.e. who would have worked with the company in the past so that lesser efforts are required to get the GST audit completed. The company has following options, please suggest which one would be better for the company.

- A** Statutory auditors can be appointed for this work.
- B** Internal auditors can be appointed for this work.
- C** Both statutory and internal auditors can be jointly appointed for this work.
- D** Internal auditors along with the tax consultants of the company can be appointed for this work.

Solution

Ans : (A)





Question

#Q.41. GP & Co LLP is a firm of Chartered Accountants having 35 partners. The firm has 9 branches across India. The firm was appointed as statutory auditor of PQR Ltd for the year ended 31 March 2018. The firm designated Mr. NG Goel as the signing and engagement partner for the statutory audit of PQR Ltd. During the course of audit, NG Goel was fully involved, however, the finalization of financial statements took long and the time when they got finalized. NG Goel had to travel for some urgent work for a month outside India As regards the signing of the financial statements, please suggest which of the following options is correct?

- A** PQR Ltd should wait till the time NG Goel returns and if required, NG Goel can sign the financial statements back dated.
- B** PQR Ltd should wait till the time NG Goel returns and only after that financial statements will be signed.
- C** In the absence of NG Goel, any other partner of the firm, being a CA, can sign the financial statements of PQR Ltd.
- D** In the absence of NG Goel, any other partner of the firm, being a CA, can sign the financial statements of PQR Ltd, but the firm should intimate about the same to the ROC and Income Tax authority

Q. Question

#Q.42. If with the intention to knowingly deceive the shareholder, the auditor has given a false audit report, he may be subject to a fine which may exceed up to

- A** INR 5 lakh
- B** INR 25 lakh
- C** INR 5 lakh or 4 times the remuneration whichever is less
- D** INR 25 lakh or 8 times the remuneration whichever is less

Solution

Ans : (D)



Q. Question

#Q.43. Only companies engaged in production of specified goods having an overall turnover from all the products of at least INR are required to maintain the cost records

- A** 10 crore
- B** 25 crore
- C** 35 crore
- D** 50 crores

Solution



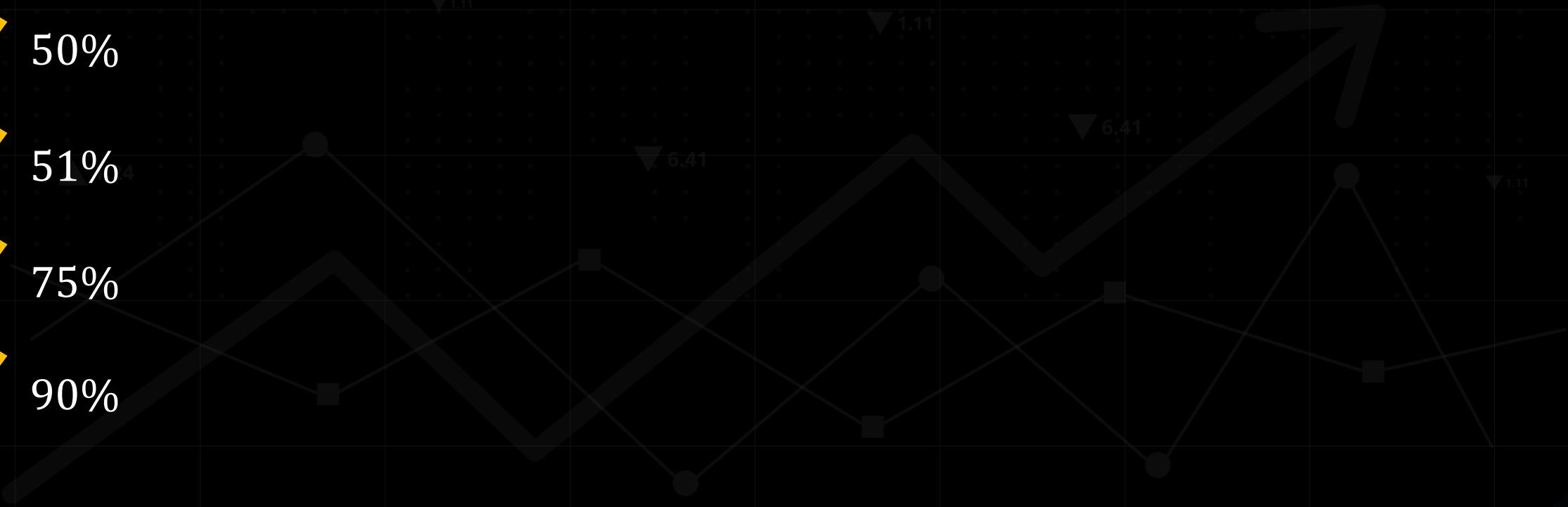
Ans : (C)



Q. Question

#Q.44. The requirement of cost audit is not applicable to a company whose revenue from exports in foreign exchange is more than of total revenue

- A** 50%
- B** 51%
- C** 75%
- D** 90%



Solution

Ans : (C)



Q. Question

#Q.45. The requirement of cost audit is not applicable to

- A** Companies operating in SEZ
- B** Companies whose revenue from exports in for exchange is more than 75% of total revenue
- C** in the generation of electricity for captive consumption through Captive Generating Plant.
- D** All of the above

Q. Question

#Q.46. Who can be appointed as a cost-auditor?

- A** Cost accountant in practice
- B** Chartered Accountant in practice
- C** Company secretary in practice
- D** Any of the above

Solution

Ans : (A)



Q. Question

#Q.47. The cost auditor is appointed by the

- A** Board of directors
- B** Members by passing Ordinary resolution
- C** Members by passing Special resolution
- D** Institute of Cost Accountants of India

Solution

Ans : (A)



Q. Question

#Q.48. The cost auditor shall be appointed

- A** at the AGM
- B** within 30 days of AGM
- C** within 90 days from commencement of the financial year
- D** within 180 days from commencement of the financial year

Solution

Ans : (D)



Q. Question

#Q.49. Cost auditor shall submit his report to the Board within

- A** 60 days from the closure of the financial year
- B** 90 days from the closure of the financial year
- C** 180 days from the closure of the financial year
- D** 270 days from the closure of the financial year

Solution

Ans : (C)



Q. Question

#Q.50. The company shall furnish cost-audit report to central Government within days of receipt of the report

- A** 30
- B** 60
- C** 90
- D** No need to submit to CG

Solution

Ans : (A)





thank

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Q. Question

#Q.1. Radix Ltd. is a company registered in Thailand. Although, it has no place of business established in India, yet it is doing online business through remote delivery of healthcare services in India. State the incorrect statement as to the nature of the Radix Ltd. in the light of the Companies Act, 2013-

- A** It is not a foreign company as it has no place of business established in India
- B** It is a foreign company being involved in business activity through telemedicine
- C** It is a foreign company as its doing business through electronic mode
- D** It is a foreign company as it conducts business activity in India

Solution

Ans : (A)



Q. Question

#Q.2. Reddy Ltd. is a company registered in Bangalore, India. Although, it is registered in India but it has no business activities in India and all its business operations are scattered across Europe. Choose the correct statement in the light of the provisions of Companies Act, 2013.

- A** It is not a foreign company as it has no place of business established in India
- B** It is not a foreign company because it is incorporated in India even though it has no business activity in India
- C** It is a foreign company as it has business activities outside India
- D** It is a foreign company as it is incorporated in India

Solution

Ans : (B)



Q. Question

#Q.3. Robert Junior Limited is a company registered in Africa. Although, it has no place of business established in India, yet it is planning to have an electronic presence in India. Considering the provisions of Companies Act, 2013; in which of the cases, Robert Junior Limited will be considered as a foreign company –

- A** The company is planning to undertake Business to Consumer transactions but the main server will be located in Africa
- B** The company is planning to raise deposits from Indian citizens
- C** The company is planning to provide web-based marketing services in India with the main server located in India
- D** All of the above

Solution

Ans : (D)



Q. Question

#Q.4. Modern Books Publishers plc., a company incorporated in United Kingdom (UK) has a wholly owned subsidiary by the name Beta Periodicals Limited whose Registered Office is situated at Mumbai and which is engaged in publishing scientific, technical and specialty magazines, periodicals and journals. Beta Periodicals Limited considers itself to be a foreign company since it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company. From the four options given below, you are required choose the one which appropriately indicates whether Beta Periodicals Limited can considered as a foreign company:

A

Beta Periodicals Limited cannot be considered as a foreign company even if it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.

B

Beta Periodicals Limited shall be considered as a foreign company since it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.

Q. Question

138.64

C

Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the Regional Director having jurisdiction over New Delhi for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company.

D

Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the New Delhi Bench of National Company Law Tribunal for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company.

Solution

Ans : (A)



Q. Question

#Q.5. Videshi Ltd., a foreign company established with a principal place of business at Kolkata, West Bengal. The company delivered various documents to Registrar of Companies. State the number of days and place where the said company shall deliver such documents

- A** Within 15 days to the Central Government
- B** Within 15 days to the Registrar having jurisdiction over New Delhi
- C** Within 30 days to the Registrar having jurisdiction over West Bengal
- D** Within 30 days to the Registrar having jurisdiction over New Delhi

Solution

Ans : (D)



Q. Question

#Q.6. Any document which any foreign company is required to deliver to the Registrar shall be delivered to

- A** The Registrar having jurisdiction over the principal place of business of foreign company
- B** Any Registrar having jurisdiction over any place of business of foreign company Within 30 days to the
- C** All the Registrars having jurisdiction over any place of business of foreign company
- D** Registrar, New Delhi

Solution

Ans : (D)



Q. Question

#Q.7. Vision Ltd., a foreign Company incorporated in Singapore, appointed Mr. X as a representative in India for the management of place of business in India. Due to un-satisfactory services of Mr. X, Vision Ltd. replaced him and appointed Mr. Y. Vision Ltd. is required to comply with which of the following requirement-

- A** Vision Ltd. shall file return to the Registrar of Company in India, within 30 days of the appointment of Mr. Y
- B** Vision Ltd. being a foreign co. in Singapore does not require to give any such intimation of replacement/ change made for management of place of business in India
- C** Vision Ltd, shall intimate of such alteration at the place where its registered within 15 days from such alteration.
- D** Vision Ltd. shall file return to the Registrar, within 1 month of such alteration as to appointment of Mr. Y

Solution

Ans : (A)





Question



#Q.8. Fam Company LLC, a company incorporated outside India, proposes to establish a place of business in India. The list of the Directors includes Mr. Arjun - Managing Director, Mr. Ranveer - Director and Ms. Lavina Secretary of Fam Company LLC. Mr. Malik and Mr. Arbaaz, resident in India, are the persons who has been authorised by Fam Company LLC accept on behalf of the company service of process, notices or other documents required to be served to Fam Company LLC. In relation to the company's establishment, you are asked by the Fam Company LLC with respect to whose declaration will be required to submit to the Registrar by the Company for not being convicted or debarred from formation of companies in or outside India.

Q. Question

A Mr. Arjun, Mr. Ranveer, Ms. Lavina Mr. Malik and Mr. Arbaaz.

B Mr. Arjun, Ms. Lavina, Mr. Malik and Mr. Arbaaz.

C Mr. Malik and Mr. Arbaaz.

D Mr. Arjun, Mr. Ranveer, Mr. Malik and Mr. Arbaaz

Solution

Ans : (D)



Q. Question

#Q.9. As per the provisions of Companies Act, 2013; every foreign company shall deliver a copy of its financial statements with Registrar of Companies within

- A** 30 days from the closure of the Financial Year
- B** 60 days from the closure of the Financial Year
- C** 3 months from the closure of the Financial Year
- D** 6 months from the closure of the Financial Year

Q. Question

#Q.10. A foreign company incorporated outside India is involved in digital supply services through electronic mode, the server of which is located outside India. The company follows year ending December as its financial year. Every year the company is required to prepare a balance sheet and profit and loss account. You are required to state the timelines within which such documents shall be filed with the Registrar considering the provisions of Chapter XXII of the Companies Act, 2013.

- A** Within a period of 30 days of the close of the financial year of the foreign company
- B** Within a period of 3 months of the close of the financial year of the foreign company
- C** Within a period of 60 days of the close of the financial year of the foreign company
- D** Within a period of 6 months of the close of the financial year of the foreign company

Q. Question

#Q.11. X Ltd., a foreign company along with the financial statement of FY 2020-2021 of its Indian business operations have to file statement of related party transactions, repatriation of profits and statement of transfer of funds with the Registrar latest by:

- A** April 30, 2021
- B** June 30, 2021
- C** September 30, 2021
- D** December 31, 2021

Solution



Ans : (C)



Q. Question

#Q.12. As per the provisions of Companies Act, 2013; every foreign company shall deliver a copy of its financial statements with Registrar of Companies within 6 months from the closure of Financial year. However, if there is a special reason, the Registrar may grant extension upto _____

- A** 1 month
- B** 2 months
- C** 3 months
- D** 6 months

Solution

Ans : (C)





Question

#Q.13. Emaar Company LLC, a company incorporated outside India has a place of business in India. All the financial decision of Emaar Company LLC is taken by Abudala Company LLC, holding company of Emaar Company LLC. One of the key raw materials required by Emaar Company is procured through its subsidiary Company Fizi Company. Abudala and Fizi Company are required to follow a different year for the preparation of financial statements on a consolidated basis. You as a qualified Chartered Accountant and a liaison officer to Emaar Company LLC is required to bring to the notice of Emaar Company LLC the circumstances in which case the financial year of Emaar Company shall change to that of its Holding Company?

Q. Question

- A** On application made by Emaar Company to the Central Government for following a different financial year.
- B** On application made by Abdula Company to the Central Government for following a different financial year.
- C** On application made by Abdula or Fizi Company to the Central Government for following a different financial year.
- D** Either (a) or (b)

Solution

Ans : (A)





Question



#Q.14. Mannat Company LLC, a company incorporated outside India, proposes to establish a place of business in India through electronic mode. Mannat Company LLC issued prospectus to the citizens of India for subscription of Mannat Company's securities. Mannat Company LLC has been into business for more than 2 years since the company received the commencement of business certificate. The prospectus was duly dated and signed but did not contain the particulars relating to the enactments under which Mannat Company was incorporated and does not provided with any details relating to any establishment in India. You as a pursuing Chartered Accountant are required to examine the validity of the prospectus issued by Mannat Company LLC?

Q. Question

138.64

- A** Yes, the prospectus issued is valid in law as it is duly dated and signed.
- B** No, the prospectus issued is invalid in law as it does not contain the particulars relating to the enactments under which the Mannat Company was incorporated.
- C** No, the prospectus issued is invalid in law as Mannat Company LLC does not have a place of business in India.
- D** No, the prospectus issued is invalid in law as it does not contain the particulars with respect to any establishment of a place of business in India.

Solution

Ans : (D)



Q. Question

#Q.15. In which of the following cases the issue of prospectus by a company incorporated outside India will be invalid in law considering the provisions of Chapter XXII of Companies Act, 2013.

- A** The Consent to the issue of the prospectus required from any person, as an expert is attached to the copy for the registration of prospectus to be delivered to the Registrar.
- B** In case where the prospectus is signed by the duly authorized agents of the directors and the copy of power of attorney is not attached with the copy of prospectus to be delivered for Registration.
- C** A company incorporated outside India not having place of business in India.
- d** A Company to be incorporated outside India.

Solution

Ans : (B)



Q. Question

#Q.16. Aster Limited, a foreign company with a place of business in India was established to conduct the business online as to data interchange and other digital supply transactions. The said company failed to deliver within the prescribed time period, some desired documents to the Registrar of Companies in compliance to the Companies Act, 2013. State the penalty cast on Aster Limited for the cause of its failure.

- A** Aster Ltd. punishable with fine upto ₹ 3,00,000 + additional fine upto ₹ 50,000 in case of continuing offence.
- B** Aster Ltd. punishable with fine extending upto ₹ 25,000 + additional fine upto ₹ 50,000 in case of continuing offence.
- C** Aster Ltd. punishable with fine extending upto ₹ 5,00,000 + additional fine upto ₹ 50,000 in case of continuing offence.
- D** Aster Ltd. punishable with fine levied ₹ 1,00,000 to ₹ 3,00,000 + additional fine upto ₹ 50,000 in case of continuing offence

Solution

Ans : (D)





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Q. Question

#Q.1. Which of the following are not included in definition of body corporate as per LLP Act?

- A** Company incorporated in India
- B** LLP incorporated outside India
- C** Company incorporated outside India
- D** Corporation Sole

Solution

Ans : (D)



Q. Question

#Q.2. Small LLP means an LLP which satisfies the following criteria:

- A** the contribution of which, does not exceed INR 25 lakh or such higher amount, not exceeding INR 5 crore, as may be prescribed:
- B** the turnover of which, as per the Statement of Accounts and Solvency for the immediately preceding financial year, does not exceed INR 40 lakh or such higher amount, not exceeding INR 50 crore, as may be prescribed:
- C** Both (a) and (b)
- D** Either (a) or (b)

Solution

Ans : (C)



Q. Question

#Q.3. Which of the following statement is not true for an LLP?

- A** An LLP is a legal entity separate from that of its partners.
- B** An LLP has perpetual succession.
- C** Any change in the partners of an LLP shall not affect the existence, rights or liabilities of the LLP.
- D** Save as otherwise provided, the provisions of the Indian Partnership Act, 1932 apply to an LLP.

Solution

Ans : (D)



Q. Question

#Q.4. What is the maximum time an LLP can continue with less than 2 partners?

- A** 1 month
- B** 3 months
- C** 6 months
- D** 1 year

Solution

Ans : (C)



Q. Question

#Q.5. Which of the following statement is not true about designated partner of an LLP?

- A** Every LLP should have atleast 2 Designated partners
- B** Designated partners should be individual
- C** Atleast 1 Designated partner should have stayed in India for a period of not less than 120 days during the financial year.
- D** Atleast 1 Designated partner should have stayed in India for a period of not less than 182 days during the financial year.

Solution

Ans : (D)



Q. Question

#Q.6. What is the time limit to file consent to act as a Designated partner?

- A** 15 days from appointment
- B** 30 days from appointment
- C** 45 days from appointment
- D** 60 days from appointment

Solution

Ans : (B)



Q. Question

#Q.7. What is the time limit to fill vacancy in office of a Designated partner?

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

Ans : (B)



Q. Question

#Q.8. M/s ABCLLP has two designated partners, Mr. A and Mr, B, Both Mr. A and Mr, B have stayed in India for only 145 days during the year. What is the penalty applicable on the LLP?

- A** INR 20,000
- B** INR 10,000
- C** INR 5,000
- D** No penalty

Q. Question

#Q.9. Further to the above, ABC LLP failed to file the particulars of appointment of Mr. C as designated partner within 30 days of his appointment. What is the penalty applicable on the LLP?

- A** INR 20,000
- B** INR 10,000
- C** INR 5,000
- D** No penalty

Solution

Ans : (C)



Q. Question

#Q.10. Which of the following information is not required to be stated in the incorporation document of an LLP

- A** Name of the LLP
- B** Business of the LLP
- C** Name and address of the partners
- D** Liability of the partners

Q. Question

#Q.11. Which form is required to be filed for incorporation of LLP?

- A** Form 1
- B** Form 2
- C** Form Fillip
- D** Form Run LLP

Solution



Ans : (C)



Q. Question

#Q.12. Mr. X is a Company Secretary made a false statement while filing incorporation document for an LLP. What is the punishment provided under the LLP Act for making such false statement?

- A** imprisonment for a term which may extend to 2 years
- B** fine which shall not be less than INR 10,000 but which may extend to INR 5 lakh
- C** both (a) and (b)
- D** Penalty of INR 10,000

Solution



Ans : (C)



Q. Question

#Q.13. Which is the form prescribed for reservation of name of an LLP?

- A** Form 1
- B** Form 16
- C** Form FiLLip
- D** Form Run LLP

Q. Question

#Q.14. Name of the Limited Liability Partnership shall be ended by -

- A** Limited
- B** Limited liability partnership or LLP
- C** Private Limited
- D** OPC

Solution



(B)



Q. Question

#Q.15. The approved name of LLP shall be valid for a period of from the date of approval

- A** One month
- B** Two months
- C** Three months
- D** Indefinitely

Solution

Ans : (C)



Q. Question

#Q.16. Who has the power to direct an LLP to change its name?

- A** Central government
- B** Registrar
- C** Designated Partners
- D** All of the above

Solution

Ans : (A)



Q. Question

#Q.17. What is the time limit to notify the change in name of LLP to Registrar

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

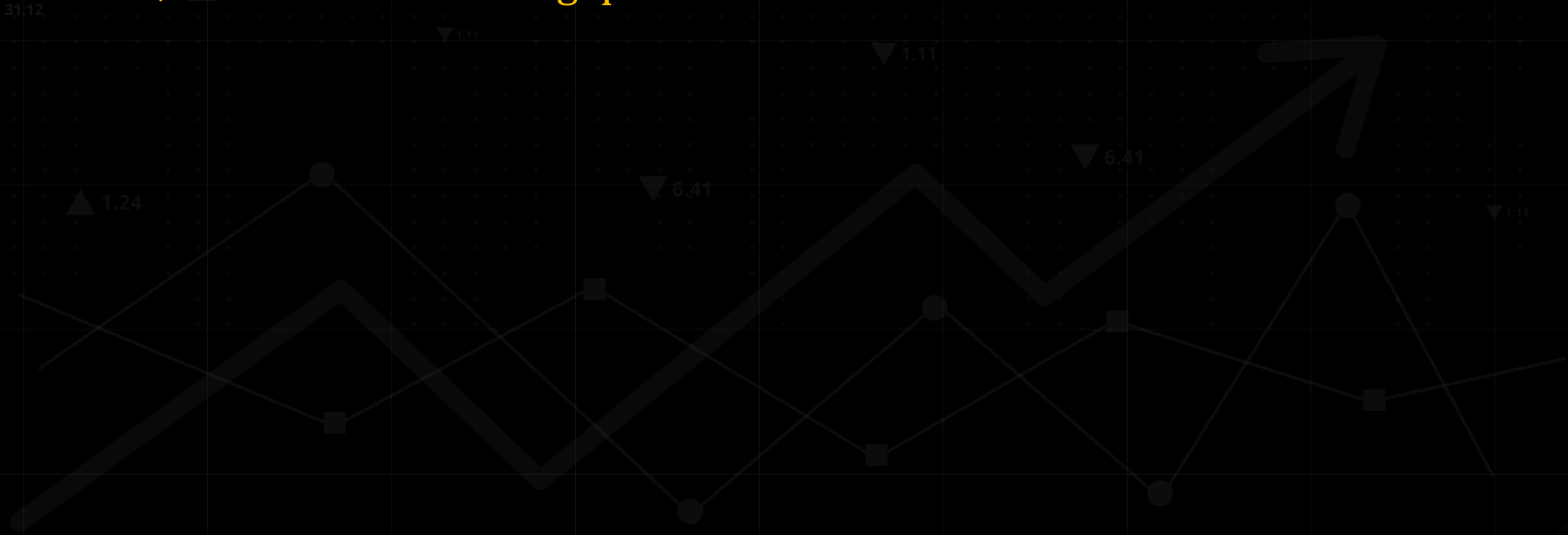
Ans : (A)



Case Study



Mr. A is a partner in ABC LLP. He has changed his address from Delhi to Gurgaon. In this context, answer the following questions:



Q. Question

#Q.18. What is the time period prescribed to notify the LLP of such change in his address?

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

Ans : (A)



Q. Question

#Q.19. Mr. A failed to give the notice of change in his address within the prescribed time limit. What is the penalty leviable for such default

- A** INR 5,000
- B** INR 10,000
- C** INR 20,000
- D** Penalty of INR 100 per day of default

Solution

Ans : (B)



Q. Question

#Q.20. What is the time limit prescribed for the LLP to notify the said change to Registrar?

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

Ans : (B)



Q. Question

#Q.21. Which of the following statement is true for an LLP?

- A** There is no principal agent relationship in an LLP
- B** Every partner is an agent of the LLP, but not of other partners
- C** Every partner is an agent of the LLP and its partners
- D** Every partner is an agent of other partners, but not of the LLP

Solution

Ans : (B)



Q. Question

#Q.22. ABCLLP has three partners A,B and C.C dies on 22 January 2023 due to heart attack. However, B and A continue to run the LLP in the name of ABC till December 2023. In May 2023, the LLP takes a loan of INR 10 lacs from a bank. In this context. which of the following statement is true:

- A** Since Cs name still appears in LLP's name, Cs legal representative is liable for the loan taken by the LLP
- B** Since C_s name still appears in LLP's name, C_s estate is liable for the loan taken by the LLP
- C** Both Cs legal representative and his estate is liable for the loan taken in May 2023
- D** Neither Cs legal representative nor his estate is liable for any act of the LLP done after his death.

Q. Question

#Q.23. ABC LLP has defrauded its creditors. What is the consequence of indulging in such fraudulent activity?

- A** The person guilty shall be punishable with imprisonment for a term which may extend to 5 years and with fine which shall not be less than INR 50,000 but which may extend to INR 5 lakh,
- B** The person guilty shall be liable for any criminal proceedings which may arise under any law for the time being in force
- C** The person guilty shall be liable to pay compensation to any person who has suffered any loss or damage by reason of such conduct
- D** All of the above

Solution

Ans : (D)



Q. Question

#Q.24. Who has the power to reduce/ waive the penalty leviable on a partner under the LLP Act?

- A** Registrar
- B** Central Government
- C** Tribunal
- D** Designated Partner

Solution

Ans : (C)



Q. Question

#Q.25. Mr. X wants to become partner in an LLP. What are the forms in which he can contribute his capital in the LLP?

- A** Tangible, movable or immovable or intangible property or other benefit to the LLP.
- B** Money, promissory notes, other agreements to contribute cash or property, and
- C** Contracts for services performed or to be performed,
- D** Any of the above

Solution

Ans : (D)



Q. Question

#Q.26. What is the basis for maintenance of books of accounts of an LLP?

- A** Cash Basis
- B** Accrual Basis
- C** Mercantile Basis
- D** Cash or Accrual Basis

Q. Question

#Q.27. What is the time limit prescribed for preparation of Statement of Accounts and Solvency?

- A** 30 days from end of financial year
- B** 60 days from end of financial year
- C** 90 days from end of financial year
- D** Six months from end of financial year

Q. Question

#Q.28. What are the consequences of failure to prepare Statement of Accounts and Solvency?

- A** Penalty of INR 100 for each day during which such failure continues, subject to a maximum of INR 1 lakh for the LLP and INR 50,000 for every designated partner
- B** Fine of INR 25000 on LLP and INR 10,000 on every designated partner
- C** Fine of INR 5 lakhs on LLP and INR 1 lakh on every designated partner
- D** Penalty of INR 100 for each day during which such failure continues

Q. Question

#Q.29. What is the time limit prescribed for filing of Annual return of an LLP?

- A** 30 days from end of financial year
- B** 60 days from end of financial year
- C** 90 days from end of financial year
- D** Six months from end of financial year

Solution

Ans : (B)



Q. Question

#Q.30. Which of the following documents, which an LLP filed with the Registrar, are not available for inspection by an outsider?

- A** Incorporation documents
- B** Books of accounts
- C** Statement of Account and Insolvency
- D** Annual Return

Solution

Ans : (B)



Q. Question

#Q.31. Who has the power to summon a former partner of an LLP to obtain information necessary for the purpose of carrying out the provisions of the Act?

- A** Designated Partner
- B** Registrar
- C** Central Government
- D** Tribunal

Solution

Ans : (B)



Q. Question

#Q.32. Who has the power to compound offences punishable under the LLP Act?

- A** Designated Partner
- B** Registrar
- C** Regional Director
- D** Tribunal

Solution

Ans : (C)



Q. Question

#Q.33. What is the minimum gap required between two compounding of offences?

- A** 3 months
- B** 30 months
- C** 3 years
- D** No such time is prescribed under LLP Act

Solution



Ans : (C)



Q. Question

#Q.34. Which of the following offence under the LLP Act is compoundable?

- A** Punishable with fine only
- B** Punishable with fine or imprisonment
- C** Punishable with imprisonment only
- D** All of the above

Solution

Ans : (A)



Q. Question

#Q.35. Which of the following statement is not correct in case of on LLP?

- A** The rights of a partner to a share of the profits and losses of the LLP are transferable either wholly or in part.
- B** The rights of a partner to receive distributions in accordance with the LLP agreement are transferable either wholly or in part.
- C** The transfer of any right by any partner results in the disassociation of the partner from the LLP
- D** The transfer of right does not, by itself, entitle the transferee or assignee to participate in the management or conduct of the activities of the LP. or access information concerning the transactions of the LLP.

Solution



Ans : (C)



Q. Question

#Q.36. Which of the following cannot be converted into LLP?

- A** Partnership firm
- B** Private company
- C** Listed company
- D** Unlisted company

Solution



Ans : (C)



Q. Question

#Q.37. Sudhir Ranjan & Associates, a partnership firm incorporated in the year 2005, wants to convert itself into LLP form of organisation. The rules regarding the conversion of a firm into LLP is governed by of LLP Act, 2008.

- A** Schedule I
- B** Schedule II
- C** Schedule III
- D** Schedule IV

Solution

Ans : (B)



Q. Question

#Q.38. HG Virfuals Private Limited, a private company incorporated in the year 2020, wants to convert itself into LLP form of organisation. The rules regarding the conversion of a private company into LLP is governed by of LLP Act, 2008

- A** Schedule I
- B** Schedule II
- C** Schedule III
- D** Schedule IV

Solution



Ans : (C)



Q. Question

#Q.39. Sonar Thomson Limited, a public company incorporated in the year 2001, wants to convert itself into LLP form of organisation. The rules regarding the conversion of a public limited company into LLP is governed by of LLP Act, 2008.

- A** Schedule I
- B** Schedule II
- C** Schedule III
- D** Schedule IV

Solution

Ans : (D)



Q. Question

#Q.40. A scheme of arrangement is proposed between Aarti Drugs LLP and its partners. In the light of the provisions of LLP Act, 2008, which is the relevant authority for sanctioning this scheme of arrangement.

A Central Government

B High Court

C NCLT

D Special Court

Solution

Ans : (C)



Q. Question

#Q.41. The scheme of compromise or arrangement should be approved by the partners or creditors. What is the minimum requirement for the same:

- A** It shall be approved by more than 50% majority in number of partners or creditors who are present and voting at the meeting.
- B** It shall be approved by more than 75% majority in value of partners or creditors who are present and voting at the meeting.
- C** It shall be approved by more than 75% majority in number of partners or creditors who are present and voting at the meeting.
- D** Both (a) and (b) together

Solution

Ans : (D)



Q. Question

#Q.42. A meeting of the creditors of Ariana LLP was convened under the orders of the NCLT to consider a scheme of compromise and arrangement. Notice of the meeting was sent in the prescribed manner to all the 70 creditors with the total outstanding due of ₹30,00,000. The meeting was attended by 40 creditors with outstanding due of ₹ 20,00,000. As per the provisions of LLP, 2003: approval of how many creditors is required for sanctioning the scheme of compromise and arrangement. Assume that all creditors present at the meeting participated in the voting.

- A** Approval of creditors with an outstanding due of least ₹22,50,000 is required
- B** Approval of 35 creditors with an outstanding due of least ₹22,50,000 is required
- C** Approval of creditors with an outstanding due of least ₹15,00,000 is required
- D** Approval of 21 creditors with an outstanding due of least ₹ 15,00,000 is required

Solution

Ans : (D)





Question



#Q.43. An amalgamation has been proposed between Magnum LLP and Micro LLP. A meeting of members the partners of Micro LLP was convened under the orders of the Tribunal for the purpose of considering the scheme of amalgamation. The LLP has a total capital contribution of ₹1.50 crore. The meeting was attended by 5 partners with a capital contribution of ₹1.00 crore. 3 partners with capital contribution of ₹70 lakh voted for the scheme, 1 partner with capital contribution of ₹ 20 lakh voted against the scheme. 1 partner with capital contribution of ₹10 lakh walked out of the meeting in protest from voting. Choose the correct statement regarding the validity of the approval of the Scheme based on the provisions of the LLP Act, 2008.

- A** The scheme has not been validly approved because the requisite majority in number has not voted in favour of the scheme
- B** The scheme has not been validly approved because the partner who voted in favour of the scheme do not have capital contribution of ₹75 lakh $3/4^{\text{th}}$ in value)
- C** The scheme has not been validly approved because 1 partner walked out in protest
- D** The scheme has been validly approved.

Q. Question

#Q.44. An order of the Tribunal approving the compromise or arrangement of an LLP shall be filed with the Registrar within

- A** 15 days
- B** 30 days
- C** 45 days
- D** 60 days

Solution

Ans : (B)



Q. Question

#Q.45. Beta LLP is exploring the opportunity of merger. It has got 2 options of either merging with Gama LLP or Zeta Limited, Choose the correct statement.

- A** Beta LLP can merge with either Gama LLP or Zeta Limited
- B** Beta LLP can merge with Gama LLP but not with Zeta Limited
- C** Beta LLP cannot merge with Gama LLP but can merge with Zeta Limited
- D** Beta LLP can neither merge with Gama LLP nor with Zeta Limited

Solution

Ans : (B)



Q. Question

#Q.46. The winding up of an LLP can be ordered by

- A** Central Government
- B** NCLT
- C** LLP Board
- D** Special Court

Solution

Ans : (B)



Q. Question

#Q.47. An LLP may be wound up by the Tribunal under the provisions of LLP Act, 2008; if the LLP has defaulted in filing with the Registrar its Statement of Accounts & solvency or annual returns for immediately preceding consecutive financial years.

- A** 2 years
- B** 3 years
- C** 5 years
- D** 7 years

Solution

Ans : (C)



Q. Question

#Q.48. Which of the following is not a ground for winding up by the Tribunal under the provisions of LLP Act, 2008?

- A** The LLP decides that LLP be wound up by the Tribunal
- B** The LLP has acted against the sovereignty and integrity of India
- C** The LLP is unable to pay its debts
- D** The LLP has defaulted in filing its Statement of Account & solvency for the immediately preceding 5 consecutive financial years

Solution



Ans : (C)





Question



#Q.49. Accurate Arms and Ammunitions LLP is an LLP engaged in manufacturing of ultra-powered sophisticated guns. The LLP has tie-up arrangement of supply of 100% of its production to the Central Government. The production capacity and the actual number of guns manufactured is required to be shown to the Central Government. During the course of the audit, it was revealed that the LLP was actually manufacturing more guns whereas less quantity was being declared. The undeclared manufactured guns were being sold to a group of persons having connections with terrorist groups. On what ground the Central Government can make an application to the NCLT.

- A** The LLP has miss-reported the count of the manufacture guns
- B** The manufacturing of the guns is against the public policy and only the Government named LLP can manufactured the guns
- C** The LLP has acted against the interest of the sovereignty and integrity of India
- D** The LLP has supplied lesser number of guns to the Central Government

Solution

Ans : (C)



Q. Question

#Q.50. In case on LLP or any partner or designated partner of such LLP commits any offence, the LLP per any partner or designated partner shall, for the sacred or subsequent offence, be punishable with

- A** Twice the imprisonment and twice the amount of fine as provided for such offence
- B** Same term of imprisonment but twice the amount of fine as provided for such offence
- C** Twice the imprisonment but the same amount of fine as provided for such offence
- D** Some term of imprisonment and some amount of fine as provided for such offence.

Solution

Ans : (B)





thank

you

Q. Question

#Q.1. The General Clauses Act, 1897 intends to -

- A** Provide general definitions
- B** Applicable to all Central acts and regulations
- C** Applicable where there is no definition, unless there is anything repugnant in the subject or context
- D** All of the above

Q. Question

#Q.2. The General Clauses Act is one of the oldest Acts, came into force on -

- A** 1st April, 1897
- B** 11th March, 1897
- C** 11th March, 1887
- D** 1st April, 1868

Solution

Ans : (B)



Q. Question

#Q.3. Which of the following is not an object of General Clauses Act, 1897?

- A** To shorten the language of Central Acts
- B** To provide for uniformity of expression in Central Acts
- C** To avoid superfluity and repetition of language
- D** To consolidate and amend laws for interpretation of State Acts

Solution

Ans : (D)



Q. Question

#Q.4. The General Clauses Act, 1897 does not apply to

- A** Central Acts
- B** State Acts
- C** Rules and regulations made under Central Acts
- D** Both (b) and (c)

Solution

Ans : (B)



Q. Question

#Q.5. _____ is the first element of a document as dealt under the General Clauses Act, 1897. Its usage with the word 'any' shows that the definition of document is comprehensive.

- A** Matter
- B** Record
- C** Substance
- D** Means

Solution



Ans : (A)



Q. Question

#Q.6. Which of the following is not an immovable property?

- A** Land
- B** Building
- C** Timber
- D** Machinery permanently attached to the land

Solution



Ans : (C)



Q. Question

#Q.7. Mr. A died at the age of 72 leaving behind some movable and immovable properties to be distributed between his two sons C & D, as per his registered will. His Will clearly mentioned that all the immovable property should go to C and all the movable property should go to D. Both the brothers divided the property as per will except below mentioned properties, because they could not establish which property should go to whom. Kindly help them by ticking the property/is which should go to D (as per the provisions of the general Clause Act, 1897)

- A** Standing crop in the fields
- B** Cut crop, ready to sell
- C** Tube well in the agriculture land
- D** Sandal Wood Tree

Solution

Ans : (B)



Q. Question

#Q.8. What among the following could be considered in the term 'Immovable Property' as defined under section 3(26) of the General Clauses Act, 1897?

- (i) The soil for making bricks
- (ii) Right to catch fish
- (iii) Right to drain water
- (iv) Doors and Windows of the house

- A** Only (i) and (iv)
- B** Only (i), (ii) and (iv)
- C** Only (i) and (ii)
- D** Only (ii), (iii) and (iv)

Solution

Ans : (B)



Q. Question

#Q.9. Under the provisions of the General Clauses Act. 1897 the term "Person" shall not include.

- A** Any company
- B** Any association
- C** Anybody of individuals, whether incorporated or not
- D** Hindu Undivided Family

Q. Question

#Q.10. As per General Clauses Act, 1897, the term 'year'

- A** Financial year
- B** Calendar year as per Hindu Calendar
- C** Calendar year as per British Calendar
- D** Any period of 12 months

Solution



Ans : (C)



Q. Question

#Q.11. The Government shall include which of the following as per the General Clauses Act, 1897 -

- A** State Government only
- B** Central Government only
- C** Central Government and State Government
- D** Union Territory Only

Solution

Ans : (C)



Q. Question

#Q.12. Where an act of parliament does not expressly specify any particular day as to the day of coming into operation of such Act, then it shall come into operation on the day on which

- A** It receives the assent of the President
- B** It receives the assent of the Governor General
- C** It is notified in the official gazette
- D** None of these

Solution



Ans : (A)



Q. Question

#Q.13. Companies Act, 2013 came into force from which

- A** 29th August, 2013
- B** 30th August, 2013
- C** 31st August, 2013
- D** 1st April, 2014

Solution

Ans : (B)



Q. Question

#Q.14. Regulations, 2015 was issued by SEBI vide notification dated 14th August, 2015 with effect from 1st January, 2016. What is the date of coming into force of these regulations

- A** 1st January, 2015
- B** 14th August, 2015
- C** 31st December, 2015
- D** 1st January, 2016

Q. Question

#Q.15. The act by which the operation of a previous Act comes to an end, is called is

- A** The Repealing Act
- B** The Consolidating Act
- C** The Amending Act
- D** Analogous Act

Solution



Ans : (A)



Q. Question

#Q.16. As per Section 9 of General Clauses Act, 1897, use of word 'from' implies that first day in a series of days is and use of word 'to' implies that last day in a series of days is

- A** excluded, included
- B** included, excluded
- C** excluded, excluded
- D** included, included

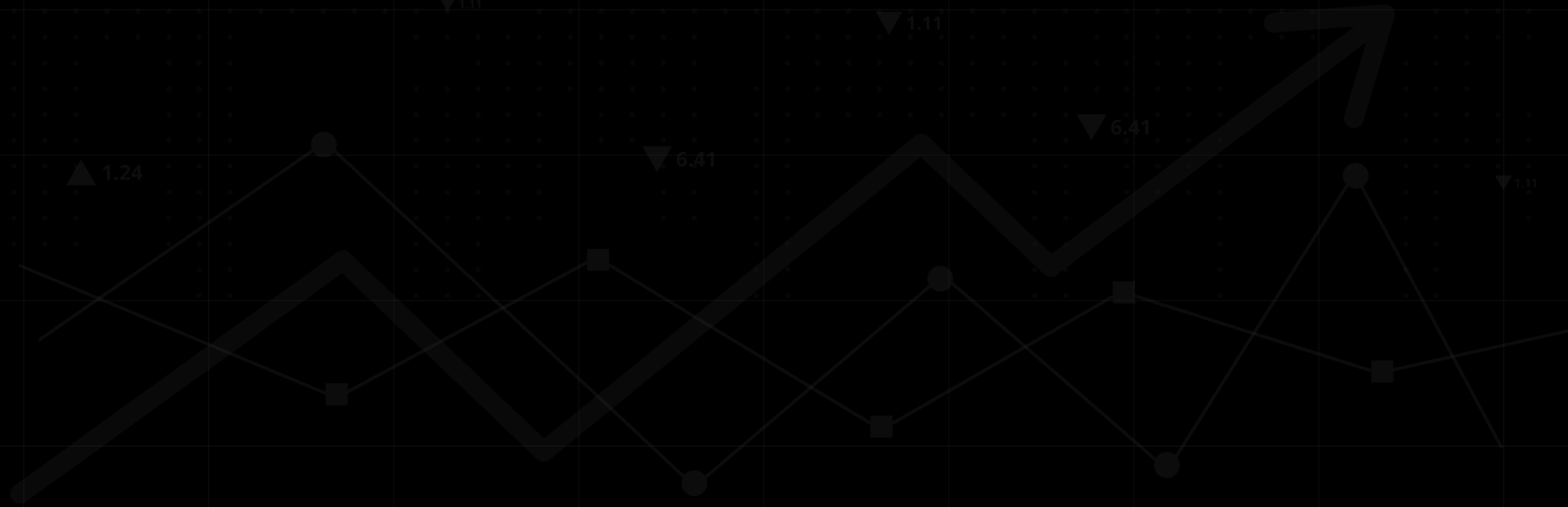
Solution

Ans : (A)



Q. Question

#Q.17. Which among the following is correct as per the provisions of the General Clauses Act, 1897. regarding commencement and termination of time?



A

In any Central Act or Regulation made after the (a) commencement of this Act, it shall be sufficient, to exclude the first in a series of days or any other period of time, to use the word "from", as well as to exclude the last in a series of days or any other period of time, to use the word "to"

B

In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to exclude the first in a series of days or any other period of time, to use the word "from", and to include the last in a series of days or any other period of time, to use the word "to"

C

In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to include the first in a series of days or any other period of time, to use the word "from", as well as to include the last in a series of days or any other period of time, to use the word "to"

D

In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to include the first in a series of days or any other period of time, to use the word "from", and to exclude the last in a series of days or any other period of time, to use the word "to"

Solution

Ans : (B)



Q. Question

#Q.18. If on the last date a Court is closed, an act or either of those enactments at the discretion of proceeding shall be considered as done if it is done on the judge

- A** the preceding day
- B** the next day afterwards on which the Court is open
- C** on the same day irrespective that the Court is closed
- D** next week, same day

Solution

Ans : (B)



Q. Question

#Q.19. The power to issue a notification includes a power to

- A** Rescind any notification
- B** Amend any notification
- C** Add any notification
- D** All of the above

Q. Question

#Q.20. If any rules are made between the date of passing and commencement of enactment, the rules shall come into force on

- A** date on which rules are issued
- B** date of passing of the enactment
- C** date of commencement of the enactment
- D** 1 month after the date of commencement of the enactment

Solution

Ans : (C)



Q. Question

#Q.21. Where an act or omission constitutes an offence under two or more enactments, then the offender shall be liable to be prosecuted and punished under

- A** Under either or any of those enactments
- B** Twice for the same offence
- C** Either (a) or (b) as per the discretion of the court
- D** none of these

Solution

Ans : (A)





Question

#Q.22. An act or omission constitutes an offence under two enactments. Referring to the provisions of the General Clauses Act, 1897, state which among the following is correct in such a situation?

- A** The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted last and not under the other enactment.
- B** The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted first and not under the other enactment.
- C** The offender shall be liable to be prosecuted and punished under both the enactments
- D** The offender shall be liable to be prosecuted and punished under either or any of those enactments, but shall not be punished twice for the same offence

Q. Question

#Q.23. Where a notice is sent to the landlord by registered post and the same is returned by the tenant with on endorsement of refusal, it will be presumed that

- A** notice is not served
- B** notice is served
- C** notice will be deemed to be served when once again the notice is served on tenant
- D** notice will be deemed to be served when tenant will expressly give an endorsement of acceptance

Solution

Ans : (B)





thank

you

Q. Question

#Q.1. The expresses the scope, object and purpose of the Act

- A** Proviso
- B** Explanation
- C** Preamble
- D** Illustrations

Solution



Ans : (C)



Q. Question

#Q.2. The preamble is most important in any legislation, if

- A** Provides definition in the Act
- B** Expresses scope, object and purpose of the Act
- C** Provides summary of the entire Act
- D** None of the above

Solution

Ans : (B)



Q. Question

#Q.3. As per Rule of an Educational Institute, every student may come on weekends for extra classes but every student shall appear on a weekly test conducted in the institute, which means -

- A** Attending weekend classes is optional but appearing in weekly test is compulsory
- B** Attending weekend classes is compulsory but appearing in weekly test is optional
- C** Attending weekend classes and appearing in weekly test, both are compulsory for students
- D** Attending weekend classes and appearing in weekly test, both are optional for students

Solution

Ans : (A)



Q. Question

#Q.4. When a definition uses the words 'means and includes' it means that the definition is

- A** inclusive
- B** exhaustive
- C** inclusive as well as exhaustive
- D** at times inclusive and at times exhaustive

Solution

Ans : (B)



Q. Question

#Q.5. When word 'include' is used to define any term, the definition is called

- A** Prima facie restrictive and exhaustive
- B** Prima facie extensive
- C** Both exhaustive and extensive
- D** Neither exhaustive nor extensive

Solution

Ans : (B)



Q. Question

#Q.6. The word 'shall' is used to raise a presumption of

- A** Something which is not mandatory
- B** Something which is mandatory
- C** Something which is not done in future
- D** Something which is done in future

Solution

Ans : (B)



Q. Question

#Q.7. Formal legal document which creates or confirms a right or record a fact is a-

- A** Document
- B** Deed
- C** Statute
- D** Instrument

Q. Question

#Q.8. Which of the following is not one of the four elements of a 'document'

- A** Research
- B** Matter
- C** Substance
- D** Means

Solution

Ans : (A)



Q. Question

#Q.9. When there is an actual rule of law which binds the judge to place a certain interpretation of the statute, it is called

- A** Doctrinal interpretation
- B** Legal interpretation
- C** Facultative interpretation
- D** Logical interpretation

Solution

Ans : (B)



Q. Question

#Q.10. When the Court applies only the ordinary 'rules of speech' for finding out the meaning of the words used in the statute, it is called

- A** Authentic interpretation
- B** Grammatical interpretation
- C** Usual interpretation
- D** Logical interpretation

Solution

Ans : (B)



Q. Question

#Q.11. When the law is clear and unambiguous the court shall construe the meaning of a provision based on strict

- A** grammatical meaning
- B** logical meaning
- C** alternative interpretation
- D** hypothetical meaning

Solution

Ans : (A)



Q. Question

#Q.12. Which among the following is the cardinal rule of construction of statutes -

- A** Harmonious Rule of construction
- B** Beneficial Rule of construction
- C** Literal Rule of construction
- D** Reasonable Rule of construction

Solution

Ans : (C)



Q. Question

#Q.13. _____ is the cardinal rule of construction that words, sentences and phrases of a statute should be read in their ordinary, natural and grammatical meaning so that they may have effect in their widest amplitude

- A** Rule of Literal Construction
- B** Rule of Harmonious Construction
- C** Rule of Beneficial Construction
- D** Rule of Exceptional Construction

Solution

Ans : (A)



Q. Question

#Q.14. _____ interpretation concerns itself with "what the law says" and _____ interpretation, seeks to ascertain "what the law means".

- A** Grammatical, Logical
- B** Legal, usual
- C** Usual, legal
- D** Logical, grammatical

Solution



Ans : (A)



Q. Question

#Q.15. The words of a statute must be construed to lead to a sensible meaning. This is laid down by Rule of

- A** Reasonable construction
- B** Harmonious construction
- C** Exceptional construction
- D** Beneficial construction

Solution

Ans : (A)



Q. Question

#Q.16. Rule of Reasonable Construction is based on the maxim -

- A** Absolut asthenia expositor non indigent
- B** Ut res magis valeat quam pareat
- C** Quo facit per alium facit per se
- D** Contemporanea expositio

Solution

Ans : (B)



Q. Question

#Q.17. Choose the correct meaning of the term "ut res magis valeat quam pareat" from among the following :

- A** Words of statute must be construed so as to lead to a sensible meaning.
- B** Statutes should be construed grammatically.
- C** Notwithstanding anything contained.
- D** When two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense

Q. Question

#Q.18. The Rule in Heydan's case is also known as

- A** Purposive construction
- B** Mischief Rule
- C** Golden Rule
- D** None of the Above

Solution

Ans : (B)



Q. Question

#Q.19. Which rule of construction is applicable where there is a real and not merely apparent conflict between the provisions of an Act, and one of them has not been made subject to the other -

- A** Rule of Beneficial Construction
- B** Rule of Literal Construction
- C** Rule of Harmonious Construction
- D** Rule of Exceptional Construction

Solution



Ans : (C)



Q. Question

#Q.20. When there is a conflict between two or more statues or two or more parts of a statute then which rule is applicable:

- A** Welfare construction
- B** Strict construction
- C** Harmonious construction
- D** Mischief Rule

Solution

Ans : (C)



Q. Question

#Q.21. If it is impossible to avoid inconsistency between two provisions of an Act, then

- A** Provision enacted earlier in point of time must prevail
- B** Provision enacted later in point of time must prevail
- C** Both provisions will become repugnant
- D** Provisions enacted later in Act will prevail even though it enacted earlier in point of time

Solution

Ans : (B)



Q. Question

#Q.22. General words used in a statute will take their colour from the specific words. It is laid down by rule of

- A** Harmonious construction
- B** Ejusdem Generis
- C** Exceptional construction
- D** Reasonable construction

Solution

Ans : (B)



Q. Question

#Q.23. If the _____ used in a statute make it clear that a _____ sense is intended, the rule of Ejusdem Generis shall not apply.

- A** Specific words, narrow
- B** Specific words, wider
- C** General words, narrow
- D** General words, wider

Solution

Ans : (B)



Q. Question

#Q.24. Associated words should be understood in cognate sense. This is laid down

- A** Rule of Eiusdem Generis
- B** Rule of Exceptional Construction
- C** Noscitur a Sociis
- D** Rule of Harmonious Construction

Solution



Ans : (C)



Q. Question

#Q.25. _____ means that when two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense.

- A** Noscitur a Sociis
- B** Contemporanea Expositio
- C** prima facie
- D** Absoluta sententia expositore non indiget

Solution

Ans : (A)



Q. Question

#Q.26. In various rules of interpretation, what is the meaning of "Ejusdem Generis"

- A** Of the same kind or species
- B** To do purposive construction
- C** Known by its associates
- D** Of the different kind or species

Solution

Ans : (A)



Q. Question

#Q.27. The word 'or' is normally disjunctive and 'and' is normally conjunctive. However, at times they are read as vice versa to give effect the manifest intention of the legislature as disclosed from the context. This is as per

- A** Noscitur A Sociis
- B** Rule of Exceptional Construction
- C** Rule of Literal Construction
- D** Ejusdem Generis

Solution

Ans : (B)



Q. Question

#Q.28. A clause that begins with the words Notwithstanding anything contained is called:

- A** An obstacle clause
- B** A non-obstante clause
- C** An objectionable clause
- D** A superior clause

Solution

Ans : (B)



Q. Question

#Q.29. Which of the following will override if there is conflict in interpretation of any point in Preamble and plain provision given in any statutory Act as per the General Clauses Act, 1897?

- A** Preamble will override the plain provision of the Act
- B** The plain provision of the Act will override the Preamble
- C** The court will decide which of the above two will override
- D** Provide summary of the entire Act

Solution

Ans : (B)



Q. Question

#Q.30. Pick the odd one out of the following aids to interpretation

- A** Preamble
- B** Marginal Notes
- C** Proviso
- D** Usage

Solution

Ans : (D)



Q. Question

#Q.31. An internal aid that may be added to include something within the section or to exclude something from it, is .

- A** Proviso
- B** Explanation
- C** Schedule
- D** Illustration

Solution

Ans : (B)



Q. Question

#Q.32. _____ expresses the scope and object of the Act more comprehensively than the _____

- A** Preamble, Short title
- B** Short title, Long title
- C** Long title, Preamble
- D** Preamble, Long title

Solution

Ans : (D)



Q. Question

#Q.33. Which among the following cannot be considered as an internal aid for interpretation of a statute?

- A** Illustrations
- B** Previous Law
- C** Explanations
- D** Schedules

Solution

Ans : (B)



Q. Question

#Q.34. Which of the following is not an internal aid to interpretation?

- A** Illustration
- B** Proviso
- C** Explanation
- D** Use of foreign decisions

Solution

Ans : (D)



Q. Question

#Q.35. While interpreting a deed or document, in case of a conflict

- A** Clause appearing later in deed will override the earlier clause
- B** Earlier clause will override the later one
- C** Both earlier and later clauses will become repugnant
- D** Any of the clause can be deemed to override other at the instance of the judge

Solution

Ans : (B)





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Q. Question

#Q.1. As per the provisions of Foreign Exchange Management Act, 1999: 'Person resident in India' means a person residing in India for

- A** 182 days or more during the relevant financial year
- B** More than 182 days during the relevant financial year
- C** 182 days or more during the preceding financial year
- D** More than 182 days during the preceding financial year

Q. Question

#Q.2. Ms. Shruti resided in India during Financial Year 2018-19. She got employed by Amazon and left for USA on 6th June 2019. Choose the correct statement in light of the provisions of FEMA, 1999.

- A** Shruti will be a Person Resident in India for Financial Year 2019-20
- B** Shruti will be a Person Resident Outside India for Financial Year 2019-20
- C** Shruti will be a Person Resident in India till 6th June 2019 and will become a Person Resident Outside India after that
- D** Shruti will be a Person Resident Outside India till 6th June 2019 and will become a Person Resident in India after that

Solution

Ans : (C)





Question



#Q.3. Peter a citizen and resident of India, in the year 2011. got a job in a MNC in Germany. He planned to shift. Due to travelling and shifting, studies of his daughter Lisa was affected a lot, so he decided to admit her into Mayo College at Ajmer for her further studies. On 23rd March 2017, Peter, along with his wife and daughter reached India from Germany. On 22nd April 2017, Lisa got admission in the college and since then she is living in India only. Peter and his wife returned Germany on 1st May 2017. Peter did not visit India during the financial year 2017-18, however his wife was in India from 2nd December 2017 to 2nd January 2018. During the financial year 2018-19. Peter was in India for 185 days due to his deployment and Lisa's ill health. From the following who will be treated as person resident in India for the financial year ended on 2018-19

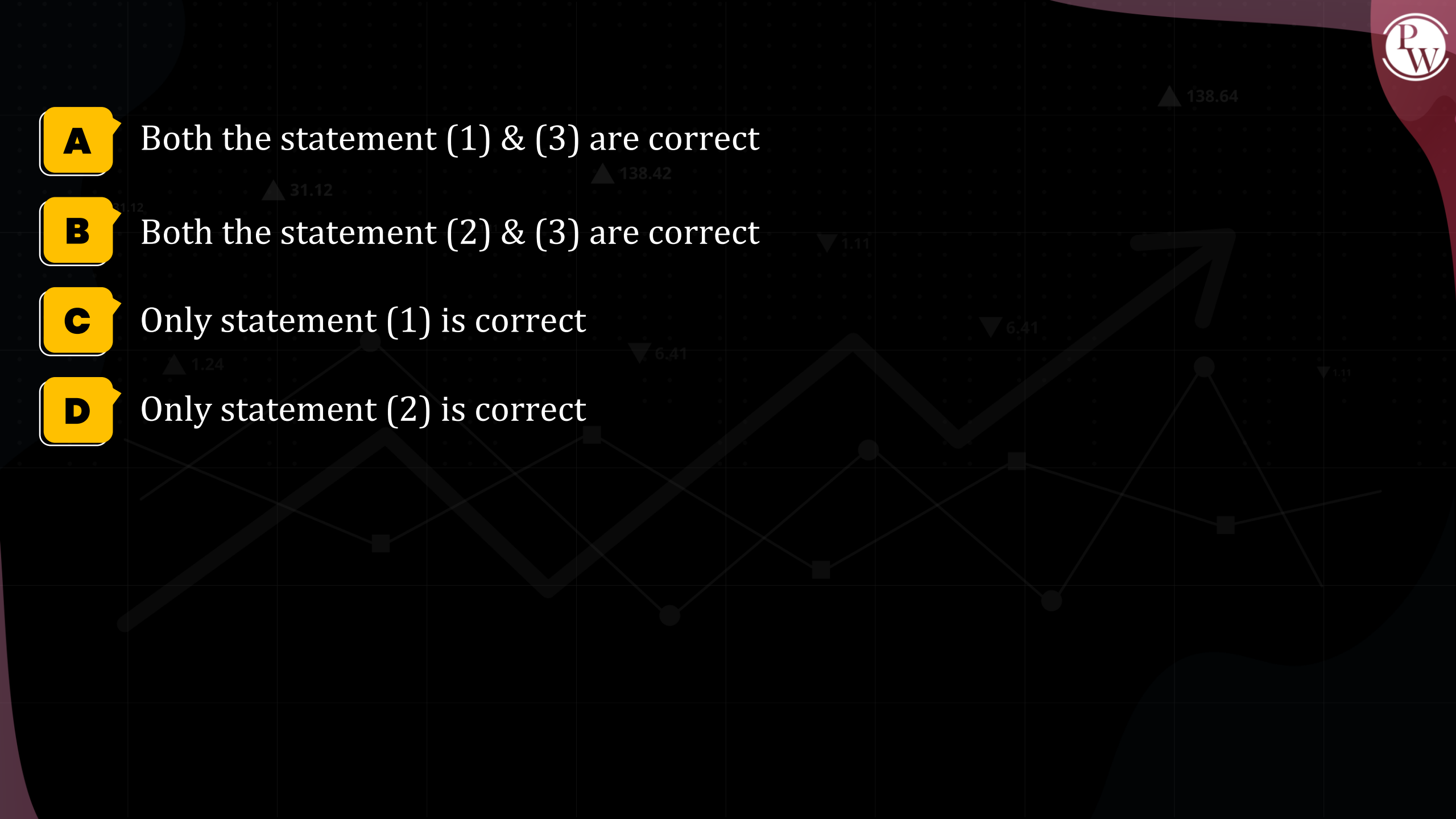
Solution

Ans : (A)



#Q.4. Mr. Ram had resided in India during the Financial Year 2017-2018 for less than 183 days. He again came to India on 1st May, 2018 for higher studies and business and stayed up to 15th July, 2019. State the correct answer as to the residential status of Mr. Ram in the light of the given fact as per the Foreign Exchange Management Act, 1999

- 1) Mr. Ram can be considered as 'Person resident in India' during the financial year 2018-2019
- 2) Mr. Ram cannot be considered as 'Person resident in India' during the financial year 2018-2019
- 3) Mr. Ram can be considered as 'Person resident in India' during the financial year 2019- 2020

- 
- A background chart with a grid and several data points. The points are labeled with values: 1.24, 31.12, 138.42, 138.64, 6.41, 1.11, and 1.11. There are also some faint lines and shapes on the chart.
- A** Both the statement (1) & (3) are correct
 - B** Both the statement (2) & (3) are correct
 - C** Only statement (1) is correct
 - D** Only statement (2) is correct

Solution



Ans : (A)



Q. Question

#Q.5. Dhruv, is a pilot in Bangkok airways. He flies for 15 days in a month and thereafter takes a break for 15 days. During the break, he is accommodated in 'base', which is normally the city where the Airline is headquartered. However, for security considerations, he was based at Delhi. During the financial year, he was accommodated at Delhi for 182 days. Determine the legal position as regards the residential status of Dhruv under the given situation:

- A** Dhruv cannot be considered to be a Person Resident in India.
- B** Dhruv can be considered to be a Person Resident in India due to her stay for 182 days in India
- C** Dhruv cannot be considered to be a Person Resident in India due to her stay for less than 183 days in India.
- D** Dhruv can be considered to be a Person Resident in India due to her stay in Delhi for security consideration.

Q. Question

#Q.6. Hutchisson Essar Limited is a company incorporated in Hong Kong. The company has recently opened a branch office in Mumbai, India. Choose the correct statement considering the provisions of FEMA, 1999.

- A** The Company and its Branch, both are Persons Resident in India
- B** The Company and its Branch, both are Persons Resident outside India
- C** The company is a Person Resident in India while the Branch is a Person Resident Outside India
- D** The company is a Person Resident Outside India while the Branch is a Person Resident in India

Solution

Ans : (D)



Q. Question

#Q.7. Mr. Umesh arrived in India in the financial year 2019-2020 from USA on 2nd October 2019 after 5 years for the purpose of conducting business in India. Mr. Umesh started proprietary business of trading insulated handles and established a branch of his business in Minnesota, USA. In this regard, choose the appropriate option with respect to residential status for 2020-21 as per FEMA, 1999

- A** Mr. Umesh and the Branch in USA are persons resident outside India
- B** Mr. Umesh is a resident in India and the Branch is a person resident outside India
- C** Mr. Umesh and the Branch are both persons resident in India
- D** Mr. Umesh is a person resident outside India and the Branch is a person resident in India

Solution

Ans : (C)





Question



#Q.8. After five years of stay in USA, Mr. Umesh came to India at his paternal place in New Delhi on October 25, 2021, for the purpose of conducting business with his two younger brothers Rajesh and Somesh and contributed a sum of ₹ 10,00,000 as his capital. Simultaneously, Mr. Umesh also started a proprietary business of selling artistic brass ware, jewellery, etc. procured directly from the manufacturers based at Moradabad. Within a period of two months after his arrival from USA, Mr. Umesh established a branch of his proprietary business at Minnesota, USA. You are required choose the appropriate option with respect to residential status of Mr. Umesh and his branch for the financial year 2022-23 after considering the applicable provisions of the Foreign Exchange Management Act, 1999:

- A** For the financial year 2022-23, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident outside India.
- B** For the financial year 2022-23, Mr. Umesh is a resident in India but his branch established at Minnesota, USA, is a person resident outside India.
- C** For the financial year 2022-23, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident in India.
- D** For the financial year 2022-23, Mr. Umesh is a person resident outside India but his branch established at Minnesota, USA, is a person resident in India.

Solution



Ans : (C)



Q. Question

#Q.9. Priti, on 1st September, 2021 went to UK for doing one year MBA course. Her MBA course completed on 31st August, 2022 and she returned India on the next day. What shall be her residential status for the FY 2022-23 and 2023-24:

- A** Resident in India for FY 2022-23 and FY 2023-24
- B** Resident in India for FY 2022-23 and Resident outside India for FY 2023-24
- C** Resident outside India for FY 2022-23 and FY 2023-24
- D** Resident outside India for FY 2022-23 and Resident in India for FY 2023-24

Q. Question

#Q.10. Mr. X, a person comes to India on 1st June 2019 for visiting his parents. However, his parents fall sick and he stays till 31st March 2020. Thereafter he continues to stay in India. He decided to live in India for next 6 months by the time his parents recover. In the light of the given case, determine the correct residential status of Mr. X from the given statements.

- A** Mr. X is PRII as he did reside in India in the FY 2019-2020.
- B** Mr. X is PRII as he resided in India for more than 182 days in the FY 2019-20.
- C** Mr. X is PROI in the FY 2019-20, but will be treated as PRII from 1st April, 2020, as he resides in India for more than 182 days in the previous FY.
- D** His stay in India is neither for employment, nor for business, nor for circumstances which show that his stay in India for an uncertain period. In FY 2019-20, he is a PROI as he did not reside in India for more than 182 in FY 2018-19.

Solution

Ans : (D)



Q. Question

#Q.11. Nilgiri Limited is a company incorporated in Himachal Pradesh, India. The company has recently opened a branch office in Russia. Choose the correct statement in light of the provisions of FEMA, 1999.

- A** The Company and its Branch, both are Persons Resident in India
- B** The Company and its Branch, both are Persons Resident outside India
- C** The company is a Person Resident in India while the Branch is a Person Resident Outside India
- D** The company is a Person Resident Outside India while the Branch is a Person Resident in India

Q. Question

#Q.12. Printex Computer' is a Singapore based company having several business units all over the world. It has a unit (Branch A) for manufacturing computer printers with its Headquarters in Pune. It has a Branch in Dubai (Branch B) which is controlled by the Headquarters in Pune. Choose the correct statement in light of the provisions of FEMA, 1999.

- A** Both branches A and B are Person Resident in India
- B** Both branches A and B are Person Resident Outside India
- C** Branch A is Person Resident in India and Branch B is Person Resident Outside India
- D** Branch A is Person Resident Outside India and Branch B is Person Resident in India

Solution

Ans : (A)



Q. Question

#Q.13. Under the provisions of FEMA, 1999; which authority has the power to specify the permissible Capital Account Transactions involving Debt instruments

- A** Reserve Bank of India
- B** Central Government
- C** SEBI
- D** Enforcement Directorate

Q. Question

#Q.14. Under the provisions of FEMA, 1999; which authority has the power to specify the permissible Capital Account Transactions involving Non-Debt instruments

- A** Reserve Bank of India
- B** Central Government
- C** SEBI
- D** Enforcement Directorate

Solution

Ans : (B)



Q. Question

#Q.15. Mr. V, brother of Mr. R, is a resident of Singapore and he owns an immovable property in Chennai which he inherited from his father, who was a resident of India, Can Mr. V continue to hold the property?

- A** No, he cannot hold transfer or invest In India, since he is resident outside India.
- B** Yes, he can continue to hold in India, since he is person of India Origin and the property is located in India
- C** Yes, he can continue to hold the property, since this was inherited from a person who was resident in India.
- D** Yes, he can continue to hold the property, since his brother (Mr. R) uses the property whenever he travels to Chennai.

Solution



Ans : (C)



Q. Question

#Q.16. Under the provisions of FEMA, 1999; on which of the following Capital Account Transactions, restrictions on drawal of foreign exchange cannot be imposed?

- A** Payment due on amortisation of loans
- B** Payment due on depreciation of direct investments
- C** Both A and B
- D** Neither A nor B

Solution

Ans : (C)



Q. Question

#Q.17. As per the provisions of Regulation 4 of FEM (Permissible Capital Account Transactions) Regulations, 2000; investments in which of the following activities are prohibited by a Person Resident Outside India?

- A** Investment in the business of chit fund
- B** Investment in agricultural activities
- C** Trading in Transferable Development Rights
- D** All of the above

Solution

Ans : (D)



Q. Question

#Q.18. As per the provisions of Regulation 4 of FEM (Permissible Capital Account Transactions) Regulations, 2000; investments in which of the following activities are prohibited by a Person Resident Outside India?

- A** Development of townships
- B** Construction of roads and bridges
- C** Construction of farm houses
- D** All of the above

Solution

Ans : (C)



Q. Question

#Q.19. Which amongst the following transactions, is not the current account transaction:

- A** payments due in connection with short-term banking and credit facilities in the ordinary course of business.
- B** payments due on loans.
- C** remittances for living expenses of parents residing abroad
- D** expenses in connection with foreign travel of pouse and children

Solution

Ans : (B)



Q. Question

#Q.20. Under the provisions of FEMA, 1999; which authority has the power to impose restrictions for Current Account Transactions

- A** Reserve Bank of India
- B** Central Government
- C** SEBI
- D** Enforcement Directorate

Solution

Ans : (B)



Q. Question

#Q.21. As per the provisions of FEM (Current Account Transactions) Rules, 2000; drawal of foreign exchange for which of the transactions is prohibited?

- A** Remittance out of lottery winnings
- B** Remittance for purchase of football pools
- C** Payment related to call back services of telephone
- D** All of the above

Solution

Ans : (D)





Question



#Q.22. In September 2016, Mr. P, went to USA, London and Germany on a month-long business trip. For this trip he got exchanged US \$ 50000 from an authorized dealer. In December 2016 he remitted US \$ 50000 to his son in Canada, who was studying there. In January 2017 he sent his mother and wife to America for his mother's treatment and for the purpose he remitted US \$ 75000 to his younger brother, who was living there. In March 2017 his daughter got engaged and she opted for a destination marriage to be held in May 2017, in Switzerland. While on trip to Dubai in the March end, 2017, he spent US \$ 35000 for his daughter's shopping in Dubai. Later, the event manager gave an estimate of US \$ 250000 for the wedding. As per the provisions of FEMA, for how much remittance does he need to take prior approval of the Reserve bank of India.

A He does not need any prior approval at all

B For US \$ 210000

C For US \$ 250000

D For US \$ 15000



Solution

Ans : (A)





Question



#Q.23. Nandeesh, a resident Indian, remitted USD 1,00,000 on 7th June, 2021, to his son Ishaan who is settled in California, USA, since he urgently required funds. On 9th July, 2021, Nandeesh again remitted USD 71,000 to meet expenses to be incurred in respect of his ailing wife, Medhavi who had recently gone to USA to meet his son Ishaan but had developed serious coronary disease. For specialised treatment of Medhavi at a specialised hospital, a sum of USD 79,000 was remitted for the second time on 30th July, 2021 by Nandeesh. Within next 10 days, Medhavi recovered and was allowed to return to her son's residence from the hospital. Choose the correct option from those stated below as to when Nandeesh can send further foreign exchange to his son Ishaan for the purpose of purchasing a house without obtaining the prior approval of Reserve Bank of India:

- A** Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of April, 2022 or thereafter.
- B** Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of January, 2022 or thereafter.
- C** Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of July, 2022 or thereafter.
- D** Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of November, 2021 or thereafter

Q. Question

#Q.24. Mr. Z was appointed as representative of ABC Company for a corporate programme organized in USA. During the said period in USA, he was diagnosed with the severe kidney disease, so decided to have a kidney transplant done in USA. State the maximum amount that can be drawn by Mr. Z as foreign exchange for the medical treatment abroad.

(Study Mat & MTP May 20)

- A** USD 1,25,000
- B** USD 2,25,000
- C** USD 2,50,000
- D** As estimated by a medical institute offering treatment

Solution

Ans : (D)



Q. Question

#Q.25. Mr. Shashank, an Indian national, desire to obtain USD 1,00,000 for sending a cultural troupe on a tour of USA. Advise whether he can get foreign exchange for this purpose.

- A** Drawal of foreign exchange for cultural tours is prohibited
- B** Drawal of foreign exchange for cultural tour is freely permitted up to USD 2,50,000
- C** Drawal of foreign exchange for cultural tour is allowed with the previous approval of RBI
- D** Drawal of foreign exchange for cultural tour is allowed with the previous approval of Ministry of Human Resources Development

Solution

Ans : (D)



Q. Question

#Q.26. Mr. Prashant requires USD 15,000 for payment related to hiring charges of transponders. Advise whether he can get foreign exchange for this purpose.

- A** Drawal of foreign exchange is prohibited
- B** Drawal of foreign exchange is freely permitted upto USD 2,50,000
- C** Drawal of foreign exchange is allowed with the previous approval of RBI
- D** Drawal of foreign exchange is allowed with the previous approval of Ministry of Information & Broadcasting

Q. Question

#Q.27. Mr. Rashid has won a big lottery and wants to remit US Dollar 20,000 out of his winnings to his son who is in USA. Advise whether such remittance is possible under the Foreign Exchange Management Act, 1999.

- A** Remittance of foreign exchange is prohibited
- B** Remittance of foreign exchange is freely permitted upto USD 2,50,000
- C** Remittance of foreign exchange is allowed with the previous approval of RBI
- D** Remittance of foreign exchange is allowed with the previous approval of Ministry of Finance

Solution

Ans : (A)



Q. Question

#Q.28. Mr. Rohan, an Indian resident, desires to obtain USD 10,000 for remittance as gift to his cousin brother residing in USA. Advise whether such remittance is possible under the Foreign Exchange Management Act, 1999.

- A** Remittance of foreign exchange as gift is prohibited
- B** Remittance of foreign exchange as gift is freely permitted up to USD 2,50,000
- C** Remittance of foreign exchange as gift is allowed with the previous approval of RBI
- D** Remittance of foreign exchange as gift is allowed with the previous approval of Ministry of Finance

Solution

Ans : (B)





Question



#Q.29. In September, 2020, Mr. Purshottam Saha visited Atlanta as well as Athens and thereafter, London and Berlin on a month-long business trip, for which he withdrew foreign exchange to the extent of US \$ 50,000 from his banker. State Bank of India. New Delhi branch. In December, 2020 he further, withdrew US \$ 50,000 from SBI and remitted the same to his son Raviyansh Saho who was studying in Toronto, Canada. In the first week of January. 2021, he sent his ailing mother Mrs. Savita Saha for a specialised treatment along with his wife Mrs. Rashmi Saha to Seattle where his younger brother Pranav Saha, holder of Green Card, is residing. For the purpose of his mother's treatment and to help Pranav Saha to meet increased expenses, he requested his banker SBI to remit US \$ 75,000 to Pranav Saha's account maintained with Citibank, Seattle. In February. 2021, Mr. Purshottam Saha's daughter Devanshi Saha got engaged and she opted for a 'destination marriage' to be held in August, 2021 in Zurich, Switzerland.

While on a trip to Dubai in the last week of March, 2021, he again withdrew US \$ 35,000 to be used by him and Devanshi Saha for meeting various trip expenses including shopping in Dubai. Later, the event manager gave an estimate of US \$ 2,50,000 for the wedding of Devanshi Saha at Zurich, Switzerland. Which option do you think is the correct one in the light of applicable provisions of Foreign Exchange Management Act, 1999 including obtaining of prior approval, if any, from Reserve Bank of India since Mr. Purshottam Saha withdrew foreign exchange on various occasions from his banker, State Bank of India.

- A** In respect of withdrawal of foreign exchange on various occasions from his banker State Bank of India and remitting the same outside India during the financial year 2020-21, Mr. Purshottam Saha is not required to obtain any prior approval.
- B** In respect of withdrawal of US \$ 35,000 in the last week of March, 2021, for a trip to Dubai, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India since the maximum amount of foreign exchange that can be withdrawn in a financial year is US \$ 1,75,000.
- C** After withdrawing US \$ 1,00,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2020-21, otherwise SBI would not have permitted further withdrawals.
- D** After withdrawing US \$ 50,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2020-21, otherwise SBI would not have permitted further withdrawals.

Solution

Ans : (A)



Q. Question

#Q.30. Mr. Dakash, an Indian resident, desires to obtain USD 1,000 for payment to be made for securing health insurance from a company abroad. Advise whether such remittance is possible under the Foreign Exchange Management Act, 1999.

- A** Remittance of foreign exchange as gift is prohibited
- B** Remittance of foreign exchange as gift is freely permitted upto USD 2,50,000
- C** Remittance of foreign exchange as gift is allowed with the previous approval of RBI
- D** Remittance of foreign exchange as gift is allowed with the previous approval of Ministry of Finance

Solution

Ans : (B)



Q. Question

#Q.31. L&T Infratech Limited, an Indian company, has obtained consultancy services from USA for one of its infrastructure projects in Chandigarh, Haryana. The company wants to know the maximum amount of foreign exchange that it can remit without the approval of RBI.

- A** USD 1,00,000
- B** USD 2,50,000
- C** USD 10,00,000
- D** USD 1,00,00,000

Solution

Ans : (D)





Question

#Q.32. Milap Limited, a company incorporated in India, has obtained consultancy services from an entity based in France for setting up the software programme in their company. The consideration for such services is required to be paid in foreign currency. The compliance officer of Milap Limited requires your advice regarding threshold limit of remittance that can be made without prior approval of RBI. You as a qualified Chartered Accountant are required to advise the compliance officer considering the provisions of the Foreign Exchange Management Act, 1999 and regulations thereunder:

A USD 50,000,000

B USD 10,000,000

C USD 5,000,000

D USD 1,000,000

[Note - Do note that the limit of remittance for any consultancy service in respect of infrastructure projects is USD 1,00,00,000 and for other projects is USD 10,00,000]

Solution

Ans : (D)





Question



#Q.33. M/s Kedhar Sports Academy, a private coaching club provides coaching for cricket, football and other similar sports. It coaches sports aspirants all over India. It also conducts various sports events and campaigns, across the country. In 2019, to mark the 25th year of operation, a cricket tournament was organized in Lancashire, England. The prize money for the winning team is USD 40,000 . For the runners up, it is USD 11,000 . Now, M/s Kedhar Sports Academy wants to know what steps it should take for the remittance of the prize money of USD 51,000 to England from India. Decide, which of the following is correct in view of relevant provisions of FEMA, 1999:

- A** Prior permission is required to be taken from the Ministry of Human Resource Development (Department of Youth Affairs and Sports).
- B** Prior permission is required to be taken from the Reserve Bank of India.
- C** No permission is required - M/s Kedhar Sports Academy can proceed to make the remittance.
- D** Prior permission is required to be taken from the Ministry of Finance (Department of Economic Affairs).

Solution



Ans : (C)





Question



#Q.34. Akash Ceramics Limited, an Indian company, holds a commercial plot in Chennai which it intends to sell. M/s. Super Seller, a real estate broker with its Head Office in the USA, has been appointed by Akash Ceramics Limited to find some suitable buyers for the said commercial plot in Chennai which is situated at a prime location. M/s. Super Seller identifies Glory Estate Inc., based out of USA, as the potential buyer. It is to be noted that Glory Estate Inc. is controlled from India and hence, is a 'Person Resident in India' under the applicable provisions of Foreign Exchange Management Act, 1999. A deal is finalised and Glory Estate Inc. agrees to purchase the commercial plot for USD 600,000 (assuming 1 USD = ₹ 70).

According to the agreement, Akash Ceramics Limited is required to pay commission @ 7% of the sale proceeds to M/s. Super Seller for arranging the sale of commercial plot to Glory Estate Inc. and commission is to be remitted in USD to the Head Office of M/s. Super Seller located in USA. Considering the relevant provisions of Foreign Exchange Management Act, 1999, which statement out of the four given below is correct (ignoring TDS implications arising under the Income-tax Act, 1961):

- A** There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission up to USD 25,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 17,000, prior permission of RBI is required to be obtained.
- B** There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission up to USD 30,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 12,000, prior permission of RBI is required to be obtained.
- C** There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.
- D** It is mandatory to obtain prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.



Question



#Q.35. A Limited, an Indian company holds a commercial plot in Chennai, India. It intends to sell the same. M/s Super Seller is a real estate broker with Head Office in the USA. M/s Super Seller is appointed to find buyers for the land. A company, Glory Inc., based out of USA is identified as a buyer. Glory Inc., is controlled from India and is hence a Person Resident in India under FEMA provisions. Glory Inc., agrees to buy the land for USD 6,00,000 (assume 1 USD = ₹70). M/s Super Seller is to be paid commission at the rate of 7% of the sale proceeds. The commission is to be paid to the H.O of M/s Super Seller in USA. Decide, in light of the relevant provisions of FEMA, 1999, which of the following is correct (Ignoring TDS implications arising under The Income Tax Act, 1961):

- A** Prior permission is not required for remittance of commission up to USD 25,000. For balance commission of USD 17,000, permission of RBI is to be sought by A Limited.
- B** Prior permission is not required for remittance of commission up to USD 30,000. For balance commission of USD 12,000, permission of RBI is to be sought by A Limited.
- C** Prior permission is not at all required for remittance of the entire commission.
- D** Prior permission is required to be taken from the Reserve Bank of India for the entire amount of commission.

Solution

Ans : (D)





thank

you