

Chapter 1: Preliminary

QUESTION- 1

Financial Statement in relation to a company do not include:

- a) Cash Flow Statement
- b) Funds Flow Statement
- c) Statement of Changes in Equity
- d) Explanatory note annexed to the financial statements

Answer: (b)

Description: Section 2(40) of the Companies Act, 2013

QUESTION- 2

Which among the following company is not required to include Cash Flow Statement in its Financial Statements:

- a) Private Limited Company
- b) Small Company
- c) Company registered under Section 8
- d) Producer Company

Answer: (b)

Description: Proviso to Section 2(40)

QUESTION- 3

Which of the following is not mandatorily required to include cash flow as part of its financial statement.

- a) Shiv Limited
- b) Shiv Private Limited (not a start-up company)
- c) Shiv (OPC) Private Limited
- d) Shiv Limited, having paid up share capital of 3 crore and turnover of 30 crore

Answer: (c)

QUESTION- 4

Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by:

- a) The Company issuing such prospectus
- b) The Auditor of the company
- c) The Promoter of the Company
- d) The SEBI by making regulations in this behalf

Answer: (d)

Description: Section 2(1) of the Companies Act, 2013

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QUESTION- 5

Which among the following is not allowed to be registered under section 8 of the Companies Act, 2013:

- a) A limited company which has in its objects the promotion of religion
- b) A limited company which prohibits the payment of dividend
- c) A private limited company which has in its objects the promotion of social welfare
- d) A limited company which apply its profits in promoting education

Answer: (c)

Description: Section 8(1) of the Companies Act, 2013

QUESTION- 6

“Associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Here “significant influence” means control of of total voting power, or control of or participation in business decisions under an agreement:

- a) At least 5%
- b) At least 10%
- c) At least 15%
- d) At least 20%

Answer: (d)

Description: Section 2(6)(a) of the Companies Act, 2013

QUESTION- 7

Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by:

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- b) The Auditor of the company
- c) The Promoter of the Company
- d) The SEBI by making regulations in this behalf

Answer: (d)

Description: Section 2(1) of the Companies Act, 2013

QUESTION- 8

In which company, a Partnership Firm is eligible to become a member of company:

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- a) Any Public Limited Company
- b) Any Private Limited Company
- c) Any Public Limited Company which is registered under section 8 of the Companies Act, 2013
- d) Any One Person Company

Answer: (c)

Description: Section 8(3) of the Companies Act, 2013

QUESTION- 9

Which among the following is not a Court:

- a) Special Court
- b) Court of Session
- c) NCLT
- d) Metropolitan Magistrate

Answer: (c)

Description: Section 2(29)

QUESTION- 10

Swastik Runners Ltd is a company engaged in manufacturing of trade mill. The company plans to issue equity shares to the public in a phased manner during the time period of one year. The company do not want to issue prospectus every time. What is the best option available to the company:

- a) Issue Red-herring Prospectus
- b) Issue Shelf Prospectus
- c) Issue Abridged Prospectus
- d) Issue any other document

Answer: (b)

Description: Section 31(1)

QUESTION- 11

Aniket Builders Ltd (ABL) was promoted by Aniket and his family members and is in construction business for more than 10 years. Aniket's brother Saket purchased a running cement manufacturing company named Unique Cements Ltd (UCL) and removed the existing directors of the company and appointed majority of the directors of ABL in the Board of UCL. What shall be the status of UCL in such situation:

- a) UCL is an Associate Company of ABL

- b) UCL is a Subsidiary Company of ABL
- c) UCL is a Holding Company of ABL
- d) UCL is a Joint Venture Company of ABL

Answer: (b)

Description: Section 2(87)(i)

QUESTION- 12

ABC Limited is a company engaged in manufacturing and distributing pharmaceutical products. The company has a paid-up share capital of Rs. 50 crores, free reserves of Rs. 25 crores, and securities premium amounting to Rs. 10 crores. The credit balance of the profit and loss account is Rs. 5 crores after deducting all miscellaneous expenditures and deferred revenue expenditure. The company has not created any reserves on the revaluation of assets. On the basis of given information, what is the net worth of ABC Limited?

- a) Rs. 50 crores
- b) Rs. 85 crores
- c) Rs. 90 crores
- d) Rs.60 crores

Answer: (c)

Description: Section 2(57) of the Companies Act 2013

QUESTION- 13

Kamya Ltd. Is incorporated on 3rd January, 2023. As per the Companies Act, 2013, what will be the financial year for the company:

- a) 31st March, 2023
- b) 31st December, 2023
- c) 31st March, 2024
- d) 30th September, 2024

Answer: (c)

Description: Section 2(41)

QUESTION- 14

The paid-up share capital of ABC Ltd is 5 crore shares of 10 rupees each. The share holding pattern is as under: P Ltd: 1 crore shares, Q Ltd: 0.90 crore shares, R Ltd: 0.50 crore shares, S Ltd: 0.20 crore shares, Promoters: 2 crore shares, Public: 0.40 crore shares. Which company shall be treated as Associate Company of ABC Ltd:

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- a) P Ltd.
- b) Q Ltd.
- c) R Ltd.
- d) S Ltd.

Answer: (a)

Description: Explanation (a) to Section 2(6)

QUESTION- 15

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, 2022, its turnover was less than Rs. 40 crore and its paid-up share capital was less than Rs. 4 crore. 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 immediately following financial year.
- b) If the acquisition of minimum 5% stake in another small company materializes in the second financial year (and not in the immediately following 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.

Answer: (c)

Description: Section 2(85)

QUESTION- 16

Re Surface Coatings Limited incorporated in February! Is a subsidiary company of Luxture Prime Limited incorporated outside India. Board of directors of Luxture co. Coatings Limited want to follow a different financial for the purpose of consolidation of its accounts outside to make it align with holding company.

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Re Surface Coatings Limited seeks your advice whether it follow different financial year as per the provisions of the companies Act, 2013. Choose the correct option out of the following:

- a) Yes, but Company has to make application to central government (CG), then CG may allow to follow a different financial year for consolidation of its accounts outside India, CG may allow any period as its financial year, whether or not that period is a year.
- b) No, Luxture Surface Coatings Limited has to follow financial year as per the Companies Act, 2013 and as per Act company has to close its accounts on 31-03-2023 as company is registered after first date of January.
- c) No, Luxture Surface Coatings Limited has to follow financial year as per the Companies Act, 2013 and as per Act company has to close its accounts on 31-03-2022.
- d) Yes, it can follow different financial year but Company has to make application to ROC for following different financial year for consolidation of its accounts with holding company outside India.

Answer: (a)

Chapter 2: Incorporation of company

QUESTION- 1

Which of the following company is required to suffix the word only Limited with its name:

- a) Companies registered under Section 8 of the Companies Act, 2013
- b) Government Company
- c) Government Company which has defaulted in filing its financial statements / annual return with the Registrar of Companies
- d) One Person Company

Answer: (c)

Description: Section 4(1) read with MCA Notification dated 5th June 2015

QUESTION- 2

Mr. Ritik wants to incorporate a Private Limited company, he wants to keep his company's name Growskillz EdTech Pvt Ltd. Now Mr. Ritik has a query that for how many days he can reserve this name so that this name is not taken by anyone else

- a) 20 Days from the date of Approval
- b) 7 Days from the date of Approval
- c) 60 Days from the date of Approval
- d) 90 Days from Date of Approval

Answer: (a)

Description: Section 4 of the companies act, 2013

QUESTION- 3

Which of following shall be considered as securities for purpose of section 23 of the Companies Act, 2013;

- (i) **Unit linked insurance policy**
 - (ii) **Actionable claim regarding mortgaged debt**
 - (iii) **Securities issued by National Asset Reconstruction Ltd**
- a) Only
 - b) Both (i) and (iii) only
 - c) Both (ii) and (iii) only
 - d) None of the (i), (ii), and (iii)

Answer: (c)

Description: Refer section 2(h) of the Securities Contracts (Regulation) Act, 1956

Chapter 2: Incorporation of company

QUESTION- 4

Modern Furniture incorporated on 30th June 2022; its directors filled a declaration under section 10A (1)(a) regarding receipt of payment i.e. value of share (against share subscribed by subscriber) to registrar on 18th April 2023. The company and its officers (officers who are in default) shall be charged with penalty of:

- a) 1,11,000 and 1,11,000 respectively
- b) 50,000 and 1,11,000 respectively
- c) 1,11,000 and 50,000 respectively
- d) 50,000 and 1,00,000 respectively

Answer: (d)

Description: Section 16 of the Companies Act, 2013

QUESTION- 5

Where a company is granted licence under section 8, it is not required to use the word I even though it is a limited company:

- a) Guarantee company
- b) Limited Liability Partnership
- c) Limited or Private Limited, as the case may be
- d) Development Authority

Answer: (c)

Description: Section 8

QUESTION- 6

Which Doctrine protects outsiders against the actions of a company:

- a) The Doctrine of Constructive Notice
- b) The Doctrine of Indoor Management
- c) The Doctrine of Noscitur a Sociis
- d) The Doctrine of Contemporanea Expositio

Answer: (b)

QUESTION- 7

Which of the following statement is not correct:

- a) OPC can be incorporated by a natural person who is an Indian citizen
- b) Nominee of an OPC need not be an Indian Citizen
- c) Obtaining of consent of nominee is must

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d) A person cannot be nominated for 2 OPCs

Answer: (b)

Description: Rule 3(1)(b) of the Companies (Incorporation) Rules, 2014.

QUESTION- 8

A Public company may be formed by:

- a) Only two persons
- b) Not more than three persons
- c) Not more than Seven Persons
- d) Seven or more Persons

Answer: (d)

Description: Section 3

QUESTION- 9

In case of an application for reservation of name or for change of its name by an existing company, the Registrar may reserve the name for a period of date of approval from the

- a) 90 days
- b) 60 days
- c) 30 days
- d) 20 days

Answer: (b)

QUESTION- 10

In case of a private company, the provisions for entrenchment may be made at the time of formation of the company or by amendment of Articles,

- a) By passing a special resolution
- b) With the consent of all the members
- c) By passing a special resolution and approval of the Central Government
- d) With the consent of all the members and approval of the Central Government

Answer: (b)

QUESTION- 11

Miss Priya has incorporated a one-person Company. She has given her Brothers Name as Nominee in her OPC, her brother Mr. Rahul earlier Gave consent to be nominee in Priya's one person Company, but now due to some personal reasons. Mr. Rahul wants to withdraw his name from Priya's OPC. Priya has an opinion that once Rahul Has given consent to be nominee in her company Now, he cannot withdraw the same. So now Priya Wants your advice that whether Rahul can do so?

- a) Yes, Rahul can withdraw his name any time by giving notice to company
- b) Yes, Rahul can withdraw his name within 3 months from his consent by giving notice to company
- c) No, Rahul cannot withdraw his name.
- d) Yes, Rahul can withdraw his name within 20 Days from his consent by giving notice to company

Answer: (a)

Description: Sub rule- 4 of the Rule- 4 of The Companies (Incorporation) Rules, 2014



QUESTION- 12

The doctrine of indoor management is considered to be constructive notice. To the doctrine of

- a) Exception
- b) Extension
- c) Alternative
- d) Not related

Answer: (a)

QUESTION- 13

Today, it's May 2023. Mr. Nilanjan Chattopadhyay 24 years old Indian youngster, who returned back to India in January month of 2023 after completing his education in bio-nutrient and willing to form an OPC; but not sure about the requirements or pre-conditions regarding eligibility. He read some articles on provisions related to OPC and concluded;

- i OPC can be formed by Indian Citizen only
- ii He can't form OPC because in immediate previous year he was not resident in India

Choose the correct option:

- a) Both the conclusions are valid
- b) None of the conclusion is valid
- c) First conclusion is invalid
- d) Second conclusion is invalid

Answer: (d)

QUESTION- 14

Anupam incorporated a One Person Company (OPC) with his sister Alpana as the nominee and about three years have passed satisfactorily. Anupam does a number of charitable works and is associated with three NGOs. His business under his OPC has also flourished.

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Now he is planning to convert the OPC into a Section 8 company (i.e. a company formed with charitable objects). Choose the correct option.

- a) Since the company belongs to Anupam, he has full discretion to convert the OPC either as a Section 8 company or as a private or public company
- b) Since the company was formed as a private company, the only option available with Anupam is to convert it into a public limited company.
- c) There is specific prohibition on converting OPC into a Section 8 company; otherwise, it can be converted into a private or public company without any hindrance.
- d) Since Anupam does a lot of charitable works there is no prohibition on converting his OPC into a Section 8 company.

Answer: (c)

QUESTION- 15

Win Limited bought 15% shares of Om Limited in the year 2018. In the year 2020 it formed a trust for its employees and donated its 15% shares of Om Limited along with 10,00,000 to the trust and became its trustee. In February 2023, Om Limited acquired 55% stake in Win Limited through an in-house deal. Can a subsidiary company hold shares in its holding company justifiably in this situation?

- a) Win Limited cannot represent itself as a trustee after it becomes a subsidiary of Om Limited.
- b) Win Limited can represent itself as a trustee only after it was a holding company of Om Limited.
- c) Win Limited cannot hold shares as a trustee even though it is a subsidiary company.
- d) Win Limited can do so as it is holding shares in Om Limited prior to becoming a subsidiary of it.

Answer: (d)

QUESTION- 16

Grow Skills Pvt Ltd wants to shift the place of its registered office from Rajkot, Gujarat to Ahmedabad, Gujarat (Jurisdiction is same). The Board of Directors of Grow Skills Pvt Ltd have a view that there is no need to report this activity to ROC as there is no change in state of company's place. You are a consultant of Grow Skills Pvt Ltd, advise company regarding compliance of this activity as per the companies act,2013

- a) company shall pass special resolution and give notice to ROC within 30 Days of such change
- b) company shall pass Board resolution and give notice to ROC within 30 Days of change
- c) company shall pass special resolution and seek permission of Regional Director and give notice to ROC within 30 Days of change

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- d) company shall pass special resolution and approval of central government and give notice to ROC within 30 Days of change

Answer: (a)

Description: Section 12 of companies Act, 2013

QUESTION- 17

Anshika Pvt Ltd wants to amend its article of association (AOA) to contain some provisions for entrenchment to the effect that specified provisions of the articles can be altered only if procedure that are stricter than those applicable in the case of a special resolution are met. Now Advise them whether Anshika Pvt Ltd can entrench is AOA.

- a) No, As Entrenchment is only possible at the time of formation of Company
- b) Yes, Anshika Pvt Ltd can amend its AOA by adding entrenchment provisions by passing a special resolution
- c) Yes, Anshika Pvt Ltd can-do amendment in its AOA agreed to by ALL the members of company and company also has to give Notice of such entrenchment to ROC
- d) No, Private companies cannot do entrenchment of its AOA

Answer: (c)

Description: Section 5(4) of the Companies Act, 2013

QUESTION- 18

Win Limited bought 15% shares of Om Limited in the year 2018. In the year 2020 it formed a trust for its employees and donated its 15% shares of Om Limited along with Rs. 10,00,000 to the trust and became its trustee. In February 2023, Om Limited acquired 55% stake in Win Limited through an in-house deal. Can a subsidiary company hold shares in its holding company justifiably in this situation?

- a) Win Limited cannot represent itself as a trustee after it becomes a subsidiary of Om Limited.
- b) Win Limited can represent itself as a trustee only after it was a holding company of Om Limited.
- c) Win Limited cannot hold shares as a trustee even though it is a subsidiary company.
- d) Win Limited can do so as it is holding shares in Om Limited prior to becoming a subsidiary of it.

Answer: (d)

Description: Section 19 of the Companies Act, 2

Chapter 3: Prospectus and Allotment of Securities

QUESTION- 1

Which of the following statement is contrary to the provisions of the Companies Act, 2013?

- a) A private company can make a private placement of its securities.
- b) The company has to pass a special resolution for private placement.
- c) Minimum offer per person should have Market Value of 20,000.
- d) A public company can make a private placement of its securities.

Answer: (c)

QUESTION- 2

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

Answer: (d)

Description: Section 32

QUESTION- 3

Swastik Runners Ltd is a company engaged in manufacturing of trade mill. The company plans to issue equity shares to the public in a phased manner during the time period of one year. The company do not want to issue prospectus every time. What is the best option available to the company:

- a) Issue Red-herring Prospectus
- b) Issue Shelf Prospectus
- c) Issue Abridged Prospectus
- d) Issue any other document

Answer: (b)

Description: Section 31(1) of the Companies Act, 2013

QUESTION- 4

Which of the following statement is contrary to the provisions of the Companies Act, 2013?

- a) A private company can make a private placement of its securities.
- b) The company has to pass a special resolution for private placement.

- c) Minimum offer per person should have Market Value of 20,000.
- d) A public company can make a private placement of its securities.

Answer: (c)

QUESTION- 5

A Private Company cannot issue securities through:

- a) Private Placement
- b) Public Offer
- c) Right Issue
- d) Bonus Issue

Answer: (b)

Description: Section 23(2)

QUESTION- 6

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

Answer: (d)

QUESTION- 7

A shelf prospectus filed with the ROC shall remain valid for a period of:

- a) one year from the date of registration
- b) Answer 2 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

Answer: (c)

**QUESTION- 1**

Raman, the original allottee of 2000 equity shares in ABC Limited has transferred the same to Ruchi. The instrument of transfer dated 21st August, 2022, duly stamped and signed by Raman was handed over to Ruchi. Advise Ruchi regarding the latest date by which the instrument of transfer along with share certificates must be delivered to the company, to register the transfer in its register of members.

- a) 21st August, 2022
- b) 20th September, 2022
- c) 20th October, 2022
- d) 19th November, 2022

Answer: (c)**QUESTION- 2**

In a company if any change of right of one class also affects the right of other class, then:

- a) A resolution should be passed in general meeting in this case
- b) Company need not to do anything else
- c) Written consent of three fourth majority of that other class should be obtained
- d) A resolution in joint meeting of both the classes should be passed

Answer: (c)**Description:** Section 48**QUESTION- 3**

ABC Limited issued 10,000 shares of Rs. 100 each at a premium of Rs. 20 per share. The company received the application money and the allotment money on all the shares. However, the company was not able to issue the shares due to some unforeseen circumstances. The company decided to forfeit the shares and reissue them at a later date. How can the company use the securities premium account as per the provisions of sub-section (2) of section 52 of the Companies Act, 2013, in this scenario?

- a) The securities premium account can be used to write off the expenses of issuing the forfeited shares
- b) The securities premium account can be used to write off the commission paid on issuing the forfeited shares
- c) The securities premium account cannot be used to write off the expenses of issuing the forfeited shares.

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- d) The securities premium account cannot be used to write off the commission paid on issuing the forfeited shares.

Right Answer: (c)

Description: Section 52(2)(c) of the Companies Act, 2013



QUESTION- 4

Innovative Tech Sol Limited intends to invite subscription for 1.10 crore equity shares of `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. One such category is employees of the company who are offered equity shares under Employees Stock Option Scheme. The other excluded category is:

- a) Quality Institutional Buyers
- b) Qualified Institutional Buyers.
- c) Qualificational Institutional Buyers.
- d) Qualified Investing Institutional Buyers.

Answer: (b)



QUESTION- 5

Shreem Lakshmi Jewellery Store Private Limited was incorporated on 27th August, 2022 with 30 persons as subscribers to the Memorandum of Association and with an Authorised share capital of `1 crore divided into equal number of shares of `1 each. Each subscriber subscribed for 1.00 lakh shares. Advise the company about by what date it needs to deliver the share certificates to the subscribers.

- a) 17th September, 2022.
- b) 30th September, 2022.
- c) 27th October, 2022.
- d) 27th November, 2022.

Answer: (c)



QUESTION- 6

A company enter into process of reducing capital. Mr. Shah is concerned officer designated for preparing the list of creditor to records their reservation and reach to a settlement under section 66 of the Companies Act, 2013. Mr. Shah while preparing such list deliberately conceal the name of Ms. Ramya who is one of the company's creditor and object to the reduction, whereas make misstatement in context of some other creditors' claims. The offence committed by Mr. Shah is punishable under; (i) Under section 447 of the Companies Act, 2013 and (ii) Also under sections 417 read

with 415 of Indian Penal Code 1860 (as dishonest concealment is involved). You are required to select the most appropriate option out of given below in context of offence committed by Mr. Shah:

- a) Mr. Shah shall be liable to be prosecuted under both of the Companies Act, 2013 and the Indian Penal Code 1860, but shall be punished under either of the Companies Act, 2013 or the Indian Penal Code, 1860.
- b) Mr. Shah shall be liable to be prosecuted under both of the Companies Act, 2013 and the Indian Penal Code, 1860, but shall be punished under the Companies Act, 2013 or
- c) The Indian Penal Code, 1860 where maximum punishment is lower Mr. Shah shall be liable to be Prosecuted and punished under either of the Companies Act, 2013 or the Indian Penal Code, 1860.
- d) Mr. Shah shall be liable to be prosecuted and punished under both of the Companies Act, 2013 and the Indian Penal Code, 1860.

Answer: (c)



QUESTION- 7

The time limit within which a copy of the contract for the payment of underwriting commission is required to be delivered to the Registrar is:

- 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

Answer: (b)

Description: Section 40



QUESTION- 8

Where a share capital of the company is divided into different classes of shares, the rights attached to the shares of any class may be varied with the consent in writing of the holders of not less than _____ of the issued shares of that class or by means of a special resolution passed at a separate meeting of the holders of the issued shares of that class:

- a) One-fourth
- b) 50%
- c) Three-fourths
- d) 75%

Answer: (c)

**QUESTION- 9**

Rajesh Infrastructure Limited wants to issue preference shares for a period exceeding 20 years for financing its proposed infrastructure project. On the basis of which statement, company can do so?

- a) Yes, the company can issue irredeemable preference shares by passing a special resolution
- b) Yes, company can issue preference shares for a period exceeding 20 years with the prior approval of Central Government
- c) Yes, the company can issue irredeemable preference shares for infrastructure project
- d) Yes, the company can issue preference shares for financing an infrastructure project for a period exceeding to 20 years.

Answer: (d)

**QUESTION- 10**

0 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

Answer: (c)

Description: Section 2(88) read with section 54

**QUESTION- 11**

1 Neptune Metal Tools Limited was incorporated on 2nd December, 2022 with twenty-five subscribers and authorised capital of 50,00,000 (5,00,000 equity shares of ₹10 each). The directors of the company are in a dilemma whether to issue share certificates to the subscribers in physical form or in dematerialized form. Advise them correctly on this matter:

- a) Being an unlisted company, Neptune may either issue physical share certificates 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 Shareholders needs to issue shares in dematerialized form and therefore, Neptune may issue physical share certificates to the subscribers.

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- d) A company having authorised capital of fifty lakhs and above needs to issue shares in dematerialized form and therefore, Neptune may issue physical share certificates to the subscribers.

Answer: (b)

**QUESTION- 12**

Which of the following statements is not true?

- a) in case of shares, the rate of underwriting commission to be paid shall not exceed five percent of the issue price of the share.
- b) Answer 2 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.

Answer: (c)

Description: Section 40

**QUESTION- 13**

Newage Private Limited issued 9% Non- convertible Debentures worth 10 lakh and thereafter, the directors contemplated to get them listed. After due formalities, these privately placed non-convertible debentures of 10 lakh were listed. Which of the following options is applicable in the given situation:

- a) Newage Private Limited shall be considered as a listed company.
- b) Newage Private Limited shall not be considered as a listed company.
- c) Newage Private Limited shall be considered as a listed company only when minimum amount of listed privately placed non- convertible debentures is Rs. 15 lakh.
- d) Newage Private Limited shall be considered as a listed company only when minimum amount of listed privately placed non- convertible debentures is minimum Rs. 20 lakh.

Answer: (b)

**QUESTION- 14**

Krishna Religious Publishers Limited has received application money of 20,00,000 (2,00,000 equity shares of `10 each) on 10th October, 2022 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) 19th November, 2022
- b) 24^h November, 2022

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- c) 9th December, 2022
- d) 8th January, 2023

Answer: (c)

Description: Section 42



QUESTION- 15

Ruchir Developers Ltd issued shares of face value of 10 rupees each to the public at a price of 200 rupees per share. The Share Premium Account was credited for 190 rupees. Now the company want to utilise this Share Premium Account. Which of the following mode is permitted under the Companies Act, 2013:

- a) Share Premium Account can be utilised only at the time of winding up of the company
- b) It can be used for distribution of dividend
- c) It can be used for the purpose of buying back of its own shares
- d) It can be used for spending on CSR Activities

Right Answer: (c)

Description: Section 52(3)(c)

QUESTION- 16

Goals Limited, a listed company has authorised share capital of 25,00,000 (issued, subscribed and paid-up capital of 20,00,000). The company has planned to buy back shares worth 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) 2,00,000
- b) 5,00,000
- c) 6,25,000
- d) 8,00,000

Answer: (b)

Description: Section 68(2)(c)- The buy-back of equity shares in any financial year shall not exceed 25% of its total paid up equity capital in that financial year.



QUESTION- 17

A company may issue sweet equity shares of a class of shares already issued if the issue is authorised by:

- a) An Ordinary Resolution passed by the company
- b) A Special Resolution passed by the company
- c) A Resolution passed by the Board of Directors of the company
- d) A Resolution passed by the Audit Committee of the Board of the company

Answer: (b)

Description: Section 54(1)(a)

**QUESTION- 18**

Keshika, the original allottee and owner of 1000 equity shares of 50 each in Modern Biscuits Private Limited, wanted to transfer these shares to her younger sister Vanshika by way of gift. She completed the transfer deed in all respects and delivered the same to the company along with the share certificates on 17th July, 2023. 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 lone reminder to the company remained unanswered. An appeal is to be filed against the company with the National Company Law Tribunal (NCLT) against this failure to register transfer of the said shares. Who has the right to file the appeal in this regard?

- a) Keshika, who continues to remain owner and transferor of the said 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 potential 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 neither Keshika nor Vanshika are authorised to file the appeal individually.
- d) As per its discretion, NCLT may allow either Keshika or Vanshika to file an appeal against the company.

Answer: (b)

**QUESTION- 19**

A Limited made a public issue of Debentures. The articles of the company authorises the payment of underwriting commission at 2 per cent of the issue price. The company has negotiated with the proposed underwriters, Gama Brokers and has finalised the rate at 2.25 per cent. The amount that the company is eligible to pay as underwriting commission is:

- a) 5%
- b) 2%
- c) 2.50%
- d) 2.25%

Answer: (b)

Description: Section 40(6)



QUESTION- 1

Which among the following is a deposit within the provisions of the Companies Act, 2013:

- a) Any amount received by a company from any other company
- b) Any amount received by a company against issue of commercial paper
- c) Any amount received as a loan from a Bank
- d) Any amount received from a person as an advance for the supply of goods but appropriated after a year

Answer: (d)

Description: Rule 2(1)(c)(xii)(a) of the Companies (Acceptance of Deposits) Rules, 2014



QUESTION- 2

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

- a) 9%
- b) 14%
- c) 18%
- d) 24%

Answer: (c)



QUESTION- 3

Fin Limited 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.

Answer: (c)



QUESTION- 4

Suneet Spices Limited decides to raise deposits of 20.00 lakh from its members. However, it proposes to secure such deposits partially by offering a security worth 15.00 lakh. 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) These cannot be classified as deposits

Answer: (b)



QUESTION- 5

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

Answer: (c)



QUESTION- 6

What is a permissible penal rate of interest by company for the overdue period in case of deposits which are matured and claimed but remaining unpaid:

- a) 9% per annum
- b) 12% per annum
- c) 15% per annum
- d) 18% per annum

Answer: (d)



QUESTION- 7

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 account
- b) Deposit repayment reserve account
- c) Capital redemption reserve account
- d) Free reserve account

Answer: (b)



QUESTION- 8

Normally no deposits are repayable earlier than ____ from the date of such deposits or renewal thereof.

- a) 3 months
- b) 6 months
- c) 12 months
- d) 1 year

Answer: (b)



QUESTION- 9

As per the provisions of the Companies Act, 2013 and relevant rules thereunder, an eligible company is not permitted to accept from 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 for repayment earlier than certain conditions.

Months subject to

- a) six, thirty-six,
- b) three, twenty-four
- c) six, sixty-six
- d) three, sixty-six

Answer: (a)



QUESTION- 10

Prem Limited decides to raise deposits of Rs. 20.00 lacs from its members. However, it proposes to secure such deposits partially by offering a 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) These cannot be classified as deposits

Answer: (b)



QUESTION- 11

Wood Apple Limited accepts 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) Eight years from the financial year in which the latest entry is made in the Register.
- b) Four years from the financial year in which the latest entry is made in the Register.
- c) Six years from the financial year in which the latest entry is made in the Register.
- d) Ten years from the latest date of entry.

Answer: (a)

**QUESTION- 1**

Abhinav Garments Ltd availed loan from Axis Bank against the mortgage of its Administrative Office. Later on, the Company availed another loan from Kotak Bank by offering the collateral security of the same Office, for which the Axis Bank issue NOC.

The right of the Kotak Bank in this situation shall be called as:

- a) Floating Charge
- b) Exclusive Charge
- c) Subsequent Charge
- d) Pari-passu charge

Answer: (c)

**QUESTION- 2**

The 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

Answer: (c)

Description: Rule 10(4) of the Companies (Registration of Charges) Rules, 2014

**QUESTION- 3**

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

Answer: (b)

Description: Section 2(16)

**QUESTION- 4**

Vijay Ltd has created a charge on 01-6- 2023 in favour of Bank. Advise Vijay Ltd in how many days they have to register this charge with ROC?

- a) 16.6.2023
- b) 1.7.2023
- c) 16.7.2023

d) 31.7.2023

Answer: (b)

Description: Section 77(1) of the Companies Act, 2013**QUESTION- 5**

Who cannot inspect the register of charges and instrument of charges, during business hours, without paying any fees:

- a) Any member of the company
- b) The Creditor of the company
- c) Persons other than member and creditor of the company
- d) No person is allowed to inspect the register of charges

Answer: (c)

**QUESTION- 6**

Raj Limited purchased a property from ABC Limited which was mortgaged to DEF Bank against a loan of Rs. 50 lakhs. Raj Limited settled the dues to DEF Bank and the same was registered with the sub-registrar. However, neither the ABC Limited nor DEF Bank has filed particulars of satisfaction of charge with the Registrar of Companies. In this particular case what will Raj Limited do to file particulars of satisfaction of charge with the Registrar of Companies?

- a) Raj Limited needs to approach DEF Bank or ABC Limited to file a memorandum of satisfaction as they were the party to mortgage.
- b) Raj Limited can directly request the Registrar to file a particulars of satisfaction noting the release of charge.
- c) Raj Limited needs to approach DEF Bank (mortgagee) to file particulars of satisfaction of charge with the Registrar of Companies.
- d) Raj Limited needs to approach ABC Limited (mortgagor) to file particulars of satisfaction of charge with the Registrar of Companies.

Answer: (b)

Description: Section 83**QUESTION- 7**

The registrar shall keep a 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

Answer: (d)

Description: Section 81

QUESTION- 1

In case of a private company, quorum of Annual General Meeting is:

- a) 1 member personally present
- b) 2 members personally present
- c) 3 members personally present
- d) 5 members personally present

Answer: (b)

QUESTION- 2

Popat Ram Comics Ltd is a company engaged in publishing of comic journals for the entertainment of the children. The company have its Registered Office at Gandhinagar Gujarat. However, according to the addresses of the shareholders it is revealed that more than 10% shareholders are from Jaipur. The company also have its branch office at Jaipur. Which among the following statement is correct:

- a) The Registers or copies of return may be kept at Jaipur with the order of the Managing Director
- b) The Registers or copies of return may be kept at Jaipur with the approval of the Board of Directors
- c) The Registers or copies of return may be kept at Jaipur if approved by an ordinary resolution passed at the General Meeting of the Company
- d) The Registers or copies of return may be kept at Jaipur if approved by a Special resolution passed at the General Meeting of the Company

Answer: (d)

Description: Proviso to Section 94(1)

QUESTION- 3

For appointing an auditor other than the 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.

Answer: (a)

Description: Section 115 read with Section 140(4)

QUESTION- 4

Vichar Vimarsh Ltd called on its Annual General Meeting on 20th September 2022 to consider and adopt the financial result as of 31st March, 2022. Due to want to quorum

the meeting was adjourned and the adjourned meeting was held on 27th September, 2022. What is the last date of filing of Annual Return with the Registrar of Companies:

- a) 60 days from the date of 31st March, 2022
- b) 60 days from the date of 20th September, 2022
- c) 60 days from the date of 27th September, 2022
- d) 60 days from the date of 30th September, 2022

Answer: (c)

Description: Section 92(4)

QUESTION- 5



Awareness Limited's General Meetings are held at its registered office situated in Delhi. The minute book of General meetings of Awareness Limited will be kept at:

- a) That place where members of Awareness Limited will decide.
- b) That place where all employees of Awareness Limited will decide.
- c) Registered office of Awareness Limited.
- d) That place where senior officials of Awareness Limited will decide.

Answer: (c)

Description: Rule 25 of the Companies (Management & Administration) Rules, 2014

QUESTION- 6



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

- a) 7 days
- b) 30 days
- c) 60 days
- d) 90 days

Answer: (b)

QUESTION- 7



A resolution shall be a special resolution when the votes cast in favour of the resolution by members are not less than _____ the number of votes, if any, cast against the resolution:

- a) Twice
- b) Three times
- c) Three fourth of
- d) Two third of

Answer: (b)

QUESTION- 8



Apple Limited is an unlisted public company. It has 3500 members. What shall be the quorum for the General Meeting of the Shareholders:

- a) 5
- b) 15
- c) 30
- d) 45

Answer: (c)

Description: Section 103

QUESTION- 9



Amber Limited, a listed company, is a manufacturer of glassware. Its paid-up share capital is divided into 20,0000 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.

Answer: (a)

Description: Section 91 read with Rule 10 of the Companies (Management and Administration) Rules, 2014

QUESTION- 10



Which among the following companies is not required to provide its members the facility to exercise right to vote by electronic mode under the provisions of the Companies Act, 2013?

- a) B Limited, whose equity shares (the company is having both equity as well as preference shares) are listed on a recognised stock exchange.
- b) A Limited, whose equity shares (only type of share the company is having) are listed on a recognised stock exchange
- c) C Limited, whose preference shares (the company is having both equity as well as preference shares) are listed on a recognised stock exchange
- d) D Limited, whose equity shares as well as preference shares are listed on a recognised stock exchange.

Answer: (c)

QUESTION- 11



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.

Answer: (a)

Description: Section 97

QUESTION- 12



Namesake Limited, an unlisted public limited company finalized its accounts for the financial year ending on 31st March, 2023. The meeting of the Board of Directors was convened and approved the financial accounts of the company and proposed to convene the Annual General Meeting of the shareholders on Thursday, the 25th August, 2023 at 10 am.

In the light of the given facts, the General Meeting of the shareholders was decided to be scheduled. Determine by which date the notices to the shareholder should have been given to the members:

- a) 1st August, 2023
- b) 2nd August, 2023
- c) 3rd August, 2023
- d) 4th August, 2023

Answer: (c)

Description: Section 101



QUESTION- 13

Which one of the following transactions requires the passing of an ordinary resolution?

- a) To change the name of the company
- b) To alter the articles of association
- c) To reduce the share capital
- d) To declare dividends.

Answer: (d)

**QUESTION- 1**

Annual General meeting of the shareholders of M Limited was convened on 1st September 2023, in which the annual accounts of the company were presented before the shareholders. The shareholders have approved dividend @ 3%.

By what date should the amount be deposited in a separate account maintained with the scheduled bank for dividend purposes? (i.e. before the date of approval by shareholders)

- a) By 31st August 2023
- b) By 6th September 2023
- c) By 7th September 2023
- d) By 24th September 2023

Answer: (b)

Description The amount of the dividend, including interim dividend, shall be deposited in a separate account maintained with a scheduled bank within five days from the date of declaration.

**QUESTION- 2**

The amount accumulated in the Investor Education and Protection Fund shall not be used for:

- a) refunds in respect of unclaimed dividends, matured deposits, matured 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 investors education and training.
- d) distribution of any disgorged amount among eligible and identifiable applicants who have suffered losses.

Answer: (c)

**QUESTION- 3**

Dividend once declared, should be paid within _____ declaration days from the date of

- a) 14 days
- b) 21 days
- c) 30 days
- d) 45 days

Answer: (c)

**QUESTION- 4**

Dividend once declared, should be paid within_ of declaration. Days from the date

- a) 14
- b) 21
- c) 30
- d) 60

Answer: (c)

**QUESTION- 5**

Which of the following amount need not be credited to Investor Education and Protection Fund Account (IEPF)?

- a) Amount in unpaid dividend account (UDA) of company
- b) Amount of matured deposits with the company
- c) Profit on sale of asset
- d) Amount of matured debentures with the company.

Answer: (c)

**QUESTION- 6**

The Board of Directors of Vidyut Limited are contemplating to declare interim dividend in the last week of July, 2022 but the company has incurred loss during the current financial year up to the end of June, 2022. However, it is noted that during the previous five financial years i.e., 2017-18, 2018-19, 2019-20, 2020-21 and 2021-2022 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%.

Answer: (b)

**QUESTION- 7**

The authorised and paid-up share capital of Avantika Ayurvedic Products Limited is `50.00 lakh divided into 5,00,000 equity shares of `10 each. At its Annual General Meeting (AGM) held on 24th September, 2022, the company declared a dividend of 2 per share by passing an ordinary resolution. Mention the latest date by which the

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amount of dividend must be deposited in a separate account maintained with a scheduled bank

- a) Latest by 29th September, 2022
- b) Latest by 4th October, 2022
- c) Latest by 9th October, 2022
- d) Latest by 24th October, 2022

Answer: (a)

QUESTION- 8

Amount to be transferred to reserves out of profits before any declaration of dividend is

- a) 5%
- b) 7.50%
- c) 10%
- d) at the discretion of the company.

Answer: (d)

QUESTION- 9

The amount accumulated in the Investor Education and Protection Fund shall not be used for:

- a) refunds in respect of unclaimed dividends, matured deposits, matured 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 investors education and training.
- d) distribution of any disgorged amount among eligible and identifiable applicants who have suffered losses

Answer: (c)

QUESTION- 10

Annual General meeting of the shareholders of A Limited was convened on 26th August, 2023, in which the annual accounts of the company were presented before the shareholders. The shareholders have approved dividend @ 10%.

By what date should the amount be deposited in a separate account maintained with the scheduled bank for dividend purposes?

- a) By 31st August 2023
- b) By 1st September 2023

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- c) By 7th September 2023
- d) By 24th September 2023

Answer: (a)

Description The amount of the dividend, including interim dividend, shall be deposited in a separate account maintained with a scheduled bank within five days from the date of declaration.

**QUESTION- 1**

The Corporate Social Responsibility Committee of the board shall consist of:

- a) Three or more directors out of which at two directors shall be Independent Director
- b) Three or more directors out of which at least one director shall be Independent Director.
- c) Three or more directors and all should be Independent Directors
- d) Three or more directors with condition of not a single director should be Independent Director

Answer: (b)

**QUESTION- 2**

Primus Limited dealing with Fast Moving Consumable Goods (FMCG) has its registered office at Mumbai. The composition of its Board of Directors and Key Management 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, 2013, is not followed by the Company then penalty for contravention will be imposed on the following persons:

- a) Mr. P and Mr. V
- b) Mr. P, Mr. Q. Mr. R & Mr. S
- c) Mr. P. Mr. S. Mr. V & Mr. W
- d) Mr. P. Mr. Q. Mr. R & Mr. S. Mr. V & Mr. W

Answer: (b)

**QUESTION- 3**

Calendar year starts from:

- a) January
- b) April
- c) June
- d) September

Answer: (a)

**QUESTION- 4**

A Limited is a listed company. In April, 2023, the company had destroyed all the books of account together with relevant vouchers up to financial year ending on 31st March, 2018.

As per provisions of the Companies Act, 2013, the act of the company in destruction of all books of account together with relevant vouchers was not correct because:

- a) The books of accounts etc. Relating to a period not less than 6 preceding financial years are required to be kept in good order.
- b) The books of accounts etc. Relating to a period not less than 8 preceding financial years are required to be kept in good order.
- c) The books of accounts etc. Relating to a period not less than 10 preceding financial years are required to be kept in good order.
- d) The books of accounts etc. Relating to a period not less than 12 preceding financial years are required to be kept in good order.

Answer: (b)

Description: Section 128(5)

QUESTION- 5



During the half year ended September 2022, the board of directors (BOD) of Gold Leaf Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ending on March 2020. Further during the year ended March 2023, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2022. You are required to state the validity of the acts of the Board of directors.

- a) The act of the BOD is valid only to the extent of application made for revisions in accounts as boards report are not eligible for revision.
- b) The act of the BOD is valid as Application made for revision in the accounts and boards report pertains to two different financial year.
- c) The act of the BOD is invalid as the Law provides for only one time application to be made in a financial year for revision of accounts and boards report.
- d) The act of the BOD is invalid as to the application made for revision in accounts pertains to a period beyond 2 years immediately preceding the year 2023. The application made for revision in the Board report is however valid in law.

Answer: (b)

QUESTION- 6



Ayush Power Limited has reported a net profit of 6 crore, `7.5 crore and 3 crore for the financial year(s) ended on March 2020, March 2021 and March 2022 respectively. The board's report of the company for the year ended March 2023 did not disclose the composition of the CSR Committee on the grounds that company is not required to constitute CSR committee as net profit during the immediately preceding financial year is less than the statutory requirements laid down in section 135. You are required

to examine in the given scenario whether the Act of non-composition and non-disclosure of the composition of CSR committee in the Board's Report is valid in law?

- a) No, the act of the company is not valid in law as every company is required to constitute a CSR committee and disclose the constitution of same in the board's report in every financial year irrespective of the profits earned by the company.
- b) Yes, the act of the company is valid in law as the net profit of the company is less than 5 crore in the immediately preceding financial year.
- c) No, the act of the company is not valid in law as composition and disclosure of composition of CSR Committee will be required only if the profits of the company are not less than 5 crore for a consecutive period of 3 financial years.
- d) The act of the company is valid only to the extent of non-disclosure of the composition of CSR committee as the net profit of the company is less than 5 crore in the immediately preceding financial year.

Answer: (b)



QUESTION- 7

Compute the minimum amount the company (Natraj Limited) is required to spend on account of Corporate Social responsibility year 2022- 2023, if during the financial years 2019-2020, 2020-2021 and 2021-2022 net profits are 30 crore, 25 crore and 32 crore respectively.

- a) Rs. 87 lac
- b) Rs. 1.14 crore
- c) Rs. 1.64 crore
- d) Rs. 58 lac

Answer: (d)



QUESTION- 8

Shine Ltd is an unlisted public company with a paid-up share capital of more than Rs. 40 crore, a turnover of less than 200 crores along with outstanding loans from XYZ bank of 105 crore rupees during the preceding financial year. The company has not appointed an internal auditor, citing that it is not mandatory for them to do so. Does Shine Ltd need to appoint an internal auditor as per the Companies Act, 2013?

- a) No, as the company is unlisted company.
- b) Yes, as the company share capital is more than 40 crore during the preceding financial year.
- c) No, as the company's turnover is less than 200 crore rupees during the? preceding financial year.

- d) Yes, as the company has outstanding loans from banks exceeding 105 crore rupees preceding financial year.

Answer: (d)

QUESTION- 9



One Person Company shall file a copy of the duly adopted financial statements to the 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 year.
- d) 180 days from the closure of the financial year.

Answer: (d)

QUESTION- 10



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

Answer: (b)

Description: Rule 7 of CSR Rules

QUESTION- 11



ABC Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2023, 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

Answer: (b)

**QUESTION- 12**

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 account 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 account 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 account of Ganesh Company Ltd and not its subsidiary company.
- c) Yes, Mr. Abhishek can inspect the Books of account 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 account 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.

Answer: (c)**QUESTION- 13**

ABC Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2023, 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) 2018-2019
- b) 2016-2017
- c) 2013-2014
- d) 2014-2015

Answer: (d)**QUESTION- 14**

Which of the following statements is/are correct w.r.t. the constitution of Corporate Social Committee of the board: Responsibility

Statement 1: Two or more directors out of which at one shall be Independent Director

Statement II: Three or more directors out of which at least one director shall be Independent Director.

Statement III: Three or more directors with majority of Independent Directors

Statement IV: Three or more directors with condition of not a single director should be Independent Director

- a) Statement I
- b) Statement II
- c) Statement III
- d) Statement IV

Answer: (b)

QUESTION- 15



As per provisions of the Companies Act, 2013, the act of the company in destruction of all books of account together with relevant vouchers was not correct because

- a) The books of accounts etc. Relating to a period not less than 6 preceding financial years are required to be kept in good order.
- b) The books of accounts etc. Relating to a period not less than 8 preceding financial years are required to be kept in good order.
- c) The books of accounts etc. Relating to a period not less than 10 preceding financial years are required to be kept in good order.
- d) The books of accounts etc. Relating to a period not less than 12 preceding financial years are required to be kept in good order.

Answer: (b)

QUESTION- 16



One Person Company shall file a copy of the duly adopted financial statements to the 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 year.
- d) 180 days from the closure of the financial year.

Answer: (d)

Description: Section 137

**QUESTION- 1**

Which of the following is a prohibited service to be rendered by the auditor of 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

Answer: (a)**Description:** Section 144**QUESTION- 2**

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

Answer: (a)**QUESTION- 3**

The auditor of a Government Company shall be appointed or re-appointed by:

- a) The Central Government
- b) Comptroller and Auditor General of India (CAG)
- c) Central Government on the advice of Comptroller and Auditor General of India
- d) Chairman of the Board of Directors

Answer: (b)**QUESTION- 4**

The auditor of a Government Company shall be appointed or re-appointed by-

- a) The Central Government
- b) Comptroller and Auditor General of India (CAG).
- c) Central Government on the advice of Comptroller and Auditor General of India.
- d) Chairman of the Board of Directors

Answer: (b)**QUESTION- 5**

Chapter 10: Audit and Auditors

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

Answer: (d)

Description: Section-139 (2)

**QUESTION- 1**

A foreign company shall in every make out a balance sheet and profit and loss account and the prescribed documents and deliver a copy those documents to the Registrar:

- a) Financial Year
- b) Calendar Year
- c) Fiscal Year
- d) Lunisolar Year

Answer: (b)**Description:** Section 381(1)**QUESTION- 2**

Who may exempt any class of Foreign Company:

- a) The Registrar of Companies
- b) The Regional Director
- c) The Central Government
- d) The President of India

Answer: (c)**Description:** Section 393A

**QUESTION- 1**

When did LLP Act 2008, come into force?

- a) 01-Apr-08
- b) 31-Mar-09
- c) 01-May-09
- d) 23-Apr-08

Answer: (b)

Description: Introduction of LLP

**QUESTION- 2**

An LLP shall be governed by the provisions of:

- a) The Companies Act, 2013
- b) The Limited Liability Partnership Act, 2008
- c) The Co-operative Societies Act, 1912
- d) The Indian Partnership Act, 1932

Answer: (b)

**QUESTION- 3**

How many designated partners are required in LLP:

- a) At least two designated partners
- b) Seven designated partners
- c) Two designated partners
- d) At least seven designated partners

Answer: (a)

Description: Section 7 of LLP Act, 2008

**QUESTION- 4**

For the purpose of LLP, Resident in India means:

- a) Person who has stayed in India for a period of not less than 182 days during the current year.
- b) Person who has stayed in India for a period of not less than 180 days during the immediately preceding one year.
- c) Person who has stayed in India for a period of not less than 181 days during the immediately preceding one year.
- d) Person who has stayed in India for a period of not less than 120 days during the financial year.

Answer: (d)

Description: Section 7

**QUESTION- 5**

In case of any change in name or address of any partner, LLP shall inform Registrar within

- a) 7 days
- b) 10 days
- c) 15 days
- d) 30 days

Answer: (d)

**QUESTION- 6**

In case of any change in name or address of any partner, that partner shall inform LLP within

- a) 7 days
- b) 10 days
- c) 15 days
- d) 30 days

Answer: (c)

**QUESTION- 7**

Who shall sign the Statement of Account and Solvency prepared by the LLP:

- a) By any one partner, authorised in this behalf
- b) By at least two partners, authorised in this behalf
- c) By all the partners
- d) By the designated partners

Answer: (d)

**QUESTION- 8**

Whether a HUF can become partner in LLP:

- a) HUF may become partner of LLP provided the Registrar may grant permission in this behalf
- b) No, HUF can't become partner in the LLP
- c) Yes, HUF may become partner of LLP
- d) None of the above

Answer: (b)

Description: LLP Act, 2008

**QUESTION- 9**

LLP Bill was passed by the Parliament on

- a) 9th January 2007
- b) 12th December, 2008
- c) 31st March, 2009
- d) 1st July, 2008

Answer: (b)

Description: Introduction of LLP

QUESTION- 10



Mohit had purchased Food items from Balak Food t LLP amounting to `5,00,000. He made a claim of 1,000 against the LLP as he was supplied with al red food items, this transaction was done by Mr a lone of the partners of LLP), but LLP was unaware his transaction.

- **Mohit also claimed for compensation as this transaction was done with intention to defraud him. The of the assets of LLP are only 2,00,000.**
- **Mr. Mohit wants to make all the partners of LLP personally liable for the deficiency of 3,00,000.**

Which of the following is the correct option as per the Limited Liability partnership Act, 2008.

- a) As this act is done with intent to defraud Mr. Mohit by supplying expired food items in such case the liability of partners who has done such act, shall be unlimited for all or any of the debts or other liabilities of the LLP. Hence Liability of Mr. Heera is unlimited. It can be extended up to the personal assets of Mr. Heera.
- b) The LLP itself will be liable for such act to the full extent of its assets. In other words, Mr. Mohit cannot claim personally from partners. The liability of the partners will be limited to their agreed contribution in the LLP.
- c) All Partners, whether or not aware about this act will be liable equally, their liability will be unlimited.
- d) Mr. Heera, who has done this transaction with intension to defraud Mr. Mohit, will be liable to compensate him but his liability will be limited to his contribution in LLP only. Hence, Mr. Heera will not be personally liable for the same.

Answer: (a)

Description: Section 30 of LLP

QUESTION- 11



What is the minimum required capital for formation of LLP?

- a) Rs.1,00,000
- b) Rs.2,00,000

- c) Rs.5,00,000
- d) No such requirement

Answer: (d)

**QUESTION- 12****What is the maximum limit of number of partners in LLP?**

- a) 20
- b) 50
- c) 100
- d) No Limit

Answer: (d)

Description: Section 7 of LLP Act, 2008**QUESTION- 13****What is the periodicity of preparing the Statement of Account and Solvency by the LLP:**

- a) Within 3 months from the end of each F.Y.
- b) Within 9 months from the end of each F.Y.
- c) Within 12 months from the end of each F.Y.
- d) Within 6 months from the end of each F.Y.

Answer: (d)

**QUESTION- 14****When the requirements of section 11 of LLP Act, 2008 have been complied with, the Registrar shall give incorporation certificate within**

- a) 7 Days
- b) 10 Days
- c) 14 Days
- d) 30 Days

Answer: (c)

Description: Section 12 of LLP Act, 2008**QUESTION- 15****CG may direct such LLP to change its name, and LLP shall comply with the said direction within after the date of the direction or such longer period as CG may allow.**

- a) 1 month
- b) 3 months
- c) 6 months
- d) 9 months

Answer: (b)

Description: Section 17 of LLP Act, 2008

The General Clauses Act, 1897

QUESTION- 1



The Preamble is most important in any legislation, it:

- a) Provides definitions in the Act.
- b) Expresses scope, object and purpose of the Act.
- c) Provides explanation of all the sections of the entire Act.
- d) Provides side notes often found at the side of a section.

Answer: (b)

QUESTION- 2



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 receives assent of both the houses of Parliament
- d) It receives assent of the Prime Minister

Answer: (a)

QUESTION- 3



Which legislation authorises the use of the General Clauses Act, 1897:

- a) The Indian Penal Code, 1860
- b) The Constitution of India
- c) The Indian Evidence Act, 1872
- d) The Code of Civil Procedure, 1908

Answer: (c)

QUESTION- 4



Which of the following is not an Immovable Property?

- a) Land
- b) Building
- c) Timber
- d) Machinery permanently attached to the land

Answer: (c)

QUESTION- 5



In all Central Acts and Regulations, unless there is anything repugnant in the subject or context, words importing the masculine gender shall be taken:

- a) To exclude females
- b) To exclude girl child

The General Clauses Act, 1897

- c) To include females
- d) To exclude boy child

Answer: (c)



QUESTION- 6

A company enter into process of reducing Capital. Mr. Shah is concerned officer designated for preparing the list of creditor to records Their reservation and reach to a settlement under Section 66 of the Companies Act 2013. Mr. Shah While preparing such list deliberately conceal the Name of Ms Ramya who is one of the company s Creditor and object to the reduction, whereas Make misstatement in context of some other

Creditors' claims. The offence committed by Mr. Shah is punishable under; (i) Under section 447 Of the Companies Act 2013 and (ii) Also under Sections 417 read with 415 of Indian Penal Code 1860 (as dishonest concealment is involved). You Are required to select the most appropriate Option out of given below in context of offence

Committed by Mr. Shah:

- a) Mr. Shah shall be liable to be prosecuted under both of the Companies Act 2013 and Indian Penal Code 1860, but shall be punished under either of the Companies Act 2013 or Indian Penal Code 1860
- b) Mr. Shah shall be liable to be Prosecuted under both of the Companies Act 2013 and Indian Penal Code 1860, but shall be punished under the Companies Act 2013 or Indian Penal Code 1860 where maximum punishment is lower.
- c) Mr. Shah shall be liable to be Prosecuted and punished under either of the Companies Act 2013 or Indian Penal Code 1860
- d) Mr. Shah shall be liable to be prosecuted and punished under both of the Companies Act 2013 and Indian Penal Code 1860

Answer: (c)

Description: Section 26 in the General Clauses Act, 1897



QUESTION- 7

Calendar year starts from:

- a) January
- b) April
- c) June
- d) September

Answer: (a)



QUESTION- 8

Where, by any Central Act, a power to make any appointment is conferred, then, unless a different intention appears, the authority having for the time being power to make the appointment shall also have power:

- a) To appoint the members of that family
- b) To grant increment to any family members
- c) To suspend or dismiss any person appointed
- d) No other power is appointed except for appointment

Answer: (c)

Description: Section 16

Interpretation of Statutes



QUESTION- 1

_____ 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

Answer: (a)



QUESTION- 2

When there is a conflict between two or more statutes 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

Answer: (c)



QUESTION- 3

Which among the following is an External Aid to interpretation:

- a) Illustrations
- b) Dictionary
- c) Proviso clause
- d) Title

Answer: (b)



QUESTION- 4

The preamble is most important in any legislation, it:

- a) Provides definitions in the Act.
- b) Expresses scope, object and purpose of the Act.
- c) Provides summary of the entire Act.
- d) provides side notes often found at the side of a section.

Answer: (b)



QUESTION- 5

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

Answer: (a)



QUESTION- 6

Doctrine of Mischief Rule was given under:

- a) Foss vs. Harbottle
- b) Thomson vs. Clan Morris
- c) Foster vs. Diphwys Casson
- d) Heydon's Case

Answer: (d)



QUESTION- 7

Pick the odd one out of the following aids to interpretation:

- a) Preamble
- b) Marginal Notes
- c) Proviso
- d) Usage

Answer: (d)



QUESTION- 8

Which amongst the following is not 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.

Rule of Literal Construction

- a) Rule of Literal Construction
- b) Rule of Grammatical Construction
- c) Rule of Plain Construction
- d) Rule of logical Construction

Answer: (d)



QUESTION- 9

When there is a conflict between two or more statutes 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

Answer: (c)

**QUESTION- 10**

_____ 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

Answer: (a)

**QUESTION- 11**

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

Answer: (b)

**QUESTION- 12**

Interpretation concerns itself with what the law says and III. Interpretation, seeks to ascertain what the law means.

- a) Grammatical, Logical
- b) Legal, usual
- c) Usual, legal
- d) Logical, grammatical

Answer: (a)

**QUESTION- 13**

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

Answer: (a)

**QUESTION- 14**

Interpretation of Statutes

A method of interpretation which brings into effect provisions for improving the conditions of certain classes of people who are under privileged or who have not been treated fairly in the past.

- a) Rule of Literal Construction
- b) Rule of Harmonious Construction
- c) Rule of Beneficial Construction
- d) Rule of Exceptional Construction

Answer: (c)

**QUESTION- 15**

Statutory interpretation is a practice through which the courts break down the words of a legislation and give true intent to it. While the legislature makes the laws, the judiciary performs the art of interpretation to give meaning to the words of the law maker. It is correctly said that the purpose of Interpretation of Statutes is to help the Judge to ascertain the intention of the Legislature not to control that intention or to confine it within the limits, which the Judge may deem reasonable or expedient. For interpretation of statutes various tools are used, you are required to pick the option depicting correct sequence of tools in order their application.

- a) Internal Aids to Construction, External Aids to Constructions, and Literal Construction
- b) Literal Construction, Internal Aids to Construction, and External Aids to Constructions
- c) Internal Aids to Construction, Literal Construction, and External Aids to Constructions
- d) External Aids to Constructions, Internal Aids to Construction, and Literal Construction

Answer: (b)

**QUESTION- 16**

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

Answer: (c)

**QUESTION- 17**

According to rule of interpretation, meaning of words should be known from its accompanying or associated words.

- a) Mischief rule

- b) Primary Rule
- c) Noscitur a Sociis
- d) Golden Rule

Answer: (c)

QUESTION- 18**Pick the odd one out of the following aids to interpretation**

- a) Preamble
- b) Marginal Notes
- c) Proviso
- d) Usage

Answer: (d)

QUESTION- 19**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) Illustrations

Answer: (b)

QUESTION- 20**According to the _____ rule, the words of the statute are to be given their plain and ordinary meaning.**

- a) Literal rule
- b) Golden rule
- c) Natural rule
- d) Mischief rule

Answer: (a)

Foreign Exchange Management Act, 1999



QUESTION- 1

A requires U.S. \$ 2,000 for payment related to call back services of telephones. Choose the correct option:

- a) A cannot obtain US \$ 2,000 for the said purpose as withdrawal of foreign exchange for payment related to call back services of telephone is a prohibited transaction.
- b) A can freely withdraw the amount freely for the said purpose
- c) A can obtain US \$ 2,000 for the said purpose as withdrawal of foreign exchange for payment related to call back services of telephone can be done with the prior approval of Central Government.
- d) A can obtain US \$ 2,000 for the said purpose as withdrawal of foreign exchange for payment related to call back services of telephone can be done since the amount is less than USD 2,50,000.

Answer: (a)

Description: Schedule I



QUESTION- 2

Which among the following is not prohibited under the FEM (Current Account Transactions) Rules, 2000:

- a) Remittance for purchase of lottery tickets, banned / proscribed magazines, football pools, sweepstakes etc.
- b) Expenses of USD 2,00,000 in connection with medical treatment abroad
- c) Payment related to "Call Back Services" of telephones
- d) Remittance of interest income on funds held in Non-Resident Special Rupee Account Scheme

Answer: (b)

Description: Rule 3 of FEM (Current Account Transactions) Rule, 2000



QUESTION- 3

Every drawal of foreign exchange for transactions included in Schedule III of the FEM (Current Account Transactions) Rules, 2000 shall require prior approval of RBI.

Which among the following transaction no approval of RBI is required:

- a) Where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter.
- b) Where the remittance of USD 275000 is made for maintenance of close relatives abroad
- c) Where the drawal of foreign currency of USD 400000 is for studies abroad

Foreign Exchange Management Act, 1999

d) Drawal of USD 260000 for private visit to USA

Answer: (a)

Description: Rule 5 of FEM (Current Account Transactions) Rules, 2000

QUESTION- 4

Which among the following transaction is not termed as Current Account Transaction:

- a) Payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business
- b) Payments due as interest on loans and as net income from investments
- c) Expenses in connection with foreign travel, education and medical care of parents, spouse and children
- d) Changes in alteration of contingent liabilities outside India of persons resident in India

Answer: (d)

Description: Section 2(e) and (j)

QUESTION- 5

Which among the following transaction is not prohibited:

- a) Remittance out of lottery winnings
- b) Remittance of income from racing
- c) Availment of foreign exchange of USD 250000 for private visit to Europe
- d) Remittance of dividend by any company to which the requirement of dividend balancing is applicable

Answer: (c)

Description: Para 1 of Schedule III of FEM (Current Account Transactions) Rules, 2000

QUESTION- 6

No person shall draw foreign exchange for a transaction included in the Schedule II of the FEM (Current Account Transactions) Rules, 2000 without prior approval of:

- a) The Authorised Person
- b) The Reserve Bank of India
- c) The Government of India
- d) The Foreign Exchange Dealers Association of India

Answer: (c)

Description: Rule 4 of FEM (Current Account Transactions) Rule, 2000

QUESTION- 7

Making any payment to, or for the credit of any person, or receiving any payment for, by order or on behalf of any person, or drawing, issuing or negotiating any bill of

Foreign Exchange Management Act, 1999

exchange or promissory note, or transferring any security or acknowledging any debt, is called as:

- a) Financial Commitment
- b) Financial Instruments
- c) Financial Transaction
- d) Financial Promises

Answer: (c)

Description: Explanation to Section 3(d)

**QUESTION- 8**

No person shall draw foreign exchange for a transaction included in _____ of the FEM (Current Account Transactions) Rules, 2000 without the prior approval of Government of India:

- a) Schedule 1
- b) Schedule III
- c) Schedule III
- d) Schedule IV

Answer: (b)

Description: FEMA (Current Account Transactions) Rules, 2000

**QUESTION- 9**

Which among the following is not treated as Capital Account Transaction:

- a) A transaction which alters the assets outside India of persons resident in India
- b) A transaction which alters the contingent liabilities outside India of persons resident in India
- c) A transaction which alters the liabilities in India of persons resident outside India
- d) A transaction of remittance for living expenses of parents residing abroad

Answer: (d)

Description: Section 2(e) and (j)

Case-Study Based Questions

CASE STUDY - 1

Shiv IT Solutions Limited is a company engaged in the business of providing customised software to its clients. These software's are usually related to the employee's attendance, leave management, salary preparation, tax calculation and other matters incidental to Human Resource (HR).

The company is having its own building and other infrastructure in Bengaluru and also at Brussels, Belgium. The company have patent rights over few of its software's and also have the trade mark right over the company's logo. The company got sanctioned term loan facility of 10 crore

From Best Bank Limited on 1st January, 2022 by creating a charge on the assets of the company which includes the company's own buildings and intangible assets. The charge should have been created by the company within the time prescribed under the Companies Act, 2013 with the Registrar, however, the company could not get registration of charges within the prescribed time line.

During the course of Secretarial Audit of the company, for the year ended March 2023, it came in the knowledge of the Company Secretary in Practice, that charge was not registered with the Registrar. He mentioned it in the report and advised the company to get it registered. However, the Action Taken Report (ATR) on the audit objection made by the Company Secretary was not apprised to the Board and no follow up was made by the company thereafter.

Bank's concurrent auditor and statutory auditor also pointed out this issue and narrated that since charge was not created by the company, hence this advance be treated as clean advance and interest rate of clean / unsecured advance, which is 22% (as against the normal rate of 11%) should be applied from the date of disbursement on the outstanding amount till date. Bank also asked a professional, whether it can get the charge registered, at its own, to satisfy the audit objection. The Bank applied for registration of charge which was considered by the Registrar and registration of creation of charge was granted. The Bank in order to address the audit objections, applied the interest @22% on the outstanding amount in the loan account of the company. The company aggrieved with the decision of the Bank, managed to liquidate the term loans account by raising funds from other sources and filed the 'Satisfaction of Charge' with the Registrar.



QUESTION- 1

The company can create charge in favour of the lender on the assets which are:

- Tangible Assets and situated in India only

Case-Study Based Questions

- b) Intangible Assets and situated in India only
- c) Assets that are tangible or otherwise and situated in India or Brussels (Belgium)
- d) Assets that are tangible or otherwise and situated in India only

Answer: (c)**Description:** Section 77(1) of the Companies Act, 2013**QUESTION- 2**

Where the company fails to get the registration of charge, whether the Best Bank Limited, in whose favour the charge was to be created, can move the application for creation of charge:

- a) No. It is the responsibility of the borrower company only to get the charge registered in favour of the lender.
- b) If the company do not get the charge registered in favour of the lender, the lender Suo-moto cannot move application for registration of charge in its favour.
- c) The borrower company can be held liable to pay the penalty only.
- d) Yes. The lender company can move the application for registration of charge in its favour, if the borrower do not get the charge registered with the prescribed time.

Answer: (d)**Description:** Section 78**CASE STUDY - 2**

Pristine Limited, a listed entity, passed a resolution in its Board meeting for appointment of Arora & Associates, a Chartered Accountants firm, as Statutory Auditor of the company. The company obtained the consent in writing from Arora & Associates and also placed this recommendation before the general meeting of the shareholder and got it approved. The company thereafter informed the CA Firm about their appointment and also filed a notice of appointment with the Registrar of Companies within the prescribed time.

Arora & Associates, Chartered Accountants firm is having 3 partners namely, An Arora, B Arora, C Arora. In this firm D Arora and M Arora were associates and were being paid on case-to-case basis and not on fixed salary.

Prior to the appointment of Arora & Associates, the previous auditor was Agrawal Arora & Associates. In this CA firm there were 6 partners namely. Priya Agrawal, Mia Agrawal. Vishal Agrawal, Vyom Agrawal, D Arora and M Arora.

Case-Study Based Questions

D Arora and M Arora were common persons in both the firms. While working with Pristine Limited, Arora & Associates started facing a lot of issues with the management of the company. After some time, due to these disputes with the management, Arora & Associates resigned from the company.

QUESTION- 1

What would have been the position if, D Arora and M Arora are partners in Arora & Associates:

- a) There will be no change in position
- b) There shall be no change and the Arora & Associates may continue as audit firm
- c) The appointment of Arora & Associates would not have been in terms of the provisions of the Companies Act, 2013
- d) The company may obtain permission from the shareholders in the general meeting by way of Special Resolution for continuation of appointment of Arora & Associates

Answer: (c)

Description: Section 139(1)

QUESTION- 2

In the given case, Arora & Associates due to some dispute with the management on some issues resigned from the company. Choose the correct option in respect to filling of this vacancy:

- a) Arora & Associates cannot resign and has to hold the office till the conclusion of the next annual general meeting
- b) The resignation is tendered by the Auditor, the Board of Directors shall appoint new auditor within 30 days and such appointment shall also be approved by the shareholders in the general meeting within 3 months of the recommendation of the Board
- c) This vacancy of auditor can be filled by the shareholders in consultation of the Central Government
- d) This vacancy of auditor can be filled by the Board of Directors in consultation of the Comptroller and Auditor-General of India

Answer: (b)

Description: Section 139(8)(i)

QUESTION- 3

The newly appointed CA Firm (Arora & Associates) and retiring CA Firm (Agrawal Arora & Associates) have common persons i.e., D Arora and M Arora. Whether the appointment of Arora & Associates in Pristine Limited. Is valid as per the provisions of the Companies Act, 2013:

Case-Study Based Questions

- a) It not valid since both the CA Firms (New and Old) have common persons
- b) D Arora and M Arora are the associates in Arora & Associates and not the partners, hence appointment of Arora & Associates, is valid
- c) Arora & Associates should expel D Arora and M Arora in order to retain its appointment
- d) Agrawal Arora & Associates should expel D Arora and M Arora

Answer: (b)

CASE STUDY - 3

Shree Tyres Limited is an unlisted public limited company. The company's accounts for the financial year ending on 31st March, 2023 were finalised and audited by the Statutory Auditor. The meeting of the Board of Directors was convened and approved the financial accounts of the company and proposed to convene the Annual General Meeting of the shareholders on Thursday, the 25th August, 2023 at 10 am. The total number of members is 3500. The Article of the

Company provides that the quorum for the general meeting of the shareholders shall be at least fifty members. On the day of the meeting only 10 members were physically present. Even after waiting of 30 minutes, the quorum was not present. Accordingly, the meeting was adjourned. According to the provisions of the Companies Act, 2013, the meeting shall adjourn to the same day in the next week at the same time and place.

However, on the same day in the next week i.e., on Thursday, the 1st September, 2023, the same venue (which is a Hotel's Conference Hall) was available from 3 pm only. The Board agreed to conduct the meeting from 3 pm and the all the members were informed individually via mail and also published it in the newspapers (one in English and another in vernacular language)

The adjourned meeting started at 3 pm on 1st September. 2023, the quorum required as per the Articles was 50, however 75 members were present. Out of the 75 members attending the meeting 25 persons were having the residence near the venue of Annual General Meeting and rest of the members were staying far away. Due to heavy rainfall and scarce availability of public transportation, 40 persons left the meeting so that they can reach home on time. By that time only the ordinary business resolutions were approved and two special business agendas were pending for approval by the members.

QUESTION- 1

What shall be the quorum for the General Meeting of the Shareholders, where the number of members is 3500:



- a) Five
- b) Fifteen

Case-Study Based Questions

- c) Thirty
- d) Fifty

Answer: (d)

Description: Section 101

QUESTION- 2

Whether adjournment of the general meeting of shareholders of Shree Tyres Limited for want of quorum, was justified as per the requirement of the Companies Act, 2013:

- a) Yes, it was justified, since the quorum was not present within 30 minutes from the time appointed for holding the meeting
- b) No, it was not justified since the waiting time for the arrival of the requisite quorum is 30 minutes as per the provisions of the Companies Act, 2013, whereas the decision of the adjournment of the meeting was just taken after 15 minutes.
- c) Yes, if the quorum is not present at the given time (sharp) of meeting, the meeting stands to be adjourned, and there is no requirement of waiting time.
- d) Yes, it was justified, since the quorum was not present within 45 minutes (as per statutory requirement) from the time appointed for holding the meeting.

Answer: (a)

Description: Section 103

QUESTION- 3

In the light of the given facts, the General Meeting of the shareholders was decided to be scheduled. Determine by which date the notices to the shareholder should have been given to the members:

- a) 1st August, 2023
- b) 2nd August, 2023
- c) 3rd August, 2023
- d) 4th August, 2023

Answer: (c)

Description: Section 101

QUESTION- 4

As some members left the meeting, the quorum was not present all the time during the Annual General Meeting. The agendas for special business transactions remained un-approved. What is your opinion:

- a) The quorum once present in the beginning of the meeting is enough.
- b) The quorum should be present all the time when the meeting is in progress. Any items which could not be approved by members for want of quorum, shall be treated as NIL.

Case-Study Based Questions

- c) When the quorum is present in the beginning of the meeting, it may be assumed that all the resolutions have been approved, until and unless objected later on by the members present therein.
- d) The Board may seek special written consent from the all the members later on.

Answer: (b)

CASE STUDY - 4

Tejas Infra Limited was incorporated by Tejasvi Singh and his wife Meenakshi along with seven other family members in the year 2001 with an aim to undertake infrastructure projects relating to transportation in the country. The company had successfully completed construction of roads and canals in Delhi, UP and Chandigarh and rose to become one of the prominent construction companies in India.

The Registered Office of the company is situated in Connaught Place, New Delhi with a capital base of Rs. 100 crores divided into ten crores equity shares of Rs.10 each. The company has eight directors of which three are independent directors. In the year 2019, the company got new projects from the State Government of Punjab to build four flyovers and underpasses in different cities of Punjab.

In order to increase its capital base, Tejas Infra Limited decided to issue 1,00,000 preference shares of Rs. 100 each to the existing shareholders. For this, purpose it was decided to increase the Authorised Capital by Rs. 500,00,000 divided into 5,00,000 shares of Rs. 100 each.

The projects went off well and the turnover rose to the tune of Rs. 3600 crores in the immediately preceding financial year 2022-23. The net worth of the company stood at Rs. 550 crores.

As they crossed the threshold limit in the immediately preceding financial year 2022-23, a Board level Committee headed by one of the independent directors, namely, Paritosh was constituted to allocate budget, review the progress and provide guidance on various Corporate Social Responsibility (CSR) and sustainability initiatives. It was decided to spend the requisite amount towards skill development, vocational training, provision of safe drinking water facility, etc. Lokesh, one of the directors, is also a member of this Corporate Social Responsibility Committee. He is in favour of Janta Andolan Manch, a political party. This party is quite prominent in undertaking social work. As per his advice, the Board by a unanimous resolution resolved to contribute Rs. 5,00,000 to the said political party i.e. Janta Andolan Manch and to treat such contribution as part of CSR activity.



QUESTION- 1

Case-Study Based Questions

From the case scenario, it is evident that Tejas Infra Limited decided to issue 1,00,000 preference shares of Rs. 100 each to the existing shareholders. From the options given below choose the one which indicates the maximum period which is permitted to the company for redemption of preference shares.

- a) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty-five years for redemption of preference shares subject to the condition that it shall redeem minimum 20% of preference shares per year commencing from 31st year onwards or earlier, on proportionate basis at the option of preference shareholders
- b) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty-five years for redemption of preference shares subject to the condition that it shall redeem minimum 10% of preference shares per year commencing from 26th year onwards or earlier, on proportionate basis at the option of preference shareholders
- c) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty years for redemption of preference shares subject to the condition that it shall redeem minimum 10% of preference shares per year commencing from 21st year onwards or earlier, on proportionate basis, at the option of preference shareholders
- d) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty years for redemption of preference shares subject to the condition that it shall redeem minimum 20% of preference shares per year commencing from 26th year onwards or earlier, on proportionate basis, at the option of preference shareholders

Answer: (c)

Description: Refer First Proviso to Section 55 (2) and Rule 10 of the Companies (Share Capital and Debentures) Rules, 2014. A combined reading indicates that a company engaged in infrastructural projects (specified in Schedule VI) is permitted to issue preference shares for a maximum period not exceeding thirty years subject to the redemption of minimum 10% of preference shares per year commencing from 21st year onwards or earlier, on proportionate basis, at the option of preference shareholders.

QUESTION- 2

According to the legal provisions, it is mandatory to redeem preference shares at the stipulated time. Keeping in view the above case scenario, which source is required to be used by Tejas Infra Limited for the redemption of outstanding preference shares:

Case-Study Based Questions

- a) Tejas Infra Limited is required to redeem preference shares out of the profits which would otherwise be available for dividend.
- b) Tejas Infra Limited is required to redeem preference shares out of the proceeds of a fresh issue of shares made for the purposes of such redemption.
- c) Both (a) and (b).
- d) Tejas Infra Limited is required to redeem preference shares out of its Capital Redemption Reserve

Answer: (c)

Description: Refer Clause (a) of Second Proviso to Section 55 (2) according to which preference shares shall be redeemed out of the profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of such redemption.

**QUESTION- 3**

The case scenario states that the turnover of Tejas Infra Limited rose to the tune of Rs. 3600 crores and net worth of the company stood at Rs. 550 crores in the immediately preceding financial year 2022-23 which required formation of CSR Committee. What is the third criterion which if crossed shall also require that a CSR Committee be formed. Choose the correct option from those stated below

- a) The third criterion which also requires formation of CSR Committee is that the company has net profit of Rs. Two crores or more in the immediately preceding financial year.
- b) The third criterion which also requires formation of CSR Committee is that the company has net profit of Rs. Three crores or more in the immediately preceding financial year.
- c) The third criterion which also requires formation of CSR Committee is that the company has net profit of Rs. Five crores or more in the immediately preceding financial year.
- d) The third criterion which also requires formation of CSR Committee is that the company has net profit of Rs. Six crores or more in the immediately preceding financial year.

Answer: (c)

Description Section 135 (1) of the Companies Act, 2013

**QUESTION- 4**

While constituting a CSR Committee, how many minimum directors are required to be appointed by Tejas Infra Limited:

- a) CSR Committee formed by Tejas Infra Limited shall have minimum two directors.
- b) CSR Committee formed by Tejas Infra Limited shall have minimum three directors of which at least one director shall be an independent director.

Case-Study Based Questions

- c) CSR Committee formed by Tejas Infra Limited shall have minimum four directors of which at least one director shall be an independent director.
- d) CSR Committee formed by Tejas Infra Limited shall have minimum four directors of which at least two directors shall be independent director.

Answer: (b)

Description: Refer Section 135 (1) of the Companies Act, 2013, which requires CSR Committee to consist of minimum three directors of which at least one director shall be an independent director.

CASE STUDY - 5

ACC Private Limited was incorporated in July 2001. Its shares are listed on BSE and NSE. It is registered with an authorised share capital of 20 crore divided into 2 crore equity shares of 10/- each. The paid-up share capital of the company is 10 crore divided into 1 crore equity shares of 10/- each. The Board of Directors of the company in their meeting held on 11th August, 2023 declared interim dividend. The Annual General Meeting of the company was held on 1st September, 2023. The company had incurred losses in the previous financial year as well as in the current financial year up to the period ended June 30, 2023. In the previous five financial years, the company had declared the dividend as under:

Financial Year Ended	Dividend declared per share (₹)	Dividend declared rate (%)
March 31, 2023	Nil	Nil
March 31, 2022	1	10%
March 31, 2021	1.1	11%
March 31, 2020	1.3	13%
March 31, 2019	1.2	12%

The company has deposited the amount of dividend declared in a separate account with ABC Bank on August 14, 2023. Out of the total dividend declared, 60,000 payable to few equity shareholders remains unclaimed even after the expiry of statutory period within which dividend was required to be paid and had been transferred to a separate bank account Unpaid Dividend Account on 20th September 2023. The company prepares a statement containing the names of shareholders, their last known address and the unpaid dividend amount to

Such each shareholder and place on its website. Meanwhile, the company obtained a term loan of 15 crore from Laxmi Bank Limited on August 20, 2023, securing it with a charge on the company's assets, including its own buildings (in India and Germany) and

Case-Study Based Questions

intangible assets (trademark right over the company's logo). According to the Companies Act, 2013, the company was required to register this charge with the Registrar within a specified timeframe. However, the company failed to complete the registration process within the prescribed timeline

The Board of Directors has requested their Company Secretary to confirm them whether they are required to incur expenditure towards Corporate Social Responsibility during the financial year 2023-2024 and is required to constitute CSR committee.

The financial particulars in respect of immediately preceding financial year are as under:

S. No.	Particulars	Amount (in crore)
1	Net worth	100
2	Turnover	1010
3	Net Profit	4.9
4	Borrowings	60

QUESTION- 1

The company can create charge in favour of the lender on the assets which are:

- Tangible Assets and situated in India only
- Intangible Assets and situated in India only
- Assets that are tangible or otherwise and situated in India or Germany
- Assets that are tangible or otherwise and situated in India only

Answer: (c)

QUESTION- 2

In respect of dividend declared which of the Statement is not correct?

- The company has transferred the dividend amount to separate bank account within 5 days from the date of declaration of dividend.
- The company is required to pay dividend within 30 days from the date of declaration of dividend.
- The company is required to transfer the Unpaid dividend to a separate bank account within 10 days from the date of expiry of statutory period from the date of declaration of dividend
- The company is required to prepare a statement containing the names of shareholders, their last known address and the unpaid dividend amount to such each shareholder and

Case-Study Based Questions

place on its website within 90 days from the date of transferring the amount to Unpaid Dividend Account

Answer: (c)

QUESTION- 3

Choose the correct option in terms that whether the provisions of Corporate Social Responsibility are applicable to ACC Private Limited.

- a) The provisions of Corporate Social Responsibility are not applicable to ACC Private Limited as it is a private limited company.
- b) Yes, as ACC Private Limited is having turnover of more than Rs. 1000 crore.
- c) Yes, as ACC Private Limited is having net profit of more than Rs. 2.5 crore in the immediately preceding financial year.
- d) Yes, as ACC Private Limited is having net worth of more than Rs. 50 crore in the immediately preceding financial year.

Answer: (b)

QUESTION- 4

The maximum rate at which interim dividend can be declared by the Board during the current financial year is as under: -

- a) The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding two financial years, i.e. 5%.
- b) The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding three financial years, i.e. 7%.
- c) The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding four financial years, i.e. 8.5%.
- d) The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding five financial years, i.e. 9.2%.

Answer: (b)

QUESTION- 5

The notice for the Annual General Meeting should be served by:

- a) 6th August 2023
- b) 7th August 2023
- c) 8th August 2023
- d) 10th August 2023

Answer: (a)

CASE STUDY - 6

Case-Study Based Questions

Sudeep and Ankit are very fast friend since long. They decided to run a service unit which will provide "Financial and Investment Consultancy Services". For this purpose, they formed a limited liability partnership under the name M/s Etharkkum Advisors LLP on 17th April 2020. For this purpose, they prepared a Limited Liability Partnership Deed of which one of the clauses provides that a new partner may be admitted in the LLP with capital contribution which may be in kind or cash. Further new partner is also required to deposit the agreed amount of capital contribution within six months from the date of his admission. After some time, office of the firm was destroyed due to an earthquake and the LLP was in urgent need of an office premises and some funds for some renovation work. It is also informed that M/s Etharkkum Advisors LLP approached Manoj on 1st January 2023 to join the firm as third partner. Manoj was out of India for the period from 1st September 2021 to 23rd December 2022. He agreed to join the LLP and also agreed to contribute his office premises at Sanjay Place, Palwal and funds of 5,00,000 as Capital Contribution in the firm. Manoj joined the firm on 25th January 2023 as limited liability partner. The above said office premises was purchased by Manoj five years ago for 25,00,000 but the fair market value of this office on 25th January 2023 was and on 1st January 2023 was 32,25,000.

30,00,000. Manoj has provided his office to the firm with effect from his admission and promised to deposit the agreed amount of 5,00,000 within six months as provided in the partnership deed. Before Manoj could deposit the amount with the firm, it was dissolved. Manoj denied to deposit the amount of 5,00,000 with the contention that he is liable only up to the amount contributed in the firm on the date of dissolution. A creditor of the firm sued Manoj to deposit the said amount so that the firm may pay off his liability.

QUESTION- 1

What would be the worth of Capital Contribution by Manoj?

- a) Rs. 25,00,000
- b) Rs. 32,25,000
- c) Rs. 37,25,000
- d) Rs. 35,00,000

Answer: (c)

QUESTION- 2

Whether Manoj will be liable to contribute Rs. 5,00,000 after dissolution of the firm?

- a) Yes, because a partner is personally liable for the deficiency arising at the time of dissolution of LLP.

Case-Study Based Questions

- b) No, because a partner is never personally liable for the deficiency arose at the time of dissolution of LLP.
- c) Yes, the partner is under obligation to contribute money also to LLP as per the agreement.
- d) No, because a partner is personally liable only up to the amount contributed to the LLP on the date of dissolution of LLP.

Answer: (c)

QUESTION- 3



Whether Manoj could be considered as resident or not as per the Limited Liability Act, 2008?

- a) Manoj could not be considered resident in India as he was not in India for 182 days in preceding one year
- b) Manoj could not be considered resident in India as he was not in India for 120 days in preceding one year i.e. only for 33 days from 24th December 2022 to 25th January 2023
- c) Manoj could not be considered as he was not in India for 182 days during the financial year
- d) Manoj will be considered as resident in India as he was in India for 120 days during the financial year (2021-2022)

Answer: (d)

CASE STUDY - 7

M/s Aryan & Aryan LLP was registered on 2nd July 2019. Sudeep and Ankit were partners in the firm. Both Sudeep and Ankit were also the designated partners in this firm. The LLP deals in manufacturing and trading of electric ceiling fans. One day Sudeep met with Mr. Kishore, a director of Krtiken Electronics Private Limited. After discussion, Mr. Kishore showed interest that Krtiken Electronics Private Limited may work with M/s Aryan & Aryan LLP as partner.

Krtiken Electronics Private Limited was incorporated on 1st June 2017 with the object to deal in electronics. The memorandum and articles of association of Krtiken Electronics Private Limited also authorised it to work as partner in an LLP.

The partners of M/s Aryan & Aryan LLP and directors of Krtiken Electronics Private Limited approached a professional consultant Mrs. Archika Jain for providing the procedure for adding Krtiken Electronics Private Limited as a partner in M/ s Aryan & Aryan LLP. She advised that Krtiken Electronics Private Limited could not be the partner in M/s Aryan & Aryan LLP because as per Limited Liability Partnership Act 2008, an individual or a body corporate can be a partner in LLP. She informed that the term 'body

Case-Study Based Questions

corporate' was defined in the Limited Liability Partnership Act, 2008 as a company which is defined in section 3 of the Companies Act, 1956. As Krtiken Electronics Private Limited is registered under Companies Act 2013, it cannot be termed as body corporate. On the advice of Mrs. Archika Jain, M/s Aryan & Aryan LLP dropped the idea to add Krtiken Electronics Private Limited.

It is further informed that Ms. Shanaya was admitted as a new partner in the firm on 17th January 2024. The firm intimated the registrar about her admission on 31st January 2024. On 3rd February 2024. While going to office Ms. Shanaya met with an accident and lost her memory. The doctor declared her of unsound mind to work as partner in M/s Aryan & Aryan LLP. It was also confirmed by a competent court.

QUESTION- 1

Whether Krtiken Electronics Private Limited could be partner in M/s Aryan & Aryan LLP?

- a) No, as Krtiken Electronics Private Limited is not a body corporate as per the definition of "Body Corporate" given in Limited Liability Partnership Act, 2008.
- b) Yes, because section 8 of the General Clauses Act, 1897 provides where any Act or Regulation made after the commencement of this Act, repeals and re-enacts, with or without Modification, any provision of a former Enactment, then references in any other Enactment or in any instrument to the provision So repealed shall, unless a different intention Appears, be construed as references to the Provision so re-enacted. Therefore, after the Enactment of Companies Act, 2013, the Definition of "Body Corporate" should be Construed as a company which is defined in Section 2(20) of the Companies Act, 2013.
- c) No, as provisions of section 8 of the General Clauses Act, 1897 will not be applicable because the Limited Liability Partnership (Amendment) Act, 2021, which amended the definition of "Body Corporate" considering the company registered under Companies Act, 2013, come to effect from 01.04.2022.
- d) Yes, as the provisions of the General Clauses Act, 1897 are not applicable while interpreting the provisions of the Limited Liability Partnership Act, 2008

Answer: (b)

QUESTION- 2

Following the provisions of Limited Liability Act, 2008 read with the General Clauses Act, 1897, what should be the last date to inform the registrar about the admission of Ms. Shanaya

- a) 15th February 2024
- b) 16th February 2024

Case-Study Based Questions

- c) 17th February 2024
- d) 18th February 2024

Answer: (b)

QUESTION- 3



What would be the status of Ms. Shanaya in the firm, M/s Aryan & Aryan LLP after the accident?

- a) She would continue as a partner in M/s Aryan & Aryan LLP even after being declared as of unsound mind.
- b) Section 24(2) of the Limited Liability Partnership Act, 2008 provides that a person shall cease to be a partner of an LLP if he is declared to be of unsound mind by a competent court. As this sub section provides only for male person ("he"), she would continue as a partner in M/s Aryan & Aryan LLP.
- c) Following the provisions of the General Clauses Act, 1897 which provides that in all legislations and regulations, unless there is anything repugnant in the subject or context words importing the masculine gender shall be taken to include females. Hence, Ms. Shanaya will cease to be a partner M/s Aryan & Aryan LLP.
- d) She can continue as partner if all other partners agree for that.

Answer: (c)

CASE STUDY - 8

HBL Private Limited is a project engineering, procurement and construction company. The company has bagged a contract from the Government of State of Tamil Nadu for construction of Water Dam. The company has involved a project consultancy firm situated in Netherlands for preparing techno-economic feasibility report to enable it to start construction work of dam. The company had paid USD 7,000,000 to vendor of Netherlands.

The company also availed the services of Software Company situated in UK for the migration of its accounting software from SAP to Oracle for which the Company had paid USD 2,000,000 to the software company.

QUESTION- 1



If HBL Private Limited makes a payment of USD 2,000,000 to a UK software company, which FEMA regulation category does this fall under?

- a) Foreign Direct Investment (FDI)
- b) External Commercial Borrowing (ECB)
- c) Current Account Transaction
- d) Capital Account Transaction

Answer: (c)

QUESTION- 2



Considering the provisions of Foreign Exchange Management Act, 1999, which of the below mentioned statement is correct:

- a) The company can make payment of USD 7,000,000 and USD 2,000,000 without any approval
- b) The company can make payment of USD 7,000,000 without any approval and USD 2,000,000 after obtaining prior approval of the Reserve Bank of India (RBI).
- c) The company can make payment of USD 7,000,000 and USD 2,000,000 after obtaining prior approval of RBI.
- d) The company can make payment of USD 7,000,000 after obtaining prior approval of RBI and USD 2,000,000 without any approval.

Answer: (b)

QUESTION- 3



Under FEMA regulations, what kind of transaction is HBL Private Limited's payment to the consultancy firm in the Netherlands classified as?

- a) Choose the most appropriate option.
- b) Current account transaction
- c) Capital account transaction
- d) Domestic transaction
- e) Non-resident transaction

Answer: (a)

CASE STUDY - 9

In the heart of the city of Mumbai. Mona, a diligent entrepreneur carries trading business. As Mona expanded her business globally, she experienced various situations involving current account transactions and permissible capital transactions under the Foreign Exchange Management Act, 1999. Since, Mona was growing with leap and bounds and flourishing. So decided to expand its business. She decided to have a branch in Europe. In order to go with the legal requirements and smooth functioning, Mona decided to seek expert advice.

Answer the following MCQs as per the FEMA, 1999 read with the relevant Rules and Regulations:

QUESTION- 1



What is a legal requirement under the FEMA (Foreign Exchange Management Act) when a company plans to open a branch outside India?

Case-Study Based Questions

- a) The company can freely open a branch without any legal formalities.
- b) The company must obtain prior approval from the Reserve Bank of India (RBI).
- c) The company only needs to inform the Ministry of External Affairs (MEA) about its decision.
- d) The company is not required to inform any RBI

Answer: (b)

QUESTION- 2



Mona's company imports machinery from a foreign supplier. What type of current account transaction does this represent?

- a) Export of goods
- b) Import of goods
- c) Export of services
- d) Import of services

Answer: (b)

QUESTION- 3



Which of the following activities is NOT typically considered a current account transaction under FEMA?

- a) Importing raw materials for business
- b) Paying for business travel expenses abroad
- c) Receiving dividends from foreign investments
- d) Transferring funds for family maintenance abroad

Answer: (c)

QUESTION- 4



What is the reporting requirement for current account transactions under the FEMA?

- a) No reporting is necessary for current account transactions
- b) Monthly reporting to the RBI
- c) Annual reporting to the Income Tax Department
- d) Reporting as and when required by the authorized dealer bank

Answer: (d)

QUESTION- 5



Mona plans to acquire shares of a foreign company listed on a stock exchange outside India. What regulation should she consider under the FEMA?

- a) There are no regulations governing foreign investments in stocks
- b) She must obtain prior approval from the Reserve Bank of India (RBI)
- c) She can freely invest without any restrictions

Case-Study Based Questions

d) She must inform the Central Government about her investment

Answer: (b)

QUESTION- 6



Which of the following transactions is considered a permissible capital account transaction under FEMA?

- a) Investing in foreign stocks
- b) Paying for overseas education expenses
- c) Importing machinery for business use
- d) Receiving gifts from a non-resident relative

Answer: (a)

CASE STUDY - 10

Sara, an Indian citizen, recently got a job offer from a multinational company based in Malaysia. She is considering for relocating to Singapore for employment. However, she wants to understand the implications of her residential status on her current account transactions in India. She seek the advice of Mr. X the FEMA consultant on the following issues:

QUESTION- 1



If Sara stays in India for 182 days or more during a preceding financial year, what would be her residential status under the FEMA, 1999 for Current Financial Year?

- a) Resident
- b) Non-resident
- c) Ordinarily resident
- d) Not applicable

Answer: (a)

QUESTION- 2



How does residential status affect Sara's current account transactions in India?

- a) No impact on current account transactions
- b) Restrictions on receiving salary from a foreign employer
- c) Limitations on remittances for personal expenses abroad
- d) Mandatory conversion of foreign Currency earnings into Indian rupees

Answer: (a)

QUESTION- 3



If Sara becomes a non-resident under the FEMA, 1999, what happens to her current account transactions in India?

- a) She can no longer conduct any current account transactions in India.

Case-Study Based Questions

- b) She must close her current account within a specified period.
- c) She can continue to conduct current account transactions subject to certain conditions.
- d) She can only conduct current account transactions through her foreign bank account.

Answer: (c)



QUESTION- 4

Which of the following criteria determines an individual's residential status under the Foreign Exchange Management Act (FEMA), 1999?

- a) Citizenship only
- b) Place of birth only
- c) Duration of stay in India
- d) Marital status only

Answer: (c)

QUESTION- 5



Which of the following transactions falls under the permissible activities listed in the Third Schedule of the FEMA, 1999?

- a) Investing in foreign securities
- b) Purchasing immovable property abroad for residential purposes
- c) Opening a bank account in a foreign country
- d) Receiving gifts from a non-resident relative

Answer: (d)

CASE STUDY - 11

The government has recently enacted several new laws aimed at promoting environmental conservation and for safety of the people. However, due to the complexity of these laws, there's confusion among the citizens regarding certain provisions and their applicability. The Indian Legal Society decides to organize a seminar to educate the public on the General Clauses Act, 1897, which provides interpretation rules for statutes.

You, as a participant, are given a set of MCQs to test your understanding on the enforcement of the newly enacted laws.

QUESTION- 1



According to the General Clauses Act, 1897, what is the rule regarding repeal and savings clauses in statutes?

- a) Repeal clauses have no effect if not expressly provided
- b) Savings clauses prevail over repeal clauses
- c) Repeal and savings clauses have equal effect

Case-Study Based Questions

d) Savings clauses are only applicable if expressly provided

Answer: (b)

**QUESTION- 2**

In the context of the General Clauses Act, 1897, section 3, which deals with the interpretation of the term "person", state which statement is comprising of correct set of person:

- a) Company, housing societies, and charitable trusts.
- b) Club, Group of person waiting for a bus, Firms
- c) Statutory body, Corporation, Partnership firm
- d) The term person is not defined under the Act

Answer: (a)

**QUESTION- 3**

In the General Clauses Act, 1897, what does "expressions referring to writing shall be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in visible form" means?

- a) It only applies to statutes enacted after the advent of lithography
- b) It applies to all statutes and includes modern methods of reproducing words
- c) It excludes printing and lithography from interpretation
- d) It is applicable only to specific cases mentioned in the Act

Answer: (b)

**QUESTION- 4**

According to the General Clauses Act, 1897, when does the provision for gender interpretation apply?

- a) Only in statutes enacted after 1897
- b) Only in statutes enacted before 1897
- c) To all statutes, regardless of enactment date
- d) Only in specific cases mentioned in the Act

Answer: (c)

**QUESTION- 5**

Which as per the section of the General Clauses Act, 1897, provides correct legal requirements for the computation of time mentioned in statutes?

- a) Rules for computing time shall be as mentioned in the General Clauses Act, including the exclusion of the first and inclusion of the last day.
- b) Rules for computing time mentioned in statutes, including the first and excluding of the last day.

Case-Study Based Questions

- c) Rules for computing time mentioned in General Clauses Act, excluding the first and including of the last day.
- d) Rules for computing time mentioned in statutes, including the exclusion of the first and inclusion of the last day.

Answer: (d)

CASE STUDY - 12

BrightStar LLP is an Indian limited liability partnership specializing in technology consulting. The LLP has five partners. Including two designated partners, Anita and Rajesh. Recently, BrightStar LLP decided to adopt a common seal to formalize certain important documents. The common seal is kept under the custody of the company secretary, who ensures its safekeeping.

One of BrightStar's major clients, TechNova, requires all official agreements to be affixed with BrightStar's common seal. Consequently, when finalizing a new contract with TechNova, Anita and Rajesh, as the designated partners, affixed the common seal in their presence, as per the company's policy.

Meanwhile, BrightStar LLP is expanding its operations and considering a partnership with GlobalTech LLP, a foreign LLP incorporated in the United States that has established a place of business in Bangalore, India. This potential partnership aims to leverage GlobalTech's international expertise to enhance BrightStar's service offerings.

QUESTION- 1

How must documents filed on the MCA website be authenticated?



- a) By physical signature of any partner.
- b) By physical signature of a designated partner.
- c) By electronic or digital signature of a partner or designated partner.
- d) By the common seal of the LLP.

Answer: (c)

QUESTION- 2

Where must any form or application of document required to be filed or delivered under the Act, be filed?



- a) At the LLP's registered office.
- b) Only at the Registrar of Companies office.
- c) In computer-readable electronic form on the MCA website
- d) Only in hard copy to the Ministry of Corporate Affairs.

Answer: (c)

QUESTION- 3**Who must be present when the common seal of an LLP is affixed to a document?**

- a) Any two partners of the LLP
- b) Any one designated partner and one partner
- c) At least two designated partners of the LLP
- d) The company secretary and any one partner

Answer: (c)

QUESTION- 4**In the context of the scenario, what must be done to ensure the common seal is properly affixed to the contract with TechNova?**

- a) The common seal must be affixed by the company secretary alone.
- b) The common seal must be affixed in the presence of Anita and Rajesh, the designated partners.
- c) The common seal must be affixed by any two partners of the LLP.
- d) The common seal must be affixed by TechNova's representative in the presence of BrightStar's partners.

Answer: (b)

QUESTION- 5**Is it mandatory for an LLP to have a common seal?**

- a) Yes, every LLP must have a common seal
- b) No, it is optional for an LLP to have a common seal.
- c) Yes, but only if the LLP has more than three partners.
- d) No, an LLP cannot have a common seal under any circumstances.

Answer: (b)

QUESTION- 6**Can a foreign LLP become a partner in an Indian LLP?**

- a) No, foreign entities cannot become partners in Indian LLPs.
- b) Yes, but only if they incorporate a subsidiary in India.
- c) Yes, a foreign LLP can become a partner in an Indian LLP.
- d) No, unless they receive special permission from the High Court within whose jurisdiction the LLP falls

Answer: (c)

CASE STUDY - 13

Case-Study Based Questions

GreenLeaf LLP is an Indian limited liability partnership engaged in the business of eco-friendly product manufacturing. The LLP was initially established with three partners: Priya, Sameer, and EcoCorp Ltd., a corporate entity. Priya and Sameer are the designated partners, with Priya being a resident in India. EcoCorp Ltd. has appointed Anil, an individual, as its nominee to act on its behalf.

After a few years, Sameer decides to retire, leaving Priya and EcoCorp Ltd. as the remaining partners. Due to some administrative oversight, GreenLeaf LLP continues its operations without appointing a new partner. This situation persists for seven months, with Priya aware of the reduced number of partners. During this period, GreenLeaf LLP enters into several contracts and incurs significant financial obligations.

Answer the Multiple Choice Qs on the basis of the Limited Liability Partnership Act, 2008.

**QUESTION- 1**

Given that Sameer retired and GreenLeaf LLP continued with only Priya and EcoCorp Ltd., what should GreenLeaf LLP have done within six months to comply with the LLP Act?

- a) Dissolved the LLP
- b) Continued operating with one partner
- c) Appointed at least one body corporate
- d) Appointed at least one more partner who should also be a designated partner, as every LLP should have at least two designated partners

Answer: (d)

**QUESTION- 2**

In GreenLeaf LLP, after Sameer retires from the LLP, who among the following can act as a designated partner?

- a) Only Priya
- b) Only Anil
- c) Both Priya and Anil
- d) Only EcoCorp Ltd.

Answer: (c)

**QUESTION- 3**

In the event that all partners in an LLP are bodies corporate, who can act as designated partners?

- a) The bodies corporate themselves

Case-Study Based Questions

- b) The individuals as decided by the Registrar
- c) At least two individuals who are partners of such LLP or nominees of such body's corporate shall act as designated partners
- d) The individuals as appointed by the Ministry of Corporate Affairs

Answer: (c)

**QUESTION- 4**

According to the LLP Act, who must be a resident in India among the designated partners?

- a) At least one designated partner
- b) All designated partners
- c) Only corporate partners
- d) At least two designated partners

Answer: (a)

**QUESTION- 5**

What is the consequence if an LLP continues business with only one partner for more than six months, according to the LLP Act?

- a) The LLP is automatically dissolved
- b) The LLP is only liable to pay a fine
- c) The remaining partner becomes personally liable for the LLPs obligations during that period
- d) No consequences

Answer: (c)

**QUESTION- 6**

What is the minimum number of partners required for an LLP to legally operate?

- a) One
- b) Two
- c) Three
- d) Four

Answer: (b)

**QUESTION- 7**

If an LLP continues business for more than six months with only one partner, who is personally liable for the obligations incurred during that period?

- a) The remaining partner with knowledge of the situation
- b) Only the LLP itself
- c) Only the designated partner(s)

Case-Study Based Questions

d) Only the corporate entity partner

Answer: (a)

CASE STUDY - 14

TechGenius Ltd. Is a technology company listed on the Indian stock exchange. The company has a nominal or face value of Rs. 10 per share. For the financial year ending March 31, 2024, TechGenius Ltd. Reported significant profits after providing for depreciation in accordance with Schedule II of the Companies Act, 2013. The board of directors decided to declare a final dividend of 15% on the nominal value of the shares. TechGenius Ltd. Also has undistributed profits from previous financial years, which were also arrived at after providing for depreciation according to Schedule II. These profits, along with the current year's profits, were considered while declaring the dividend.

The declared dividend amount, including any interim dividend previously declared during the year, was always deposited into a separate account with a scheduled bank within 5 days of the declaration, as required by Section 123(4) of the Companies Act.

One of the shareholders, Mr. Sharma, instructed TechGenius Ltd. To pay his dividend to a specific bank account held with Bank XYZ. The company complied, and the payment was made accordingly.

Separately, Ms. Kapoor purchased shares of TechGenius Ltd. From Mr. Verma. Although Ms. Kapoor made the full payment to Mr. Verma, her name was not yet entered in the Register of Members at the time of the dividend declaration. Consequently, the dividend was paid to Mr. Verma, the registered shareholder, and not to Ms. Kapoor.

Give your answer as per the provisions of the Companies Act, 2013.



QUESTION- 1

If a shareholder requests their dividend to be paid to a specific banker and the company complies, how is this payment deemed?

- a) As an advance payment to the shareholder
- b) As a loan to the shareholder
- c) As a payment made directly to the shareholder
- d) As a payment to the company's reserves

Answer: (c)



QUESTION- 2

As per the Companies Act, 2013, the profits used to declare the dividend must be arrived at after providing for depreciation in accordance with which schedule?

- a) Schedule I
- b) Schedule II

Case-Study Based Questions

- c) Schedule III
- d) Schedule IV

Answer: (b)

QUESTION- 3

According to the Companies Act, 2013, within how many days must the declared dividend be deposited in a separate account with a scheduled bank?

- a) 2 days
- b) 5 days
- c) 10 days
- d) 15 days

Answer: (b)

QUESTION- 4

In the case where Ms. Kapoor purchased shares from Mr. Verma but her name was not entered in the Register of Members, who is entitled to receive the dividend?

- a) Ms. Kapoor
- b) Mr. Verma
- c) Both Ms. Kapoor and Mr. Verma
- d) The dividend will not be paid to anyone

Answer: (b)

QUESTION- 5

If Mr. Sharma instructed TechGenius Ltd. To pay his dividend to a specific bank account held with Bank XYZ, how is this payment considered under the Companies Act, 2013?

- a) Payment to Mr. Sharma's agent
- b) Payment to Mr. Sharma himself
- c) Payment to Bank XYZ and not to Mr. Sharma
- d) Payment held in escrow

Answer: (b)

QUESTION- 6

What is the declared dividend percentage based on in TechGenius Ltd.?

- a) Market value of the share
- b) Book value of the share
- c) Nominal or face value of the share
- d) Free reserves of the company

Answer: (c)

CASE STUDY - 15

Case-Study Based Questions

Modern Limited is a company limited by shares that manufactures furniture items apart from material used in modular kitchens. Modern Limited is an unlisted company with a registered office in Mumbai, Maharashtra. It has a corporate office in Delhi and branch offices throughout the country. Following are facts regarding the 18th annual general meeting (AGM) of Modern Limited.

Modern Limited is the lead sponsor of the furniture trade event India Furniture EXPO 2022 and a member of the Association of Furniture Manufacturers and Traders. Modern Limited, on behalf of the Association, booked the Expo Hall in Mumbai for the event and also decided to convene its 18th AGM at the same hall after the conclusion of EXPO 2022.

But later, they found that the India Furniture Expo 2022. Which was scheduled to be held from September 16-19, 2022, had to be postponed as Bombay Municipal Corporation (BMC) continued to occupy the hall as a vaccination centre. Therefore, Modern Limited has to rethink its plan and now convene its 18th annual general meeting on September 27, 2022, at the IMA Auditorium in Delhi, near its corporate office. All the members consented to same. The notice of the said meeting was posted on September 5, 2022, specifying place, date and day, in additions to business to be transacted. In case of Mr. Ashok, who is declared insolvent but undischarged, notice was sent to assignee, while a wilful omission was made in giving notice in case of Ms. Anjum.

At the meeting, Mr. Singh was elected as chairman of the meeting by a show of hands, while Mr. Manohar registered his dissent on the appointment of Mr. Singh as chairman of the meeting and sought a poll to elect the chairperson. Mr. Manohar has substantial voting right of company being part of promoter group. A poll was held to elect the chairman of the meeting. And

Mr. Singh voted twice in his capacity as a member as well as chairman while the poll was taking place. Mr. Singh was elected chairman through the poll as well, by overwhelming majority. Ms. Varnika, who is not a member of company, attended the meeting as Mr. Alok's proxy, voted both times: when Mr. Singh was elected by show of hands and when he was elected by poll. When she initially voted, she raised her hand in favour of electing Mr. Singh as chairman of the meeting, while during the election through a poll, she cast a vote against.

Mr. Manohar raises the q on a vote that is casted by Mr. Singh in his capacity as chairman, hence he pass the remarks on him and his allies; which can be considered defamatory in nature. Chairman at his opinion, instructed the company secretary to exclude the remarks passed by Mr. Manohar while preparing the minutes; but some

Case-Study Based Questions

members raised a voice against the discretion of Mr. Singh, because they find remarks didn't carry any matter which can be considered defamatory, while some other members feel remarks are made with intent to defame chairman.

ACC Private Limited was incorporated in July 2001. Its shares are listed on BSE and NSE. It is registered with an authorised share capital of 20 crore divided into 2 crore equity shares of 10/- each. The paid-up share capital of the company is 10 crore divided into 1 crore equity shares of 10/- each.

The Board of Directors of the company in their meeting held on 11th August, 2023 declared interim dividend. The Annual General Meeting of the company was held on 1st September, 2023. The company had incurred losses in the previous financial year as well as in the current financial year up to the period ended June 30, 2023. In the previous five financial years, the company had declared the dividend as under:

Financial Year Ended	Dividend declared per share (₹)	Dividend declared rate (%)
March 31, 2023	Nil	Nil
March 31, 2022	1	10%
March 31, 2021	1.1	11%
March 31, 2020	1.3	13%
March 31, 2019	1.2	12%

The company has deposited the amount of dividend declared in a separate account with ABC Bank on August 14, 2023. Out of the total dividend declared, 60,000 payable to few equity shareholders remains unclaimed even after the expiry of statutory period within which dividend was required to be paid and had been transferred to a separate bank account Unpaid Dividend Account on 20th September 2023. The company prepares a statement containing the names of shareholders. Their last known address and the unpaid dividend amount to such each shareholder and place on its website. Meanwhile, the company obtained a term loan of 15 crore from Laxmi Bank Limited on August 20, 2023, securing it with a charge on the company's assets, including its own buildings (in India and Germany) and intangible assets (trademark right over the company's logo). According to the Companies Act, 2013, the company was required to register this charge with the Registrar within a specified timeframe. However, the company failed to complete the registration process within the Prescribed timeline.

Case-Study Based Questions

The Board of Directors has requested their Company Secretary to confirm them whether they are required to incur expenditure towards Corporate Social Responsibility during the financial year 2023-2024 and is required to constitute CSR committee.

The financial particulars in respect of immediately preceding financial year are as under:

S. No.	Particulars	Amount (in crore)
1	Net worth	100
2	Turnover	1010
3	Net Profit	4.9
4	Borrowings	60

QUESTION- 1



Regarding the notice of meeting given by Modern Limited, you are required to pick the correct option in light of provisions of the Companies Act, 2013 and rules notified thereunder.

- I) Modern Limited observe the length of notice, as required.
 - II) Notice shall be given to member irrespective he is solvent, adjudged or declared insolvent, or discharged insolvent; Modern Limited committed default
 - III) Notice shall be given to assignee of insolvent member, Modern Limited correctly did so
 - IV) Wilful omission in giving notice will invalidate the proceeding of the meeting in case of Modern Limited
- a) Only I, II and IV are correct
b) Only III and IV are correct
c) Only I is correct
d) Only IV is correct

Answer: (d)

QUESTION- 2



Regarding the place of 18th AGM of Modern Limited, decide whether applicable provisions violated or not; in light of provisions of the Companies Act, 2013 and rules notified thereunder.

- a) Violation, because Modern Limited shall convene and conduct AGM only at its registered office

Case-Study Based Questions

- b) Violation, because AGM shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situate
- c) No violation, because AGM shall be held either at the register or corporate office of the company or even at some other place within the city, town or village in which the registered or corporate office of the company is situate
- d) No violation, because AGM of the said company may be held at any place in India

Answer: (b)

**QUESTION- 3**

Regarding vote casted by Ms Varnika, which of following statements hold truth; in light of provisions of the Companies Act, 2013 and rules notified thereunder.

- a) Being proxy Ms. Varnika is not allowed to cast vote on a poll, while she can cast vote by show of hand
- b) Being proxy Ms. Varnika is not allowed to cast vote by show of hand, while she can cast vote on a poll
- c) Despite being non-member Ms. Varnika can be proxy, but can't cast vote either by show of hand or on a poll
- d) Ms. Varnika can cast vote in both the cases; by show of hand as well as on a poll

Answer: (c)

**QUESTION- 4**

Regarding the inclusion/exclusion of the remarks by Mr. Manohar, advice the company secretary; which of the following statement hold truth, in light of provisions of the Companies Act 2013 and rules notified thereunder.

- a) Mr. Manohar's remark shall be included in minutes because minutes shall contain fair summary of the proceedings.
- b) Mr. Manohar's remark shall be excluded from minutes because remarks are made with intent to defame chairman, the chairman's opinion of inclusion and exclusion is immaterial in such case.
- c) Mr. Manohar's remark shall be excluded from minutes because chairman has absolute discretion to exclude any matter which is defamatory in his opinion
- d) Mr. Manohar's remark shall be included in minutes because many members challenge the chairman's opinion and feels remarks were not defamatory.

Answer: (b)

CASE STUDY - 16

Super Fabrics Limited is a listed entity. It finalised its annual

Case-Study Based Questions

Accounts for the year ended on 31st March, 2023. The Audit Committee recommended it and subsequently the Board approved the same. Annual General meeting of the shareholders was convened on 25th August, 2023, in which the annual accounts of the company were presented before the shareholders. The Shareholders have approved dividend @ 10%.

A report of the Board of Directors was attached with the annual accounts of the company.

During the said meeting, a shareholder pointed out that during the year of 2022-23 there was a big news in the media and newspaper that a fraud has happened in the company of an amount of 75 lakh, with the involvement of a senior management official of the company, who is absconding since the news came into media. However, there was no mention about the fraud in the Auditor's Report as well as no comment in the Board's Report. The auditor, who was also present in the General Meeting of the shareholders, informed that fraud was detected during the course of audit but no further action was taken by him (auditor).

QUESTION- 1

Going by the facts of the case, by what date should the amount be deposited in a separate account maintained with the scheduled bank for dividend purposes?

- a) By 30th August 2023
- b) By 1st September 2023
- c) By 7th September 2023
- d) By 24th September 2023

Answer: (a)

QUESTION- 2

By what date should the dividend declared in the meeting, be paid to the members of the company?

- a) By 30th August 2023
- b) By 1st September 2023
- c) By 7th September 2023
- d) By 24th September 2023

Answer: (d)

QUESTION- 3

With regard to preservation of the books of Super Fabrics Limited, the books of accounts for the Financial Year (FY) 2022-23 needs to be kept in good order until at least which of the following years?

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- a) FY 2027-28
- b) FY 2028-29
- c) F 2029-30
- d) FY 2030-31

Answer: (d)

QUESTION- 4



The auditor had noticed that a fraud was committed by the senior management.

Which is the correct statement in this respect:

- a) The auditor shall report the matter to the Central Government immediately.
- b) It is not necessary to disclose the details of fraud in the Board's Report
- c) The auditor shall report the matter to the audit committee constituted under section 177 or to the Board.
- d) Since the Senior Management Personnel is absconding, the auditor is not required to take any action.

Answer: (c)

CASE STUDY - 17

Waste Papers Ltd. Is company engaged in the business of collecting waste papers and old newspapers and manufacture from these wastes the corrugated boxes which are used in packing of the products by various suppliers.

The company is earning good profit margin and paying dividend consistently, which can be seen by the following information:

(in lakh)

Year	Payment of Dividend	Paid-up Share capital	Free Reserves
2012-13 to 2017-18	10	100	45
2018-19	15	100	60
2019-20	20	100	75
2020-21	22	100	95
2021-22	24	100	120

During the year 2022-23, the company's business was severally affected due to low demand of the corrugated boxes on account of recession situation (slow down of

Case-Study Based Questions

economy) prevailing all over the country. The company showed a loss of 20 lakh in the annual accounts.

However, the company wants to maintain its image of consistently dividend paying company and for this year also, it also wants to declare dividend. The company have accumulated free reserves in its hand and want to declare dividend @ 26% (since there is increasing trend of 2% from the preceding years).

During the year 2022-23, Somesh, a shareholder of the company died due to cardiac arrest. He was having 10,000 shares in his D-mat account in which he has made nomination in favour of his son Romesh. When Romesh applied for transmission of the shares, his sister Sanjana, objected and filed a case in the court that she also has right in the property of her father and mere making of nomination do not dilute the rights of the legal heirs to claim share in the property. The matter is sub-judice in the court of law awaiting decision. The company has business dealing with Mahesh Kumar, who is also a shareholder of the company. The company has supplied some goods to Mahesh Kumar worth 10,000, but he was not making payment to the company. The company while making payment of the dividend to Mahesh Kumar deducted the due amount, and as a result, nothing was payable to Mahesh Kumar towards the dividend. Mahesh Kumar threatened to take action against the company.

QUESTION- 1



Whether Waste Papers Ltd, who suffered losses in year 2022-23, can make payment of dividend to the shareholders:

- In case of losses, the company Can't pay dividend
- Company may pay dividend out of profits of previous years (which are free reserves), subject to the fulfilment of conditions prescribed for declaration of dividend when there is inadequacy of profits in a particular year
- Company may dividend out of Asset Revaluation Reserve Account
- Company may dividend without any restriction as it has enough amount in its Free Reserves

Answer: (b)

QUESTION- 2



Romesh (son of the deceased) made a complaint, that even after declaration of dividend, the company has not posted the dividend warrant at the address given in his transmission form. Which is the most correct statement in this regard:

- The company is not liable to pay dividend to a deceased person
- The company is not liable to pay dividend to the legal heirs of the deceased person

Case-Study Based Questions

- c) The company should deposit the dividend in the court, where the matter is under consideration
- d) The company is not liable where there is a dispute regarding the right to receive the dividend.

Answer: (d)

QUESTION- 3



In the given case, the amount due to be recovered from Mahesh Kumar was deducted by the company and nothing was now payable to him on account of dividend. Is the action of the company right:

- a) No, payment of dividend is a separate matter and should not be clubbed with any other matter
- b) Yes, Mahesh Kumar can take action against the company for not paying any dividend to him
- c) The company can adjust the any sum, due to it, from the shareholder
- d) The company should take into confidence and consent of Mahesh Kumar's family members to adjust its dues

Answer: (c)

CASE STUDY - 18

Bharat Sanskar Limited having its registered office at Haridwar, is a listed public company. It is registered with an authorised share capital of 300 crore divided into 30 crore equity shares of 10/- each. The paid-up share capital of the company is 200 crore divided into 20 crore equity shares of 10/- each. The company is very renowned in manufacturing and supplying devotional items such as high-quality worship materials, fragrances, various types of decorative goods, idols etc.

The Board of Directors of the company constituted of Sagar as the Managing Director and Hari, Rahi, Sansar & Nabh as directors of the company. In the company Raju was holding the post of Company Secretary, Sonu designated as Chief Financial Officer and Moti as Assistant Accountant. The company prepared its Financial Statement for the year 2022-23, the Board of Directors approved the same and it was signed by the concerned authorities and thereafter submitted to the auditors on 10th May, 2023 for their report. The turnover of the company was 100 crore during the year 2022-23. The auditor's report was duly received and the annual accounts with Board's report and all necessary annexures were ready on 15th July 2023 after complying with all the formalities as per company law.

Case-Study Based Questions

The Board Meeting was called on 25th July, 2023 and the Annual General Meeting was fixed on 20th August, 2023. At the Annual General Meeting the Financial Statement along with all annexures was duly received and adopted by the members present. However, the company could not file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting. With the Registrar.

It is also informed that in April, 2023, the company had destroyed all the books of account together with relevant vouchers up to financial year ending on 31st March, 2018. On the basis of above facts and by applying applicable provisions of the Companies Act, 2013 and the applicable Rules therein, choose the correct answer (one out of four) of the following queries given herein under: -

**QUESTION- 1**

The Companies Act, 2013 provides that the financial statement should be approved by the Board of Directors, signed by the prescribed authorities and submitted to the auditors for their report. Accordingly, the financial statements of Bharat Sanskar Limited shall be signed by:

- a) Sagar, Raju and Sonu
- b) Sagar, Raju and Sonu
- c) Sagar, Sansar, Raju and Moti
- d) Sagar, Sansar, Raju and Sonu

Answer: (d)

**QUESTION- 2**

As per provisions of company law, the Board's report with annexures thereto of the above company is required to be duly signed by –

- a) Sagar only
- b) Sagar and Hari
- c) Sagar and Raju
- d) Sagar and Sonu

Answer: (b)

**QUESTION- 3**

In the above case scenario, the company failed to file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting with the Registrar. In this context, which of the following statements is correct?

- a) Sagar, Raju and Sonu shall be liable to a penalty.

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- b) The company, Sagar and Raju shall be liable to a penalty.
- c) The company, Sagar and Sonu shall be liable to a penalty.
- d) Only Sagar and Raju shall be liable to a penalty.

Answer: (c)

QUESTION- 4



As per provisions of the Companies Act, 2013, the act of the company in destruction of all books of account together with relevant vouchers was not correct because

- a) The books of accounts etc. Relating to a period not less than 6 preceding financial years are required to be kept in good Order.
- b) The books of accounts etc. Relating to a period not less than 8 preceding financial years are required to be kept in good order.
- c) The books of accounts etc. Relating to a period not less than 10 preceding financial years are required to be kept in good order.
- d) The books of accounts etc. Relating to a period not less than 12 preceding financial years are required to be kept in good order.

Answer: (b)

QUESTION- 5



As per the provisions of the Companies Act, 2013, the company was required only to preserve the books of account but no vouchers are to be preserved.

Choose the correct option:

- a) The given statement is correct.
- b) The given statement is incorrect. The company is required to preserve only books of accounts etc. Relating to a period not less than 10 preceding financial years.
- c) The given statement is incorrect. The company is required to preserve only books of accounts etc. relating to a period not less than 6 preceding financial years.
- d) The given statement is incorrect. The books of account, together with vouchers relevant to any entry in such books, are required to be preserved in good order by the company for a period of not less than 8 years immediately preceding the relevant financial year.

Description: Section 128(5)

Answer: (d)

CASE STUDY - 19

Perfect Tyres and Rubbers Limited is a listed entity engaged in the business of manufacturing of tyres and tubes for Light and Heavy Commercial Vehicles. During the financial year 2022-23, the company has declared interim dividend of 5% on the equity shares in its Board meeting held on 17th October. 2022, out of the profits earned during

Case-Study Based Questions

the first quarter of FY 2022-23. Further, the Board of Directors of the company after reviewing results of the fourth quarter of FY 2022-23 again recommended for second Interim Dividend @ 5% on 25th April, 2023. The Board of Directors of the company approved the financial

Result for the FY 2022-23 in its meeting held on 5th August, 2023, and recommended a final dividend of 15% (including the interim dividends paid earlier) in this board meeting. The general meeting of the shareholders was convened on 31st August, 2023. The shareholders of the company demanded that since interim dividend @10% (5% +5%) was declared by the company, so the final dividend should not be less than 20% (including the interim dividends). When the Company Secretary emphasised that final dividend cannot exceed, what the Board of Directors have recommended in their board meeting, some of the shareholders boycotted the meeting and moved out of the meeting hall, in protest of the company's decision. However, the agenda for declaration of the dividend was passed unanimously by rest of the shareholders present in the meeting hall, fulfilling the criteria of requirement of quorum, as per the provisions of the Companies Act, 2013.

After approval of the shareholders the dividend amount was paid to the shareholders, however dividend to some of the shareholders could not be paid within the prescribed period for variety of reasons. The company transferred the unpaid dividend amount to a separate bank account on 15th October, 2023.

The details of the unpaid dividend amount for the previous year's lying in the unpaid dividend account is as under:

S. No	Dividend pertaining to the FY	Date of declaration of Dividend	Date when the amount was transferred to Unpaid dividend Account	Amount lying in the Unpaid Dividend Account
1.	2022-23	31.08.2023	15.10.2023	92.50
2.	2021-22	25.08.2023	28.09.2022	85.14
3.	2020-21	20.08.2021	22.09.2021	80.00
4.	2019-20	05.09.2020	07.10.2020	75.25
5.	2018-19	01.09.2019	04.10.2019	45.15
6.	2017-18	07.09.2018	09.10.2018	35.26
7.	2016-17	05.05.2017	08.06.2017	15.10
8.	2015-16	06.06.2016	08.07.2016	07.25

Case-Study Based Questions

Sustram, one of the investors who is holding 1000 shares in physical form, by visiting web-site of the company, came to know that company had declared the dividends in some previous years, but have not been paid to him. This happened due to the fact the company was not having his current address and bank account details. Sustram approached the company, along with all the supporting evidence to his claim and demanded the dividend amount.

The company after being satisfied, paid all the dividend amount pertaining to the FY 2016-17 to FY 2022-23. However, for FY 2015-16. The company informed that since the amount of dividend has been transferred to Investor Education and Protection Fund, it cannot be taken back now. Aggrieved from this, Sustram threatened the company officials to take appropriate legal action.

QUESTION- 1

The newly appointed CA Firm (Arora & Associates) and retiring CA Firm (Agrawal Arora & Associates) have common persons i.e., D Arora and M Arora. Whether the appointment of Arora & Associates in Pristine Limited. Is valid as per the provisions of the Companies Act, 2013:

- It not valid since both the CA Firms (New and Old) have common persons
- D Arora and M Arora are the associates in Arora & Associates and not the partners, hence appointment of Arora & Associates, is valid
- Arora & Associates should expel D Arora and M Arora in order to retain its appointment
- Agrawal Arora & Associates should expel D Arora and M Arora

Answer: (b)**QUESTION- 2**

What would have been the position if, D Arora and M Arora are partners in Arora & Associates:

- There will be no change in position
- There shall be no change and the Arora & Associates may continue as audit firm
- The appointment of Arora & Associates would not have been in terms of the provisions of the Companies Act, 2013
- The company may obtain permission from the shareholders in the general meeting by way of Special Resolution for continuation of appointment of Arora & Associates

Answer: (c)**Description:** Section 139(1)**QUESTION- 3**

Case-Study Based Questions

In the given case, Arora & Associates due to some dispute with the management on some issues resigned from the company. Choose the correct option in respect to filling of this Vacancy:

- a) Arora & Associates cannot resign and has to hold the office till the conclusion of the next annual general meeting
- b) The resignation is tendered by the auditor, the Board of Directors shall appoint new auditor within 30 days and such appointment shall also be approved by the shareholders in the general meeting within 3 months of the recommendation of the Board
- c) This vacancy of auditor can be filled by the shareholders in consultation of the Central Government
- d) This vacancy of auditor can be filled by the Board of Directors in consultation of the Comptroller and Auditor-General of India

Answer: (b)

Description: Section 139(8)(i)