

Chapter-1

Classification of Companies

MTP APRIL 2024

Definition of Public Company [Sec 2(71)]

Q1. Cross Limited is a company incorporated under the erstwhile the Companies Act, 1956 while XYZ Private Limited is a company registered under the Companies Act, 2013. XYZ Private Limited has issued ` 1,00,000 convertible preference shares (carrying right to vote) of ` 100 each and 10,00,000 equity shares of ` 10 each fully paid. Cross Limited is holding all the preference share and 1,00,000 equity shares of XYZ Private Limited. Examine whether:

- (i) The provisions of the Companies Act, 2013 are applicable on Cross Limited?
- (ii) XYZ Private Limited is a public company as per the Companies Act, 2013?

RTP-May 2022

Definition of Listed Company [Sec 2(52)]

Q2. Following are some of the securities, issued by different companies related with each other, as follows:-

Company	Securities Issued	Remarks
Kleshrahit Ltd.	Listed non-convertible redeemable preference shares issued on private placement basis in terms of relevant SEBI Regulations.	Has the power to appoint 2/3 directors in Indriyadaman Ltd.
Indriyadaman Ltd.	Listed non-convertible debt securities issued on private placement basis in terms of relevant SEBI Regulations.	Holding 60% voting power in Sajagta (P) Ltd.
Sajagta (P) Ltd.	Listed non-convertible debt securities issued on private placement basis in terms of relevant SEBI Regulations	The company holds 52% equity shares in Pratibodh Ltd. As an investment on behalf of another company in a capacity of a trustee

Equity shares issued by the Kleshrahit Ltd. And Indriya daman Ltd. Are not listed in any of the recognized stock exchanges.

In the context of aforesaid facts, answer the following question(s):-

- a) Whether the aforesaid companies can be considered as listed company(ies)?
- b) Explain the relationship between the aforesaid companies?

Exam-July 21

Section 2(85)

Q4. (a) The information extracted from the audited Financial Statement of Smart Solutions Private Limited as at 31st March 2020 is as below:

- (1) Paid-up equity share capital '50,00,000 divided into 5,00,000 equity shares (carrying voting rights) of 10 each. There is no change in the paid-up share capital thereafter.
- (2) The turnover is 2,00,00,000.

It is further understood that Nice Software Limited which is a public limited company is holding 2,00,000 equity shares fully paid-up of Smart Solutions Private Limited Smart Solutions Private Limited has filed its Financial Statement for the said year with the Registrar of Companies (ROC) excluding the Cash Flow Statement within the prescribed time line during the financial year 2020-21. The ROC has issued a notice to Smart Solutions Private Limited as it has failed to file the cash flow statement along with the Balance Sheet and Profit and Loss Account. You are to advise on the following points explaining the provisions of the Companies Act, 2013:

- (i) Whether Smart Solutions Private Limited shall be deemed to be a small company whose significant equity shares are held by a public company?

(ii) Whether Smart Solution Private Limited has defaulted in filing its financial statement?

Chapter-2

Incorporation of Company

RTP-May 22

Definition Of Promoter

Q1. Mr. Abhi is a Chartered Accountant and MBA by profession, has been appointed as an Executive Director on the Board of XYZ Limited. His job profile includes advising the Board of Directors of the company on various compliance matters, strategies, business plans, and risk matters relating to the company. Keeping in view of above position whether Mr. Abhi can be classified as the Promoter of XYZ Limited? Please examine the same under the provisions of the Companies Act, 2013.

RTP-November 2019

Section 3A

Q2. Red Limited was incorporated on 1st April, 2014 is facing severe effects of depression of the economy. Owing to its bad financial status most of the members have started withdrawing their holding from the company. The company had 250 members on 10th January, 2019. By 15th January, 2019, 244 members had withdrawn their holding. No new member has invested in the company after 15th February till date. Now, Mr. A, an existing member has approached you to advise him regarding his liabilities in such a situation.

RTP SEP 24

Section 7(7)

Q3. ABC Pvt. Ltd., a company that has been operational for two years, was incorporated with the submission of false information and suppression of material facts. The company's founders, Mr. X and Ms. Y, provided incorrect financial statements and concealed significant liabilities during the incorporation process. This misrepresentation was recently uncovered during an internal audit initiated by the company's new CFO, Mr. Z. Upon discovering these fraudulent actions, Mr. Z has filed an application with the National Company Law Tribunal (NCLT). Explain the provisions of the Companies Act, 2013 in respect where a company has been incorporated by furnishing false or incorrect information.

MTP-April 21

Section 10A

Q4. Mr. Dinesh incorporated a new Private Limited Company under the provisions of the Companies Act, 2013 and desires to commence the business immediately. Please advise Mr. Dinesh about the procedure for commencement of business as laid under the provisions of the Section 10A of the Companies Act, 2013

Chapter-3

Company with Charitable Objects

Exam-May 2019, MTP-October 2020

Section-8

Q1. A group of individuals intend to form a club namely 'Budding Pilots Flying Club' as limited liability company to impart class room teaching and aircraft flight training to trainee pilots. It was decided to form a limited liability company for charitable purpose under Section 8 of the Companies Act, 2013 for a period of ten years and thereafter the club will be dissolved and the surplus of assets over the liabilities, if any, will be distributed amongst the members as a usual procedure allowed under the Companies Act. Examine the feasibility of the proposal and advise the promoters considering the provisions of the Companies Act, 2013.

MTP April 22

Section-8

Q2. Sai along with his six friends desires to incorporate a Section 8 Company under the Companies Act, 2013. He is seeking your advice in the following matters :

- (i) What is the minimum paid-up capital requirement in case of a Section 8 Company?
- (ii) Whether a firm can be member of the Section 8 Company ?
- (iii) Whether the Section 8 Company can pay dividend to its members ? Advise, Sai with reference to the provisions of Companies Act, 2013.

MTP April 22

Section-8

Q3. One of the matters contained in the articles of Dhimaan Foundation, incorporated as a limited company under section 8 of the Companies Act, 2013, was altered by passing a special resolution in its general meeting and thereafter, intimation for the same was given to Registrar of Companies. However, such alteration in the articles was opposed by Dhvaj & Co., a partnership firm which is its member that there such alteration was not valid. Advise, as per the provisions of the Companies Act, 2013, whether the contention of Dhvaj & Co. was valid and whether it can be a member in such company?

Chapter-5

Memorandum and Articles

RTP-May 2020

Section 5-Entrenchment Clause

Q1. Yadav Dairy Products Private limited has registered its articles along with memorandum at the time of registration of company in December, 2014. Now directors of the company are of the view that provisions of articles regarding forfeiture of shares should not be changed except by a resolution of 90% majority. While as per section 14 of the Companies Act, 2013 articles may be changed by passing a special resolution only. Hence, one of the directors is of the view that they cannot make a provision against the Companies Act, 2013. You are required to advise the company on this matter.

MTP-April 21

Section 5- Entrenchment Clause

Q2. Mr. Shyamlal is a B. Tech in computer science. He has promoted an IT start up and got it registered as a Private Limited Company. Initially, only he and his family members are holding all the shares in the company. While drafting the Articles of Association of the company, it has been included that Mr. Shyamlal will remain as a director of the company for lifetime. Mr. Mehra, a close friend of Mr. Shyamlal has warned him (Mr. Shyamlal) that in future if 75% or more shares in the company are held by non- family members then by passing a Special Resolution, the relevant articles can be amended and Mr. Shyamlal may be removed from the post of director. Mr. Shyamlal has approached you to advise him for protecting his position as a director for lifetime. Give your answer as per the provisions of the Companies Act, 2013. As per the provisions of sub-section (3) of section 5 of the Companies Act, 2013, the articles may contain provisions for entrenchment to the effect that specified provisions of the articles may be altered only if conditions or procedures as that are more restrictive than those applicable in the case of special resolution are met or complied with. Usually, an article of association may be altered by passing a special resolution but entrenchment makes it one difficult to change it. So, entrenchment means making something more protective. Manner of inclusion of the entrenchment provision:

MTP-October 2019

Section 12-Change In Registered Office

Q3. XY Ltd. has its registered office at Mumbai in the State of Maharashtra. For better administrative conveniences the company wants to shift its registered office from Mumbai to Pune (within the State of Maharashtra). What formalities the company has to comply with under the provisions of the Companies Act, 2013 for shifting its registered office as stated above? Explain.

RTP-November 2019

Section 13-Change Of Object Clause

Q4. Vintage security equipments limited is a manufacturer of CCTV cameras. It has raised ' 100 crores through public issue of its equity shares for starting one more unit of CCTV camera manufacturing. It has utilized 10 crores rupees and then it realized that its existing business has no potential for expansion because government has reduced customs duty on import of CCTV camera hence imported cameras from china are cheaper than its own manufacturing. Now it wants to utilize remaining amount in mobile app development business by adding a new object in its memorandum of association. Does the Companies Act, 2013 allow such change of object. If not then what advise will you give to company. If yes, then give steps to be followed.

RTP-May 2018

Section 16

Q5. Paritosh and friends got registered a company in the name of Taxmann advisory Private Limited. Taxmann is a registered trademark. After 5 years when the owner of trademark came to know about the same, it filed an application with relevant authority. Can the company be compelled to change its name by the owner of trademark? Can the owner of registered trademark request the company and then company changes its name at its discretion

Chapter-6

Prospectus and Allotment of Securities

RTP May 2021

Section 30-Advertisement In The Prospectus

Q1. Keya Limited decides to issue 1,00,000 securities of the company. The company decides to publish an advertisement of the prospectus. Enumerate to the company about necessary contents of its memorandum to be specified therein.

RTP-Nov 2018

Section 31-Shelf Prospectus

Q2. Prakhar Ltd. intends to raise share capital by issuing Equity Shares in different stages over a certain period of time. However, the company does not wish to issue prospectus each and every time of issue of shares. Considering the provisions of the Companies Act, 2013, discuss what formalities Prakhar Ltd. should follow to avoid repeated issuance of prospectus?

MTP-Oct 2018, MTP-March 2019

Section 2(1) & 33-Abridged Prospectus

Q3. What is meant by "Abridged Prospectus"? Under what circumstances an abridged prospectus need not accompany the detailed information regarding prospectus along with the application form? What are the penalties in case of default in complying with the provisions related to issue of abridged prospectus?

MTP-May 2019

Sec 39 & 40-Minimum Subscription & Application Money

Q4. Explain various instances which make the allotment of securities as irregular allotment under the Companies Act, 2013.

Exam-January 2021, MTP April 2023

Sec 39 & 40-Minimum Subscription & Application Money

Q5. A Ltd. issued 1,00,000 equity shares of ₹ 100 each at par to the public by issuing a prospectus. The prospectus discloses the minimum subscription amount of ₹ 15,00,000 required to be received on application of shares and share application money shall be payable at ₹ 20 per share. The prospectus further reveals that A Ltd. has applied for listing of shares in 3 recognized stock exchanges of which 1 application has been rejected. The issue was fully subscribed and A Ltd. received an amount of ₹ 20,00,000 on share application. A Ltd., then proceeded for allotment of shares.

Examine the three disclosures in the above case study which are the deciding factors in an allotment of shares and the consequences for violation, if any under the provisions of the Companies Act, 2013.

MTP-April 2019, MTP-May 2019, Exam-May 2019

Rule 13 Of The Companies (Pros. And Allot. Of Securities) Rules, 2014

Q6. Modern Jewellery Ltd. decides to pay 5% of the issue price gap of shares as underwriting commission to the underwriters, but the Articles of the company authorize only 4% underwriting commission on shares. Examine the validity of the above decision under the provision of the Companies Act, 2013.

Chapter-7

Share and Share Capital

Exam-May 2018

Section 43-Issue Of Shares With Differential Rights

Q1. Can equity share with differential voting rights be issued? If yes, state the conditions under which such shares may be issued.

RTP May 2019

Sec 52-Issue Of Share At Premium

Q2. Walnut Limited has an authorized share capital of 1,00,000 equity shares of ' 100 per share and an amount of ' 3 crores in its Share Premium Account as on 31-3-2018. The Board of Directors seeks your advice about the application of share premium account for its business purposes. Please give your advice.

Exam-November 2020

Sec 53-Issue Of Shares at discount

Q3. ABC Limited is a public company incorporated in New Delhi. The Board of Directors (BOD) of the company wants to bring a public issue of 100000 equity shares of ' 10 each. The BOD has appointed an underwriter for this issue for ensuring the minimum subscription of the issue. The underwriter advised the BOD that due to current economic situation of the Country it would be better if the company offers these shares at a discount of 1 per share to ensure full subscription of this public issue. The of Directors agreed to the suggestion of underwriter and the shares at a discount of '1 per share. The issue was fully subscribed and the shares were allotted to the in due course. Decide whether the issue of shares as mentioned above is valid or not as per Section 53 of Companies Act 2013.What would be your answer in the above case if the shares are issued to employees as Sweat equity shares?

MTP-March 2019, RTP-May 2019, MTP-May 2020

Section 54-Issue Of Sweat Equity Shares

Q4. Data Limited (listed on Stock Exchange) was incorporated on 1st October, 2018 with a paid- up share capital of ' 200 crores. Within this small time of 4 months it has earned huge profits and has topped the charts for its high employee friendly environment. The company wants to issue sweat equity to its employees. A friend of the CEO of the company has told him that they cannot issue sweat equity shares as 2 years have not elapsed since the time company has commenced its business. The CEO of the company has approached you to advise them about the essential conditions to fulfilled before the issue of sweat equity shares especially since their company is just a few months old.

RTP-Nov 2021

Sec 54-Issue Of Sweat Equity Shares

Q5. Yellow Pvt Ltd. is an unlisted company incorporated in the year 2012. The company have share capital of rupees fifty crores. The company has decided to issue sweat equity shares to its directors and employees. The company decided to issue 10% sweat equity shares (which in total will add up to 30% of its paid up equity shares), with a locking period of five years, as it is a start-up company. How would you justify these facts in relation to the provision for issue of sweat equity shares by a start-up company, with reference to the provision of the Company Act, 2013. Explain?

Exam may 22

SEC 55

Q6. SKS Limited issued 8 %; 1,50,000; Redeemable Preference Shares of ' 100 each in the month of May, 2010, which are liable to be redeemed within a period of 10 years. Due to the Covid - 19 pandemic, the Company is neither in a position to redeem the preference shares nor to pay dividends in accordance with the terms of issue. The Company with the consent of Redeemable Preference Shareholders of 70 % in value, made a petition to the Tribunal [NCLT] to accord approval to issue further redeemable preference shares equal to the amount due. Will the petition be approved by the Tribunal in the light of the provisions of the Companies Act, 2013?
Can the company include the dividend unpaid in the above issue of redeemable preference shares?

MTP-April 2018

Sec 56-Registration Of Transfer

Q7. Raj, who is a resident of New Delhi, sent a transfer deed, for registration of transfer of shares to the company at the address of its Registered Office in Mumbai. He did not receive the shares certificates even after the expiry of four months from the date of dispatch of transfer deed. He lodged a criminal complaint in the Court at New Delhi. Determine, under the provisions of the Companies Act, 2013, whether the Court at New Delhi is competent to take action in the said matter?

MTP-May 2020, RTP-Nov 2021

Forged Transfer

Q8. 500 equity shares of ABC Limited were acquired by Mr. Amit, but the signature of Mr. Manoj, the transferor, on the transfer deed was forged. Mr. Amit, after getting the shares registered by the company in his name, sold 250 equity shares to Mr. Abhi on the strength of the share certificate issued by ABC Limited. Mr. Amit and Mr. Abhi were not aware of the forgery. What are the liabilities/rights of Mr. Manoj, Amit and Abhi against the company with reference to the aforesaid shares?

RTP May 2018

Sec 58-Refusal For Registration Of Transfer Of Shares

Q9. Mr Nilesh has transferred 1000 shares of Perfect Ltd. to Ms. Mukta. The company has refused to register transfer of shares and does not even send a notice of refusal to Mr. Nilesh or Ms. Mukta respectively within the prescribed period. Discuss as per the provisions of the Companies Act, 2013, whether aggrieved party has any right(s) against the company for such refusal?

EXAM Nov 2022, RTP NOV 2023

Section 61-Alteration Of Share Capital

Q10. Anika Limited has an Authorized Capital of 10,00,000 equity shares of the face value of 100 each . Some of the shareholders expressed their opinion in the Annual General Meeting that it is very difficult for them to trade in the shares of the company in the stock market and requested the company to reduce the face value of each share to 10 and increase the number of shares to 1,00,00,000 . Examine , whether the request of the shareholders is considerable and if so , how the company can alter its share capital as per the provisions of the Companies Act , 2013 ?

MTP-March 2018

Sec 62

Q11. Dhyani Dairy Ltd., a dairy products manufacturing company wants to set-up a new processing unit at Udaipur. Due to paucity of funds, the existing shareholders are not willing to fund for expansion. Hence, the Company approached Shayam Ltd. for subscribing to the shares of the Company for expansion purposes. Can Dhyani Dairy Ltd. issue shares only to Shayam Ltd. under the provisions of the Companies Act, 2013? If so, state the conditions.

RTP Nov 2018

Sec 62-Issue Of Shares On Preferential Basis

Q12. Earth Ltd., a Public Company offer the new shares (further issue of shares) to persons other than the existing shareholders of the Company. Explain the conditions when shares can be issued to persons other than existing shareholders. Discuss whether these shares can be offered to the Preference Shareholders?

Exam-Nov 2019

Section 63-Issue Of Bonus Shares

Q13. ABC Ltd. has following balances in their Balance Sheet as on 31st March, 2018:

(1) Equity shares capital (3.00 lakhs equity shares of ' 10 each)	30.00 lacs
(2) Free reserves	5.00 lacs
(3) Securities Premium Account	3.00 lacs
(4) Capital redemption reserve account	4.00 lacs
(5) Revaluation Reserve	3.00 lacs

Directors of the company seeks your advice in following cases:

- Whether company can give bonus shares in the ratio of 1:3?
- What if company decide to give bonus shares in the ratio of 1:2?

Exam-November 2020

Sec 66-Reduction Of Share Capital

Q14. The Authorized share capital of SSP limited is Rs 5 crore divided into 50 lakhs equity shares of Rs 10 each. The company issued 30 lakhs equity shares for subscription which was fully subscribed. The company called so far Rs 8 per share and it was paid up. Later on the company proposed to reduce the Nominal value of equity share from Rs 10 each to Rs 8 each and to carry out the following proposals :

- Reduction in authorized capital from Rs 5 crore divided into 50 lakhs equity shares of Rs 10 each to Rs 4 crore divided into 50 lakhs equity shares of Rs 8 each.
- Conversion of 30 lakhs partly paid up equity shares of Rs 8 each to fully paid up equity shares of Rs 8 each there by relieving the shareholders from making further payment of Rs 2 per share.

State the procedures to be followed by the company to carry out the above proposals under the provisions of the companies act, 2013

Exam-May 2022

Sec 66-Reduction Of Share Capital

Q15. As per the financial statement as at 31.03.2021 the Authorized and Issued share capital of Manorama Travels Private Limited (the Company) is of 100 Lakh divided into 10 Lakh equity shares of 10 each. The subscribed and paid-up share capital on that date is 80 Lakh divided into 8 Lakh equity shares of 10 each. The Company has reduced its share capital by cancelling 2 Lakh issued but unsubscribed equity shares during the financial year 2021-22, without obtaining the confirmation from the National Company Law Tribunal (the Tribunal). It is noted that the Company has amended its Memorandum of Association by passing the requisite resolution at the duly convened meeting for the above purpose. While filing the relevant e - form the Practicing Company Secretary refused to certify the form for the reason that the action of the Company reducing the share capital without confirmation of the Tribunal is invalid. In light of the above facts and in accordance with the provisions of the Companies Act, 2013, you are requested to

- examine the validity of the decision of the Company and contention of the practicing company secretary and
- state, the type of resolution required to be passed for amending the capital clause of the Memorandum of Association

RTP-May 2020, MTP-October 2020, EXAM-January 2021

Section 67-Company Cannot Purchase Its Own Shares

Q16. K Limited, a subsidiary of Old Limited, decides to give a loan of ₹ 4,00,000 to the Human Resource Manager, who is not a Key Managerial Personnel of K Limited, drawing salary of ₹ 30,000 per month, to buy 500 partly paid-up equity Shares of ₹ 1000 each in K Limited.

Examine the validity of company's decision under the provisions of the Companies Act, 2013.

Exam May 2018

Section 68-Buy-Back Of Securities

Q17. Xgen Limited has a paid-up equity capital and free reserves to the extent of ₹ 50,00,000. The company is planning to buy-back shares to the extent of ₹ 4,50,000. The company approaches you for advice with regard to the following

(i) Is special resolution required to be passed?

(ii) What is the time limit for completion of buy-back?

(iii) What should be ratio of aggregate debts to the paid-up capital-and free reserves after buy-back?

Exam-July 21, MTP March 22

Sec 68-Buy-Back Of Securities

Q18. "The offer of buy-back of its own shares by a company shall not be made within a period of six months from the date of the closure of the preceding offer of buy-back, if any and cooling period to make further shares shall be a period of one year from the completion of buy back subject to certain exceptions." Examine the validity of this statement by explaining the provisions of the Companies Act, 2013 in this regard.

Exam-Dec 2021, RTP NOV 22

Sec 71-Debenture

Q19. What are provisions of the Companies Act, 2013 relating to the appointment of 'Debenture Trustee' by a company? Whether the following can be appointed as 'Debenture Trustee'?

(i) A shareholder of the company who has shares of ₹ 10,000.

(ii) A creditor whom the company owes ₹ 999 only.

(iii) A person who has given a guarantee for repayment of amount of debentures issued by the company.

MTP March 2023

Sec-62

Q20. Shilpi Developers India Limited owed to Sunil ₹ 10,000. On becoming this debt payable, the company offered Sunil 100 shares of ₹ 100 each in full settlement of the debt. The said shares were allotted to Sunil as fully paid-up in lieu of his debt. Examine the validity of this allotment in the light of the provisions of the Companies Act, 2013.

Chapter-8

Acceptance of Deposits by the Company

Exam-Nov 2019

Section 2(31)- Definition

Q1. Define the term 'deposit' under the provisions of the Companies Act, 2013 and comment with relevant provisions that the following amount received by a company will be considered as deposit or not;

(i) ' 5,00,000 raised by Rishi Ltd. through issue of non-convertible debenture not constituting a charge on the assets of the company and listed on a recognised stock exchange as per applicable regulations made by Securities and Exchange Board of India.

(ii) ' 2,00,000 received from Mr. T, an employee of the company who is drawing annual salary of ' 1,50,000 under a contract of employment with the company in the nature of non-interest bearing security deposit.

(iii) Amount of ' 3,00,000 received by a private company from a relative of a Director, declared by the depositor as out of gift received from his mother

Exam-Jan 21

Section 2(31)- Definition

Q2. RS Ltd. received share application money of ' 50.00 Lakh on 01.06.2019 but failed to allot shares within the prescribed time limit.

The share application money of ' 5.00 Lakh received from Mr. Khanna, a customer of the Company, was refunded by way of book adjustment towards the dues payable by him to the company on 30.07.2019. The Company Secretary of RS Ltd. reported to the Board that the entire amount of ' 50.00 Lakh shall be deemed to be 'Deposits' as on 31.07.2019 and the Company is required to comply with the provisions of the Companies Act, 2013 applicable to acceptance of deposits in relation to this amount. You are required to examine the validity of the reporting of the Company Secretary in the light of the relevant provisions of the Companies Act, 2013.

Exam-July 21, MTP March 22

Section 2(31)- Definition

Q3. The Promoters of Jayshree Spinning Mills Limited contributed in the shape of unsecured loan to the company in fulfillment of the margin money requirements stipulated by State Industries Development Corporation Ltd. (SIDCL) for granting loan. In the light of the provisions of the Companies Act, 2013 and Rules made thereunder whether the unsecured loan will be regarded as Deposit or not; What will be your answer in case the entire loan obtained from SIDCL is repaid ? (EXAM JULY 21)

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The Promoters of Green Limited contributed in the form of unsecured loan to the company in fulfilment of the margin money requirements stipulated by State Industries Development Corporation Ltd. (SIDCL) for granting loan. In the light of the provisions of the Companies Act, 2013 and Rules made thereunder whether the unsecured loan will be regarded as Deposit or not ? (MTP MARCH 22)

Exam-Dec 21

Section 2(31)- Definition

Q4. Discuss the following situations in the light of 'Deposit provisions' as contained in the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time.

(i) Bhupendra, one of the Directors of Moon Technology Private Limited, a start-up company, requested his close friend Paras to lend to the company ' 20.00 lacs in a single tranche by way of a convertible note repayable within a period of six years from the date of its issue. Advise whether it is a deposit or not.

MTP MARCH 23

Section 2(31)- Definition

Q5. Enumerate the amounts which when received by a company in the ordinary course of business are not to be considered as deposits. (Write any three)

Exam-May 2019

Section 73-Prohibition On Acceptance Of Deposits From Public

Q6. State, with reasons, whether the following statements are True or False?
ABC Private Limited may accept the deposits from its members to the extent of ' 50.00 Lakh, if the aggregate of its paid-up capital; free reserves and security premium account is ' 50.00 Lakh.

Exam-May 2019

Section 73-Prohibition On Acceptance Of Deposits From Public

Q7. Explain provisions for 'Appointment of Trustee for Depositors' under the Companies Act, 2013.

RTP Nov 2020

Section 73-Prohibition On Acceptance Of Deposits From Public

Q8. State the Statement is correct or Incorrect
(i) XYZ Private Limited may accept the deposits from its members to the extent of ' 60.00 Lakh, if the aggregate of its paid-up capital, free reserves and security premium account is ' 60.00 Lakh.
(ii) A Government Company, which is eligible to accept deposits under Section 76 of the Companies Act, 2013 cannot accept deposits from public exceeding 25% of the aggregate of its paid- up capital, free reserves and security premium account.

Exam-May 22

Sec 76-Acceptance Of Deposits From Public

Q9. Explain, the provision relating to ' Credit Rating ' which an ' Eligible Company ' should follow to raise public deposits as per the Companies Act, 2013.

EXAM NOV 2022 or RTP Nov 2023

Sec-76

Q10. Perfect Limited Company raised the secured deposit of 100 crores on 30th June , 2021 from the public on interest @ 12 % p.a. repayable after 3 years . The charges has been created within prescribed time in favour of trustee of depositors against the deposit taking following assets of the company as security:
Land & building 60 Crores
Plant & machinery 20 Crores
Factory shed 20 Crores
Trademark 20 Crores
Goodwill 25 crores
Explain the validity of the charges created with reference to the companies (Acceptance of deposits) Rules, 2014.

Chapter-9

Registration of Charges

Exam-Jan 21, MTP April 2023

Sec 77-Registration of Charge

Q1. Moon Light Ltd. is having its establishment in USA. It obtained a loan there creating a charge on the assets of the foreign establishment. The Company received a notice from the Registrar of Companies for not filing the particulars of charge created by the Company on the property or assets situated outside India. The Company wants to defend the notice on the ground that it shall not be the duty of the company to register the particulars of the charge created on the assets not located in India. Do you agree with the stand taken by the Company? Give your answer with respect to the provisions of the Companies Act, 2013

OR

Star Ltd. is having its establishment in Canada. It obtained a loan there creating a charge on the assets of the foreign establishment. The company received a notice from the Registrar of Companies for not filing the particulars of charge created by the company on the property or assets situated outside India. The company wants to defend the notice on the ground that it shall not be the duty of the company to register the particulars of the charge created on the assets not located in India. Do you agree with the stand taken by the Star Ltd.? Give your answer with respect to the provisions of the Companies Act, 2013.

Exam-May 2022

SEC 78

Q3. Beauty Limited obtained a working capital loan from a Nationalized Bank against the hypothecation of Stocks & do Accounts receivable of the Company, An instrument creating the di charge was duly signed by the Company and the Bank. The Company is not willing to register the charges with the Registrar of Companies In the light of the provisions of the Companies Act, 2013, discuss:
(ii) Is there any provision empowering the Nationalized Bank (charge holder) to get the charges registered?
(iii) When can the Registrar refuse to register the charges in the present scenario?

RTP-May 2018

Sec 80-Date Of Notice Of Charge

Q4. Mr Akshat entered into an agreement for purchasing a commercial property in Delhi belonging to NRT Ltd. At the time of registration, Mr Akshat comes to know that the title deed of the company is not free and the company expresses its inability to get the title deed transferred in the name of Mr Akshat saying that he ought to have had the knowledge of charge created on the property of the company. Examine with the help of ' Notice of a charge', whether the contention of NRT LTD. is correct?

Exam-Nov 2019

Sec 82-Company To Report Satisfaction Of Charge

Q5. DN Limited hypothecated its plant to a Nationalised Bank and availed a term loan. The Company registered the charge with the Registrar of Companies. The Company settled the term loan in full, The Company requested the Bank to issue a letter confirming the settlement of the term loan. The Bank did not respond to the request. State the relevant provisions of the Companies Act, 2013 to register the satisfaction of charge in the above circumstance. State the time frame up to which the Registrar of Companies may allow the Company to intimate satisfaction of charges.

MTP-October 2020

Sec 83-Intimation Of Satisfaction By Any Other Person

Q6. Ranjit acquired a property from ABC Limited which was mortgaged to OK Bank. He settled the dues to OK Bank in full and the same was registered with the sub-registrar who has noted that the mortgage has been settled. But neither the company nor OK Bank has filed particulars of satisfaction of charge with the Registrar of Companies. Can Mr. Ranjit approach the Registrar and seek any relief in this regard? Discuss this matter in the light of provisions of the Companies Act, 2013.

MTP-April 2019, RTP-November 2021

Sec 86-Punishment For Contravention

Q7. Define the term "charge" and also explain what is the punishment for default with respect to registration of charge as per the provisions of the Companies Act, 2013.

MTP-October 2020

Sec 87-Rectification By Central Govt. In Register Of Charges

Q8. ABC Limited created a charge in favour of Z Bank. The charge was duly registered. Later, the Bank enhanced the facility by another ' 20 crores. Due to inadvertence, this modification in the original charge was not registered. Advise the company as to the course of action to be pursued in this regard.

MTP-March 2024

Q9. What is 'Floating Charge'? When does it get crystallised?

Chapter-10

Registers and Returns

RTP-Nov 2023

Sec-88

Q1. The paid-up share capital of Golden Shoes Limited is ₹ 25,00,000 divided into 2,50,000 equity shares of ₹ 10 each. Some of the shareholders holding 2,500 equity shares are residents of London for whom a foreign register of shareholders is opened thereat on November 1, 2022. Advise Golden Shoes Limited, within how much time after opening of 'foreign register', it is required to file with the Registrar of Companies, a notice of situation of the London office.

Exam May 2018, MTP-October 2020, RTP-November 2021

Sec 92-Annual Return

Q2. Bazaar Limited called its AGM in order to lay down the financial statements for Shareholders' approval. Due to want of Quorum, the meeting was cancelled. The directors did not file the annual returns with the Registrar. The directors were of the idea that the time for filing of returns within 60 days from the date of AGM would not apply, as AGM was cancelled. Has the company contravened the provisions of Companies Act, 2013? If the company has contravened the provisions of the Act, how will it be penalized?

Exam-May 2018

Sec 94-Inspection Of Registers, Returns

Q3. M/s. Techno Ltd. maintains its Register of Members at its registered office in Mumbai. A group of members residing in Kolkata want to keep the register of members at Kolkata.
(i) Explain with provisions of Companies Act, 2013, whether the company can keep the Registers and Returns at Kolkata.
(ii) Does Mr. Ranjit, Director (but not a shareholder) of the company have the right to inspect the Register of Members?

MTP-March 2019

Sec 94-Inspection Of Registers, Returns

Q4. Mr. Bheem is holding 500 shares (of ZYZ Limited) of total worth Rs. 5000 only. Advise, whether he has the right to inspect the Register of Members?

Chapter-11

General Meeting

Exam May 2019 RTP NOV 2020

Sec 101-Notice Of Meeting

Q6. Madurai Ltd. issued a notice for holding of its Annual general meeting on 7th November 2018. The notice was posted to the members on 16th October 2018. Some members of the company allege that the company had not complied with the provisions of the Companies Act, 2013 with regard to the period of notice and as such the meeting was valid. Referring to the provisions of the Act, decide:

(i) Whether the meeting has been validly called?

(ii) If there is a shortfall, state and explain by how many days does the notice fall short of the statutory requirement?

(iii) Can the delay in giving notice be condoned?

MTP-April 2021

Sec 101-Notice Of Meeting

Q7. P Limited had called its Annual General Meeting on 30th August 2019. Mr. Pawan has filed a complaint against the company, that he could not attend the meeting as the company did not serve the notice to him for attending the annual general meeting. The company, in turn, provided the proof that they had sent the notice, by way of an email to Mr. Pawan, inviting him to attend the annual general meeting of the company. Mr. Pawan alleged that he never received the email. In the light of the provisions of the Companies Act, 2013, advise whether the company has erred in serving the notice of Annual General Meeting to Mr. Pawan

Exam Nov 2019

Section 102-Explanatory Statement

Q8. Om Limited served a notice of General Meeting upon its members. The notice stated that the following resolutions will be considered at such meeting:

(i) Resolution to increase the Authorised share capital of the company.

(ii) Appointment and fixation of the remuneration of Mr. Prateek as the auditor.

A shareholder complained that the amount of the proposed increase and the remuneration was not specified in the notice. Is the notice valid under the provisions of the Companies Act, 2013.

MTP-April 2019, RTP May 2021

Sec 105-Proxies

Q9. General Meeting was scheduled to be held on 15th April, 2018 at 3.00 P.M. As per the notice the members who are unable to attend a meeting in person can appoint a proxy and the proxy forms duly filled should be sent to the company so as to reach at least 48 hours before the meeting. Mr. X, a member of the company appoints Mr. Y as his proxy and the proxy form dated 10-04-2018 was deposited by Mr. Y with the company at its registered Office on 11-04-2018. Similarly, another member Mr. W also gives two separate proxies to two individuals named Mr. M and Mr. N. In the case of Mr. M, the proxy dated 12-04-2018 was deposited with the company on the same day and the proxy form in favour of Mr. N was deposited on 14-04-2018. All the proxies viz., Y, M and N were present before the meeting.

According to the provisions of the Companies Act, 2013, who would be the persons allowed to represent at proxies for members X and W respectively?

Exam-Jan 21, MTP March 2023

Sec 105-Proxies

Q10. A company received a proxy form 54 hours before the time fixed for the start of the meeting. The company refused to accept the proxy form on the ground that the Articles of the company provided that a proxy form must be filed 60 hours before the start of the meeting. Define proxy and decide under the provisions of the Companies Act, 2013, whether the proxy holder can compel the company to admit the proxy in this case?

RTP Nov 2019

Sec 106- Restriction On Voting Rights

Q11. Mr. Pink held 100 partly paid up shares of Red Limited. The company asked him to pay the final call money on the shares. Due to some unavoidable circumstances he was unable to pay the amount of call money to the company. At a general meeting of the shareholders, the chairman disallowed him to cast his vote on the ground that the articles do not permit a shareholder to vote if he has not paid the calls on the shares held by him. Mr. Pink contested the decision of the Chairman. Referring to the provisions of the Companies Act, 2013 decide whether the contention of Mr. Pink is valid.

Exam-May 2019

Sec 108-Voting By Electronic Means

Q12. If a member of a listed company who has casted his vote through electronic voting can attend general meeting of the company and change his vote subsequently and can he appoint a proxy?

Exam Dec 2021

Sec 108-Voting By Electronic Means

Q13. Explain the provisions of e-voting in an annual general meeting in the following cases as per the Companies Act, 2013:

- (i) 'A' and his wife 'B' has joint Demat Account in Alfa Investment Ltd. in such a case, who will cast the vote in e-voting system?
- (ii) AGM is going to be held on 07-09-2020. Then what will be the e- voting period and the time of closing?

MTP-March 2018

Sec 109-Voting By Poll

Q14. Examine the validity of the following decisions of the Board of Directors with reference of the provisions of the Companies Act, 2013.

- (i) In an Annual General Meeting of a company having share capital, 80 members present in person or by proxy holding more than 1/10th of the total voting power, demanded for poll. The chairman of the meeting rejected the request on the ground that only the members present in person can demand for poll.
- (ii) In an annual general meeting, during the process of poll, the members who earlier demanded for poll want to withdraw it. The chairman of the meeting rejected the request on the ground that once poll started, it cannot be withdrawn.

MTP-October 2018, MTP-April 2019

Sec 118-Minutes Of The Meeting

Q15. Miraj Limited held its Annual General Meeting on September 15, 2018. The meeting was presided over by Mr. Venkat, the Chairman of the Company's Board of Directors. On September 17, 2018, Mr. Venkat, the Chairman, without signing the minutes of the meeting, left India to look after his father who fell sick in London. Referring to the provisions of the Companies Act, 2013, examine the manner in which the minutes of the above meeting are to be signed in the absence of Mr. Venkat and by whom.

OR

Moon Light Ltd. held its Annual General Meeting on September 15, 2022. The meeting was presided over by Mr. Shreeram, the Chairman of the Company's Board of Directors. On September 17, 2022, Mr. Shreeram, the Chairman, without signing the minutes of the meeting, left India to look after his father who fell sick in USA. Referring to the provisions of the Companies Act, 2013, state the manner in which the minutes of the above meeting are to be signed in the absence of Mr. Shreeram and by whom?

Exam-July 21

Sec 119-Inspection Of Minutes Book Of Gm

Q16. Mr. Laurel a shareholder in Hardly Limited, a listed company, desires to inspect the minutes book of General meetings and to have copy of some resolutions. In the light of the provisions of the Companies Act, 2013 answer the following :

- i) Whether he can inspect the minutes book and to have copies of the minutes at free of cost?
- ii) Whether he can authorize his friend to inspect the minutes book on behalf of him by signing a power authority?

Exam-May 22

Sec 119-Inspection Of Minutes Book Of Gm

Q17. Mr. Ram, a shareholder of PQR Ltd., has made a request to company for providing a copy of minutes book of general meeting. Whether the shareholder of a company is entitled to receive a copy of minutes book? Explain, provisions of de Companies Act, 2013.

RTP May 2021, MTP April 2023

Sec 121-Report On AGM

Q18. Pristine Limited, a listed public company, conducted its Annual General Meeting on 31st August, 2020. However, 10 days have passed since 31st August, 2020, but it has still not filed report on Annual General Meeting. The Accountant of the company has approached you to advise them whether Pristine Limited is required to file report on Annual General Meeting?

OR

Ganges Limited, a listed public company, conducted its Annual General Meeting on 31st August, 2022. However, 10 days have passed since 31st August, 2022, but it has still not filed report on Annual General Meeting. The Accountant of the company has approached you to advise them whether Ganges Limited is required to file report on Annual General Meeting?

Chapter-12

Declaration & Payment of dividend

MTP-March 2018

Sec 123-Declaration Of Dividend

Q1. During the financial year 2016-17, Perfect Limited declared an interim dividend for the second time. After declaration, the Board of Directors decided to revoke the second interim dividend as its financial position was poor, to accommodate the said interim dividend.

(i) Examine the validity of the Board's decision under the provisions of the Companies Act, 2013.

(ii) Examine what will be your answer, if the Board proposes to transfer more than 10% of the profits of the company to the reserves for the current year before the declaration of any dividend?

Exam Nov 2018, MTP-April 2019, MTP-October 2020

Sec 123-Declaration Of Dividend

Q3. YZ Ltd is a manufacturing company & has proposed a dividend @ 10% for the year 2017-18 out of the current year profits. The company has earned a profit of ' 910 crores during 2017-18. YZ Ltd. does not intend to transfer any amount to the general reserves of the company out of current year profit. Is YZ Ltd. allowed to do so? Comment.

RTP May 2019

Sec 124-Unpaid Dividend Account

Q5. RST Ltd. declared dividend at the rate of 20% for the financial year 2017-2018 in the AGM scheduled on 15th June 2018. As RST Ltd. is left with certain unpaid and unclaimed dividend, it transferred amount of unpaid and unclaimed dividend to UDA (unpaid dividend account). After remaining unpaid and unclaimed for more than 2 years in the UDA, some of the entitled shareholders made liable RST Ltd. for noncompliance of section 124, and claimed for their unpaid dividend amount. RST Ltd. denies saying that there were certain legal issues on the entitlement of the dividend amount to the respective shareholders. State in the light of the given facts, whether the allegation marked by shareholders and claim for the divided amount, against RST Ltd. is justifiable?

Exam-Jan 21, MTP April 2023

Sec 124-Unpaid Dividend Account

Q6. Mr. R, holder of 1000 equity shares of ' 10 each of AB Ltd. approached the Company in the last week of September, 2019 with a claim for the payment of dividend of ' 2000 declared @ 20% by the Company at its Annual General Meeting held on 31.08.2011 with respect to the financial year 2010-11. The Company refused to accept the request of R and informed him that his shares on which dividend has not been claimed till date, have also been transferred to the Investor Education And Protection Fund.

Examine, in the light of the provisions of the Companies Act, 2013, the validity of the decision of the Company and suggest the remedy, if available, to him for obtaining the unclaimed amount of dividend and re-transfer of corresponding shares in his name

MTP-April 2019

Sec 125-Investor Education And Protection Fund

Q7. State any 6 amounts that can be credited to the Investor Education and Protection Fund. Give your answer as per the provisions of the Companies Act, 2013.

Exam-May 2019

Sec 126

Q4. The Directors of East West Limited proposed dividend at 15% on equity shares for the financial year 2017-2018. The same was approved in the Annual general body meeting held on 24th October 2018. The Directors declared the approved dividends. Mr. Binoy was the holder of 2000 equity of shares on 31st March, 2018, but he transferred the shares to Mr. Mohan, whose name has been registered on 18th June, 2018. Who will be entitled to the above dividend ?

RTP May 2018

Sec 127-Punishment For Failure To Distribute Dividends

Q8. The Director of Happy Limited proposed dividend at 12% on equity shares for the financial year 2016-17. The same was approved in the annual general meeting of the company held on 20th September, 2017. The Directors declared the approved dividends. Analysing the provisions of the Companies Act, 2013, give your opinion on the following matters:

(i) Mr. A, holding equity shares of face value of ' 10 lakhs has not paid an amount of ' 1 lakh towards call money on shares. Can the same be adjusted against the dividend amount payable to him?

(ii) Ms. N was the holder of 1,000 equity shares on 31st March, 2017, but she has transferred the shares to Mr. R, whose name has been registered on 20th May, 2017. Who will be entitled to the above dividend?

Exam Nov 2018, MTP-March 21, RTP May 2021

Sec 127-Punishment For Failure To Distribute Dividends

Q9. Karan was holding 5000 equity shares of ' 100 each of M/s. Future Ltd. A final call of ' 10 per share was not paid by Karan. M/s. Future Ltd. declared dividend of 10%. Examine with reference to relevant provisions of the Companies Act, 2013, the amount of dividend Karan should receive.

Exam May 2019, MTP-March 21

Sec 127-Punishment For Failure To Distribute Dividends

Q10. PQ Ltd. declared and paid 10% dividend to all its shareholders except Mr. Kumar, holding 500 equity shares, who instructed the company to deposit the dividend amount directly in his bank account. The company accordingly remitted the dividend, but the bank returned the payment on the ground that the account number as given by Mr. Kumar doesn't tally with the records of the bank.

The company, however, did not inform Mr. Kumar about this discrepancy. Comment on this issue with reference to the provisions of the Companies Act, 2013 regarding failure to distribute dividend

Exam-July 21

Sec 127-Punishment For Failure To Distribute Dividend

Q11. ASR Limited declared dividend at its Annual General Meeting held on 31-12-2020. The dividend warrant to Mr. A, a shareholder was posted on 22nd January 2021. Due to postal delay Mr. A received the warrant on 5th February 2021 and encashed it subsequently. Can Mr. A initiate action against the company for failure to distribute the dividend within 30 days of declaration under the provisions of the Companies Act, 2013?

RTP-Nov 2023

Sec-127

Q12. The dividend amounts received or receivable on equity shares held by Mr. Vaibhav for the financial year 2021-22 was as follows:

Name of the Company	Dividend Declaration Date	Dividend Amount (')	Remarks
Suvaas Limited	25.08.2022	800	Dividend was paid on 23.10.2022.

Bhandol Nidhi Limited	04.09.2022	100	Dividend was not paid within the stipulated time period.
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Also, Mr. Vaibhav holds 100 cumulative preference shares of face value ` 1,00,000, in aggregate, of Jipanti Limited on which dividend payable is at the rate of 8% p.a. However, during financial year 2021-22, Jipanti Limited did not earn any profits.

In the context of aforesaid case-scenario, please answer to the following question(s):-

(a) What could be the punishment to the company(ies) aforesaid in the table, with respect to delayed payment of dividend amount(s)?

(b) Whether Jipanti Ltd. is required to pay dividend on cumulative preference shares for financial year 2021-22?

Chapter-13

Accounts of Companies

MTP-April 2018, EXAM-Nov 2019, MTP-March 21, RTP Nov 22

Sec 128-Books Of Accounts Etc. To Be Kept By The Company

Q1. State the persons responsible for complying with the provisions regarding maintenance of Books of Accounts of a Company. Support with the help of relevant provisions of the Companies Act, 2013.

Exam Dec 2021

SEC 129

Q5. Diya Limited, incorporated under the provisions of the Companies Act, 2013, has two subsidiaries - Jai Limited and Vijay Limited. All the three companies have prepared their financial statements for the year ended 31st March, 2021. Examining the provisions of the Companies Act, 2013, explain in what manner the subsidiaries- Jai Limited and Vijay Limited shall prepare their Balance Sheet and Statement of Profit & Loss?

Exam May 2022

SEC 129A

Q4. XYZ Ltd. received a communication from Central Government for preparation of periodical financial results and complete audit or limited review of such periodical financial results. The Board of Directors have raised an objection on the ground that as, it is an unlisted company, periodical financial results need not to be prepared. Examine, referring the provisions of the Companies Act, 2013, in this regard.

Exam May 2018

Sec 134-Financial Statement, Board Report Etc.

Q5. State any four contents of a Directors Responsibility Statement as required under Section 134 of the Companies Act, 2013.

MTP-May 2020, RTP-May 2020

Sec 134-Financial Statement, Board Report Etc.

Q6. ABC Limited has on its Board, four Directors viz. W, X, Y and Z. In addition, the company has Mr. D as the Managing Director. The company also has a full time Company Secretary, Mr. C, on its rolls. The financial statements of the company for the year ended 31 March, 2019 were authenticated by two of the directors, Mr. X and Mr. Y under their signatures. Referring to the provisions of the Companies Act, 2013:

(i) Examine the validity of the authentication of the Balance Sheet and Statement of Profit & Loss and the Board's Report.

(ii) What would be your answer in case the company is a One Person Company (OPC) and has only one Director, who has authenticated the Balance Sheet and Statement of Profit & Loss and the Board's Report?

Exam Nov 2018

Sec 137-Copy Of Financial Statement To Be Filed With Registrar

Q7. A Housing Finance Ltd. is a housing finance company having a paid up Share Capital of ' 11 crores and a turnover of ' 145 crores during the Financial Year 2017-18. Explain with reference to the relevant provisions and rules, whether it is necessary for A Housing Finance Ltd. to file its financial statements in XBRL mode.

Exam May 2019

Sec 137-Copy Of Financial Statement To Be Filed With Registrar

Q8. The Government of India is holding 51% of the paid-up equity share capital of Sun Ltd. The Audited financial statements of Sun Ltd. for the financial year 2017-18 were placed at its annual general meeting held on 31st August, 2018. However, pending the comments of the Comptroller and Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts. On receipt of CAG comments on the accounts, the adjourned annual general meeting was held on 15th October, 2018 whereat the accounts were adopted. Thereafter, Sun Ltd. filed its financial statements relevant to the financial year 2017-18 with the Registrar of Companies on 12th November, 2018. Examine, with reference to the applicable provisions of the Companies Act, 2013, whether Sun Ltd. has complied with the statutory requirement regarding filing of accounts with the Registrar?

Exam-Jul 21

Sec 138-Internal Audit

Q9. KSR Limited an unlisted company furnishes the following data:

- a. Paid-up share capital as on 31-3-2021 '45 Crore.
- b. Turnover for the year ended 31-3-2021 '175 Crore
- c. Outstanding loan from bank as on 3-3-2021 '105 crore ('110 Crore loan obtained from bank) and the outstanding balance as on 31-3-2021 '90 crore after repayment.

Whether as per provision of the Companies Act, 2013 the company is required to appoint Internal Auditor during the year 2021-2022?

Chapter-14

Corporate Social Responsibility

Exam-July 21

Sec 135-Corporate Social Responsibility

Q1. (i) The balances extracted from the financial statement of ABC Limited are below:

Sr. No.	Particulars	Balances as on 31-03-2020 as per Audited Financial Statement (₹ in crore)	Balances as on 30-09-2020 (Provisional ₹ in Crore)
1	Net worth	100.00	100.00
2	Turnover	500.00	1000.00
3	Net Profit	1.0	5.00

Explaining the provisions of the Companies Act, 2013 you are requested to examine whether ABC Limited is required to constitute 'Corporate Social Responsibility Committee' (CSR Committee) during the second half of the financial year 2020-21.

Exam may 2022

Sec 135-Corporate Social Responsibility

Q2. SKIP Limited (the Company) was incorporated on 01.04.2019. The balances extracted from its audited financial statement are as given below:

Financial Year (FY)	Net Profit before tax	Net Profit after tax (ignore income tax computation)
2019-20	Rs 5.00 Crore	Rs 3.75 Crore
2020-21	Rs 7.00 Crore	Rs 5.25 Crore

The Company proposes to allocate the minimum required amount for CSR Activities to be undertaken during FY 2021-22 if it is mandatory. You are requested to advise the Company in this regard and compute the minimum amount to be allocated, if so required, taking into account the relevant provisions of the Companies Act, 2013..

EXAM May 2023

Sec-135

Q3. The aggregate value of the paid-up share capital of ABC Security Services, was 200 crore divided into 20 crore equity shares of 10/- each at the end of the Financial Year 2021-22 having its registered office at Mumbai. This company had been registered with an authorized share capital of 300 crore divided into 30 crore equity shares of 10/- each. The extract of Balance Sheet of the company as on 31 March, 2022 showed the following figures:

Particulars	INR (amount in crore)
Authorised share capital	300
Paid-up share capital	200
Free reserves created out of profits	200
Securities premium	80
Credit balance of profit & loss account	50
Reserves created out of revaluation of assets	25
Miscellaneous expenditure not written off	10

Turnover of the company during the Financial Year 2021-22 was 7800 crore and the net profit calculated in accordance with section 198 of the Companies Act, 2013 with other adjustments as per CSR Rules was 74 crore only. Praveen, Company Secretary of the company advised that the company attracts the provisions of section 135 of the Companies Act, 2013 and all the formalities have to be complied with accordingly. Thereafter, on 30 April, 2022 a CSR committee was formed to comply with the provisions of Corporate Social Responsibility. The Board of Directors of the company constituted of the following persons as its directors:

Mohan singh	Managing Director
Rohit & Bhavna	Independent Directors
Venkatesh, isha, Mohit and Muskaan	Directors

On the basis of above facts and by applying applicable provisions of Companies Act, 2013, answer the following:

(i) Is the contention of Praveen, Company Secretary of the company that the company attracts the provisions of section 135 of the Companies Act, 2013 and is required to form a CSR committee is correct? Support your answer with the applicable provision and the required calculation,

(ii) It was decided that Mohan Singh, Venkatesh, Isha and Bhavna will be the members of CSR committee. Is this decision correct in the light of provisions of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014?

Chapter-15

Audit & Auditors

MTP-April 2018

Sec 140-Removal Of Auditor

Q4. Mr. Honest, an auditor of MM company Ltd. has colluded with the company for a fraud. The Central Government has applied to Tribunal about the said fraud by Mr. Honest. State the provisions of the Companies Act, 2013 regarding the steps that can be taken by Tribunal when it finds that the auditor of a company has acted in a fraudulent manner.

MTP-March 2024

Sec 140-Removal Of Auditor

Q5. ABC & Associates, a firm of Chartered Accountants was re-appointed as auditors at the Annual General Meeting of X Ltd. held on 30-09-2022. However, the Board of Directors recommended to remove them before expiry of their term by passing a resolution in the Board Meeting held on 31-03-2023. Subsequently, having given consideration to the Board recommendation, ABC & Associates were removed at the general meeting held on 25-05-2023 by passing a special resolution but without obtaining approval of the Central Government. Examine the validity of removal of ABC & Associates by X Ltd. under the provisions of the Companies Act, 2013.

MTP-Aug 2018

Sec 141-Eligibility, Qualification & Disqualifications Of Auditor

Q6. Examine the validity of the following with reference to the provisions of the Companies Act, 2013:- (i) DON Limited appointed an individual firm, Nat & Company, Chartered Accountants, as Auditors of the company at the Annual General Meeting held on 30th September, 2017. Mrs. Kat, wife of Mr. Nat, invested in the equity shares face value of ` 1 lakh of DON Limited on 15th October, 2017. But Nat & Company continues to function as statutory auditors of the company.
(ii) Mr. Suresh, a Chartered Accountant, was appointed by the Board of Directors of AB Limited as the First Auditor. The company in General Meeting removed Mr. Suresh without seeking the approval of the Central Government and appointed Mr. Gupta as Auditor in his place?

MTP-March 2019

Sec 141-Eligibility, Qualification & Disqualification Of Auditor

Q7. Mr. Ayush, a Chartered accountant has been appointed as an auditor of X Ltd. in the Annual General Meeting of the company held in September, 2018, in which he accepted the assignment. Subsequently, in January, 2019 he joined B, as a partner for the consultancy firm of Mr. B. Mr. B is working also working as a Finance Executive of X Ltd.

RTP SEP 24

Sec 141-Eligibility, Qualification & Disqualification Of Auditor

Q8. XYZ Ltd., a prominent manufacturing company, is in the process of appointing a new auditor for the upcoming financial years. Mr. A is a renowned auditor being considered for the role. During the due diligence process, the following details come to light:

1. Mr. B and Mr. A are partners in ABC & Co. Mr. B has taken a personal loan of ` 4 Lacs from XYZ Ltd.'s subsidiary, EFG Ltd., six months ago.
2. Mr. A's relative, Ms. C, has an outstanding debt of ` 2 Lacs with DEF Ltd., an associate company of XYZ Ltd., which was taken three months ago

RTP-Nov 2023

Sec-142

Q9. Yellow Private Limited is engaged in the business of manufacturing premium quality rattle toys. They have a huge market for their toys all over India. The company has appointed its statutory auditors for the financial year 2022-2023. The engagement letter of the auditors was signed with a clause that fee to be mutually decided. Directors of the company have approached you to seek your advice for provisions related to remuneration of auditors as per the provisions of the Companies Act, 2013.

Exam May 2019, RTP May 2021, MTP APRIL 2023

Sec 144-Audit Not To Render Certain Services

Q10. The Board of Directors of A Ltd. requested its Statutory Auditor to accept the assignment of designing and implementation of suitable financial information system to strengthen the internal control mechanism of the Company. How will you approach to this proposal, as an Statutory Auditor of A Ltd., taking into account the consequences, if any, of accepting this proposal?

OR

The Board of Directors of Prism Ltd. requested its Statutory Auditor to accept the assignment of designing and implementation of suitable financial information system to strengthen the internal control mechanism of the Company. How will you approach to this proposal, as Statutory Auditor of Prism Ltd., taking into account the consequences, if any, of accepting this proposal?

Chapter-16

Misc. Definitions

Exam-July 21

Sec-2(60)

Q1. Johnson Limited goes for Public issue of its shares. The issue was over subscribed. A default was committed with respect to allotment of shares by the officers of the company. There were no managing Director, Whole time Director or any other officer/person designated by the Board with the responsibility of Complying with the provisions of the Act. State, who are the persons considered as officers in default under the Companies Act, 2013. Examine who will be considered in default in the instant case ?

Exam-may 22

Sec-2(76)

Q2. ABC Private Ltd. has two wholly-owned subsidiary companies, D Private Limited and E Private Limited. Examine, whether, D Private Limited and E Private Limited will be treated as related party as per the provisions of the Companies Act, 2013?

Chapter-17

Misc. Provisions

RTP Nov 2020

Sec 20-Service Of Documents

Q1. Vijay, a member of Mayur Electricals Ltd. gave in writing to the company that the notice for any general meeting be sent to him only by registered post at his residential address at Kanpur for which he deposited sufficient money. The company sent notice to him by ordinary mail under certificate of posting. Vijay did not receive this notice and could not attend the meeting and contended that the notice was improper.

Decide:

- (i) Whether the contention of Vijay is valid.
- (ii) Will your answer be the same if Vijay remains in London for two months during the notice of the meeting and the meeting held?

Chapter-18

Foreign Companies

Exam-Jan 2021

Definition of Foreign Company [Sec 2(42)]

Q1. Analyse under the provisions of the Companies Act, 2013, whether the following Companies can be considered as a Foreign Company:

- (i) A Company incorporated outside India and registered in Moscow; Russia has installed its main server in Moscow for maintaining office automation software by cloud computing for its client in India.
- (ii) A Company which is incorporated outside India employs agents in India but has no place of business in India.
- (iii) A Company incorporated outside India and registered in Australia has authorized Mr. X in India to source customers and subsequently to enter into contracts with them on behalf of the Company.
- (iv) A Company incorporated outside India and is registered in Mauritius. All the business models, financial strategy, important decisions are carried and taken out at the Board Meetings held Company. only in India.

Exam-Nov 2019

Documents, etc. to be delivered to registrar by Foreign Companies (Sec 380)

Q3. Transtar Limited, a company incorporated in Thailand, has a place of business through an agent in Bangalore. The agent transacts the business on behalf of the company through electronic mode. As regards Transtar Limited, answer the following:

- (i) Whether, Transtar Limited shall be called a foreign company within the meaning of the Companies Act, 2013?
- (ii) What are the regulatory requirements under the Companies Act, 2013 to be complied with by a company which has established its place of business in India with respect to delivery of documents etc. to Registrar?

Exam-Nov 2022

Documents, etc. to be delivered to registrar by Foreign Companies (Sec 380)

Q4. CNC Limited is a foreign company having its places of business in Mumbai and Ahmedabad in India. It has amended its Memorandum of Association on 1st June, 2022 and closed branch office situated at Mumbai.

Referring to the provisions of the Companies Act, 2013 advise the company on the following matters:

- (i) Compliance procedure as regards to amendment of Memorandum of Association.
- (ii) Compliance procedure as regards to closure of Mumbai office and discontinuing submission of documents to the Registrar of Companies afterwards.

Exam-July 2021

Accounts of Foreign Company (Sec 381)

Q5. MNO Ltd., a foreign Joint Venture Company having its established place of business in India and following International Financial Reporting Standards (IFRS) and its financial statement being prepared in German language desires to know the following with regard to submission of its financial statements to the Registrar of Companies in India. Its area office is located at Mumbai:

- (i) Submission of financial statements in German Language;
- (ii) Format of financial statements as per IFRS;
- (iii) How authentication of its financial statements is to be done?
- (iv) Whether the documents can be submitted at the Registrar's office at Mumbai?

Exam-Dec 2021

Accounts of Foreign Company (Sec 381)

Q6. Vibay Pte, a company incorporated in Singapore is having a liaison office in Delhi. The Liaison office seeks your advice regarding the documents to be filed with the Registrar along with the financial statement under the Companies Act, 2013 read with the Companies (Registration of Foreign Companies) Rules, 2014

Exam-Dec 2021

Dating of prospectus and Particulars to be contained therein (Sec 387)

Q7. Tokyo Ferro Alloys Limited, a company registered in Japan, started its operations in India by establishing a Marketing Division in Mumbai on 1st April, 2022. Recently, the Company decided to issue certain securities in India and therefore, is planning to circulate in India, a prospectus offering for subscription in securities of the Company. Assuming that all the other formalities in this respect have been complied with, advise the person in-charge of Indian operations regarding the other documents required to be annexed to the prospectus in order to registered the same, referring to the relevant provisions of the Companies Act, 2013 and the rules made thereunder.

Exam-Jan 2021

Accounts and Audit

Q8. Phil Heath Systems Incorporated (PHSI), is a foreign Company registered in Australia and has established a place of business in India. The financial statements pertaining to the Indian business operations for the year ended 31st March, 2022 were prepared by the Company. Referring to the provisions of the Companies Act, 2013, advise the Company on the following matters:

- (i) Whether the accounts of the Company pertaining to Indian business operations shall be 8.19 audited? If yes, by whom?
- (ii) What is the due date for filing the audited financial statements with the Registrar of Companies
- (iii) What is the effect of the contracts entered by an Indian Company with PHSI in case PHSI has not filed financial statements with the ROC?
- (iv) In which e-form and within what period, the annual return of the Indian operations of the foreign company shall be filed with the Registrar of Companies?