

Question 1: [Section 2(85)]

Roma along with her six friends has incorporated Roma Trading Ltd. in May 2019. The PUSC of the company is Rs 30 lakhs. Further, in April 2020, she noticed that in the last F/Y, the T/O of the company was well below Rs 20 crores. Advise whether the company can be treated as a 'small company'.

- Roma Trading Ltd. is definitely a 'small company' since its paid-up capital is much below Rs 4 crores and also its T/O has not exceeded the threshold limit of Rs 40 crores.
- The concept of 'small company' is applicable only in the case of a private limited company/OPC and therefore, despite meeting the criteria of 'small company' it being a public limited company it cannot enjoy the benefits of 'small company'.
- Unlike a private limited co./OPC which automatically becomes a 'small company' as soon as it meets the criteria of 'small co.', Roma Trading Ltd. being a public limited co. has to maintain the norms applicable to a 'small co.' continuously for 2 years so that, thereafter, it will be treated as a 'small co.'.
- If all the shareholders of Roma Trading Ltd. give an undertaking to the ROC stating that they will not let the paid-up share capital and also t/o exceed the limits applicable to a 'small company' in the next two years, then it can be treated as a 'small company'.

(RTP Nov 2022, ICAI Module)

Question 2: [Section 2(62)]

Anupam incorporated a 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. 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.

- 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
- Since the company was formed as a private company, the only option available with Anupam is to convert it into a public limited company.
- There is a specific prohibition on converting OPC into a Section 8 company; otherwise, it can be converted into a private or public company without any hindrance.
- Since Anupam does a lot of charitable work there is no prohibition on converting OPC into Sec 8 co.

(MTP May 2021)

Q. No.	Answer	Q. No.	Answer
1.	(b)	2.	(c)

Question 3: [Section 2(41)]

Kamya Ltd. is incorporated on 3rd January 2021. As per the Companies Act, 2013, what will be the financial year for the company:

- (a) 31st March, 2021
- (b) 31st December, 2021
- (c) 31st March, 2022
- (d) 30th September, 2022

(MTP May 2022, MTP Sept 2024, ICAI Module, ICAI BoS)

Question 4: [Section 2(68)]

In Roopali Marketing Company Private Limited (Authorized capital 50,000 shares of Rs.10 each and paid-up share capital of Rs. 4,50,000), 1000 shares are jointly held by Abeer and Abheek; another 800 shares are jointly held by Seema and Srividya; and another 1200 are jointly held by Ramesh, Raksha and Rajneesh. Further, 42,000 shares are held by 193 individual persons in their individual capacity. Is it possible for the company to induct more persons?

- (a) The company is unable to induct more persons since it has already had 200 individual members.
- (b) The company can induct 4 more persons as members.
- (c) The company can induct another 20 persons (i.e., 10% of two hundred individual members) after seeking permission from the concerned ROC.
- (d) If the company does not want to seek the permission of the concerned ROC, it can induct only 10 more persons (i.e., 5% of two hundred individual members).

(MTP May 2020)

Question 5: [Section 2(52)]

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

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

(ICAI Module, RTP November 2023)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
3.	(c)	4.	(b)	5.	(b)

Question 6: [Section 2(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, the words 'significant influence' means:

- (a) Control of at least 10% of total voting power
- (b) Control of at least 15% of total voting power
- (c) Control of at least 20% of total voting power
- (d) Control of at least 25% of total voting power

(ICAI Module, MTP1 May 2023)

Question 7: [Section 2(40)]

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

(MTP-2 May 2023, ICAI BoS)

Question 8: [Section 2(40)]

The financial statement in relation to a dormant company may not include:

- (a) balance sheet
- (b) cash flow statement
- (c) applicable explanatory note
- (d) profit and loss account

(MTP Nov 2023)

Question 9: [Section 2(87) refer explanation]

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.

(RTP Nov 2023)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
6.	(c)	7.	(c)	8.	(b)	9.	(d)

Question 10: [Section 2(1)]

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

(ICAI BOS)

Question 11: [Section 2(40)]

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

- 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

(ICAI BOS)

Question 12: [Section 2(90)]

Which among the following is not a Court:

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

(ICAI BOS)

Question 13: [Section 8]

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

- (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

(ICAI BOS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
10.	(d)	11.	(b)	12.	(c)	13.	(c)

Question 14: [Section 2(87)]

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

(ICAI BOS)

Question 15: [Section 2(41)]

Luxture Surface Coatings Limited incorporated in February 2022, is a subsidiary company of Luxture Prime Limited incorporated outside India. Board of directors of Luxture Surface Coatings Limited want to follow a different financial year for the purpose of consolidation of its accounts outside India, to make it align with holding company.

Luxture Surface Coatings Limited seeks your advice whether it can 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

(ICAI BOS)

Question 16: [Section 2(6)]

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:

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

(ICAI BOS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
14.	(b)	15.	(a)	16.	(a)

Question 25: [Section 71]

Green Tree Limited is planning to issue debentures to the public and, as per the legal requirements, must appoint a debenture trustee before making an offer. The company is considering several individuals for this role:

1. Mr. Sharma, who owns a small number of shares in Green Tree Limited as an investor.
2. Ms. Kapoor, who previously lent ₹ 5,000 to Green Tree Limited and is currently a lender.
3. Mr. Verma, who has provided a personal guarantee to ensure the repayment of the debentures issued by Green Tree Limited.

Based on the provisions of the Companies Act, 2013 and relevant rules, who among the following is eligible to be appointed as a Debenture Trustee for Green Tree Limited?

- (a) Only Mr. Sharma.
- (b) Only Ms. Kapoor
- (c) Only Mr. Verma
- (d) None of Mr. Sharma, Ms. Kapoor or Mr. Verma are eligible to be appointed as Debenture trustee of Green Tree Limited.

(MTP Jan'25)

Question 26: [Section 43]

Super Brain Coaching Limited was engaged in offline coaching of students for various competitive examinations. It was one of the pioneers in its field. It suffered losses due to various social and government restrictions imposed on study centers. On account of this, it defaulted in the repayment of term loan for the first two quarters of the financial year 2023-24. However, Super Brain Coaching Limited adapted itself to the changing circumstances and shifted to online mode of coaching and revived its financial conditions. On 31st December 2023, it cleared all the dues and regularized the term loan. Super Brain Coaching Limited wants to issue equity shares with differential rights. When can the issue be made?

- (a) On or after January 1st 2029
- (b) On or after April 1st 2029
- (c) On or after April 1st 2027
- (d) On or after January 1st 2027

(MTP Sept 2022)

Q. No.	Answer	Q. No.	Answer
25.	(d)	26.	(b)

Question 4: [Section 8]

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 co. can be categorized as a 'small co.' because as per the last profit and loss account for year ending 31st March 2019, its t/o was less than Rs.40 crores, and its paid-up share capital was less than Rs. 4 crores.

- (a) A section 8 co. which meets the criteria of 'T/O' and PUSC in the last F/Y, can avail the status of 'small company' only if it acquires at least 5% stake in another 'small company' within the immediately following F/Y.
- (b) If the acquisition of minimum 5% stake in another 'small company' materializes in the second F/Y (and not in the immediately following F/Y) after meeting the criteria of 't/o' and 'paid-up share capital' then with the written permission of concerned ROC, it can acquire the status of 'small co.'.
- (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 co., if incorporated as a private limited co. (and not as public limited co.) can avail the status of 'small co.' with permission of concerned ROC, after it meets criteria of 'T/O' and 'PUSC'.

Question 5: [Section 13]

N Limited having 152 members was incorporated with the main objects of manufacture of ceramic goods, glazed, unglazed floor and wall tiles, etc. and to carry on trading in such products. After 3 years of business, it wants to diversify its business by entering into the field of manufacturing electronic goods for which it is required to alter its objects clause. Advise the company.

- (a) The company can alter its MoA by passing an OR and obtaining the confirmation of the RD.
- (b) The company can alter its MoA by passing an SR at the shareholders' meeting.
- (c) The company can alter its MoA in relation to the objects clause by passing an SR at the shareholder meeting and obtaining the confirmation of the RD.
- (d) The co. can alter its MoA in relation to the objects clause by passing an SR at the shareholders' meeting and simultaneously publishing the contents of the SR in two newspapers (one in English and the other one in vernacular language) circulating in that area.

Question 6: [Basic Question]

_____ cannot be a subscriber to the Memorandum of Association and Articles of Association.

- (a) A company
- (b) Government
- (c) Minor
- (d) Major

(MTP November 2018)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
4.	(c)	5.	(b)	6.	(c)

Question 7: [Section 8]

Where a co. is granted a license u/s 8, it is not required to use ___ 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.

(MTP Nov 2020, May 2022, MTP-1 November 2023)

Question 8: [Basic]

Lalit made an offer to Managing Director (MD) of a company. MD accepted the offer though he had no authority to do so. Subsequently Lalit withdrew the offer but the company had already ratified the MD's acceptance. State which of the statement given hereunder is correct:

- (a) Lalit is bound with the offer due to ratification
- (b) An offer once accepted cannot be withdrawn
- (c) Both option (a) & (b) is correct
- (d) Lalit is not bound to an offer.

(MTP May 2021)

Question 9: [Section 7]

If a company is registered by furnishing incorrect information, then it's winding up may be ordered by:

- (a) CG
- (b) Registrar of Companies
- (c) National Company Law Tribunal
- (d) Court

(MTP May 2021)

Question 10: [Section 2(87)]

A Ltd. is holding 61% shares in B Ltd. & B Ltd. holds 51% in C Ltd. State which is the correct statement

- (a) C Ltd. is the holding company to A Ltd.
- (b) C Ltd. is the holding company to B Ltd.
- (c) B Ltd. is the Subsidiary to C Ltd.
- (d) Both B Ltd. and C Ltd. are subsidiary to A Ltd.

(MTP Nov 2022, MTP-1 Nov 2023)

Question 11: [Section 3]

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 person

(RTP Nov 2022)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
7.	(c)	8.	(c)	9.	(c)	10.	(d)

MCQs - Incorporation of Co.



Question 12: [Section 3]

Today, it's May 2023. Mr. Nilanjan Chattopadhyay a 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
- (a) Both the conclusions are valid
- (b) None of the conclusion is valid
- (c) First conclusion is invalid
- (d) Second conclusion is invalid

(ICAI Module, MTP2 May 2023)

Question 13: [Section 4(5)]

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 _____ from the date of approval

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

(ICAI Module, MTP2 May 2023)

Question 14: [Section 10A(1)(a)]

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 8th April 2023. The company and its officers (officers who are in default) shall be charged with penalty of:

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

(ICAI Module)

Question 15: [Section 15]

I.T.C limited changed its name to ITC limited. Company and officers thereat made default by failing to make alteration in every issued copy of memorandums and articles. In this context you are required to pick incorrect statements out of following:

- (i) Alternation shall be made to every copy of MOA/AOA because these are considered as Public Doc.
- (ii) Alternation shall be made to every copy be it in electronic form or otherwise.
- (iii) Penalty shall be rupees one thousand for every copy of the articles issued without such alteration.

- (a) (ii) only
- (b) (iii) only
- (c) (ii) and (iii) only
- (d) None of (i), (ii) and (iii)

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
12.	(d)	13.	(b)	14.	(d)	15.	(d)



Question 16: [Section 13]

XYZ Limited having 167 members was incorporated with the main object to manufacture ceramic goods, glazed, unglazed floor and wall tiles, etc. and to carry on trading in such products. After three years of successful operation, it wants to diversify its business by entering into the field of manufacturing electronic goods for which it is required to alter its objects clause. Advise the company in relation to alteration of Memorandum.

- (a) The company can alter its Memorandum of Association by passing an ordinary resolution and getting it confirmed by the Regional Director (RD).
- (b) The company can alter its Memorandum of Association by passing a special resolution in the shareholders meeting.
- (c) The company can alter its Memorandum of Association in relation to the objects clause by passing a special resolution in the Board meeting.
- (d) Publishing the contents of special resolution in two newspapers (one in English and the other one in vernacular language) circulating in that area.

(May 2023)

Question 17: [Rule 8B]

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

Question 18: [Indoor management vs constructive notice]

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

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

Question 19: [Section 4]

Mr. Ritik wants to incorporate a Private Limited company, he wants to keep his company's name Growskillz Edutech 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

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
16.	(b)	17.	(c)	18.	(a)	19.	(a)

Question 20: [Section 3]

Miss Priya has incorporated a one-person company. She has given her Brother's 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

Question 21: [Section 4]

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 Exposition

Question 22: [Section 3]

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
- (d) A person cannot be nominated for 2 OPCs

Question 23: [Section 5]

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 its 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
company also has to give Notice of such entrenchment to ROC
- (d) No, Private companies cannot do entrenchment of its AOA

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
20.	(a)	21.	(b)	22.	(b)	23.	(c)

Question 24: [Section 12]

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

Q. No.	Answer
24.	(a)

Question 1: [Section 25] ✓

An issuing house (share broker) has issued an advertisement in two leading newspapers for selling a large number of shares allotted to it by a company under a private placement. In which of the following conditions will the advertisement NOT be deemed to be a prospectus:

- (a) Advertisement was given within six months from the date of allotment.
- (b) Advertisement was given after six months from the date of allotment and the issuing house has paid the entire consideration to the company.
- (c) The issuing house did not pay the entire consideration to the company till the date of allotment.
- (d) Advertisement was given within three months from the date of allotment.

Question 2: [Section 42]

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

- (a) 9th Nov 2019
- (b) 24th Nov 2019
- (c) 9th December 2019
- (d) 8th January 2020

Question 3: [Section 29] ✓

The amount that an unlisted public company is required to maintain as security deposit, at all times, with the respective depository when it dematerializes its securities shall be:

- (a) Equal to not less than one year's fees payable to the depository
- (b) Equal to not less than two years' fees payable to the depository
- (c) Not less than two and a half years' fees payable to the depository
- (d) Equal to not less than three years' fees payable to the depository

Question 4: [Section 40]

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

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(b)	2.	(c)	3.	(b)	4.	(b)

Question 5: [Section 23]

A Private Company cannot issue securities:

- (a) By way of rights issue
- (b) By way of bonus issue
- (c) By way of private placement
- (d) By issue of prospectus in Public

(MTP Nov 2022, MTP-1 Nov 23)

Question 6: [Section 42(6)]

Trident Limited is in process of making private placement of securities. It received application money on 2nd March 2023. It shall allot its securities by ____, if failed then repay application money to the subscribers by ____, else liable to repay that money with interest at the rate of .

- (a) 1st April, 16th April, and 12% respectively
- (b) 1st May, 16th May, and 12% respectively
- (c) 1st April, 16th April, and 6% respectively
- (d) 16th April, 1st May, and 12% respectively

60 + 15 + 12%

(ICAI Module)

Question 7: [Section 25(3)]

Modern Furniture Limited, issued a document containing offer of securities for sale that is considered as deemed prospectus under section 25, which requires such document must contains certain matters/disclosures in addition to those required under section 26. Which of following are correct requirements:

- i. A statement of the net amount received or to be received as consideration for the securities to which the offer relates
- ii. The persons making the offer were named in the prospectus as promoters of the company.
- iii. The time and place at which the underlying contract for allotment may be inspected.

- (a) i or ii only
- (b) i or iii only
- (c) ii or iii only
- (d) All of i, ii and iii

(ICAI Module)

Question 8: [Section 40]

Section 40 of the Companies Act, 2013 requires every company shall make an application to one or more Recognized Stock Exchange or Exchanges before making public offer. Madhav Casting Limited filed an application to three exchanges for the securities to be dealt with in such stock exchanges, it received permission from couple of them and proceed with public issue. There will be:

- (a) No penalty, as application has been filed
- (b) Penalty on Madhav Casting Limited ranging from Rs. 5 lakhs to Rs. 50 lakhs
- (c) Penalty on Madhav Casting Limited ranging from Rs. 5 lakhs to Rs. 50 lakh and every officer of the company who is in default ranging from Rs. 50 thousand to Rs. 3 lakhs
- (d) Penalty on Madhav Casting Limited ranging from Rs. 5 lakhs to Rs. 50 lakhs and every officer of the company who is in default ranging from Rs. 50 thousand to Rs. 3 lakh and/or Imprisonment upto one year.

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
5.	(d)	6.	(b)	7.	(b)	8.	(c)

Question 9: [Section 42]

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

(MTP2 May 2023)

Question 10: [Section 31]

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

- (a) one year from the date of registration
- (b) one year from the date of closing of the first issue
- (c) one year from the date of opening of the first issue
- (d) 90 days from the date on which a copy was delivered to ROC

Question 11: [Section 42]

Innovative Tech Sol Limited intends to invite subscriptions for 1.10 crores equity shares of Rs.10 each on a 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.

Question 12: [Section 29]

Neptune Metal Tools Limited was incorporated on 2nd December, 2018 with 25 subscribers and authorized capital of Rs.50,00,000 (5,00,000 equity shares of Rs.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.
- (d) A company having authorized capital of ≥ 50 lakhs needs to issue shares in dematerialized form and therefore, Neptune may issue physical share certificates to the subscribers.

(May 2023)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
9.	(c)	10.	(c)	11.	(b)	12.	(b)



Question 13: [Section 40]

- Commission is permitted to be paid to any underwriter by the company only in respect of an offer of securities:
- (a) where securities are offered on rights basis
 - (b) where securities are offered in the form of bonus issue
 - (c) where securities are offered on private placement basis
 - (d) where securities are offered to the public for subscription

Question 14: [Section 28 + Rule 8]

In case of offer of sale of shares by certain members of the co., which options is applicable:

- (a) The provisions relating to minimum subscription are not applicable
- (b) Entire minimum subscription amount is required to be received within 3 days of the opening date.
- (c) 25% of the minimum subscription amount is required to be received on the opening date and the remaining 75% within three days thereafter
- (d) 50% of the minimum subscription is required to be received by the second day of the opening date and the remaining 50% within next three days after the second day.

Question 15: [Section 40]

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) 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.

Question 16: [Section 31]

Rig Exploration and Refinery Limited (RERL) decided to raise capital through issue of a shelf prospectus. Company secretary explains the requirement to board that RERL shall be required to file an information memorandum with the Registrar within _____, prior to the issue of a second or subsequent offer of securities under the shelf prospectus.

- (a) 15 days
- (b) 21 days
- (c) 30 days
- (d) 1 month

(ICAI Module)

Question 17: [Section 26(4)]

Modern Furniture decided to raise capital by issue for which prospectus need to be issued. The copy of prospectus submitted with registrar for filing need to be duly signed by:

- (a) Any two directors including managing directors
- (b) Majority of directors
- (c) Majority of directors including proposed directors
- (d) Every director or proposed director

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
13.	(d)	14.	(a)	15.	(c)	16.	(d)	17.	(d)

Question 18: [Section 32]

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

(MTP Nov 2021)

Question 19: [Section 39]

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

- (a) 30 days
- (b) 60 days
- (c) 90 days
- (d) 120 days

(MTP Nov 2021)

Question 20: [Section 23]

A Private Company cannot issue securities through:

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

(ICAI BoS)

Question 21: [Section 31]

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

(ICAI BoS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
18.	(d)	19.	(a)	20.	(b)	21.	(b)

Question 22: [Section 2(81)-Securities]

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) (iii) only
(b) Both (i) and (iii) only
(c) Both (ii) and (iii) only
(d) None of the (i), (ii), and (iii)

Question 23: [Section 40 - Rule 13]

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%

Q. No.	Answer	Q. No.	Answer
22.	(c)	23.	(b)

Companies Act, 2013:

Question 1: [Section 43]

The Articles of Association of a private limited company state that the company may issue preference shares which will have preference with respect to payment of dividend only but no preference as to the repayment of capital, in the case of winding up. Is it possible for the company to issue such preference shares?

(ICAI BoS)

- (a) No: as per section 43 preference shares should have both preferences.
 (b) No: this will become an equity share as per section 43.
 (c) Yes: because as per section 43 preference shares should have any one preference.
 (d) Yes: because AoA of co. allow issue of such preference shares and issuing co. is a Pvt. limited co.

(May 2023)

Question 2: [Section 55]

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 period exceeding 20 years with prior approval of CG
 (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.

Question 3: [Section 43 + Rule 4]

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

- (a) Upon expiry of five years from the date on which the default was made good
 (b) Upon expiry of three years from the end of the financial Year in which the default was made good
 (c) Upon expiry of five years from the end of the financial Year in which the default was made good
 (d) Upon expiry of seven years from the end of the financial Year in which the default was made good

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(d)	2.	(d)	3.	(c)

Question 4: [Section 58]

Keshika, the original allottee and owner of 1000 equity shares of Rs. 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, 2020. However, the company did not register the transfer even after the expiry of more than one month nor did it send any notice of refusal. The 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 authorized to file the appeal individually.
- (d) As per its discretion, NCLT may allow either Keshika or Vanshika to file an appeal against the co.

Question 5: [Section 54]

Vanita Watches Limited has proposed to issue sweat equity shares to five of its employees for the 'value additions' made by them in term of economic benefits which proved beneficial to the company. The period for which the employees who have been allotted the said sweat equity shares cannot transfer them is:

- (a) One year from the date of allotment
- (b) Three years from the date of allotment
- (c) Five years from the date of allotment
- (d) Six months from the date of allotment

Question 6: [Section 66]

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

- (a) Any of the directors of the company as authorized by the Board may issue such certificate
- (b) A practicing company secretary is authorized to issue such certificate
- (c) The auditor of the company is authorized to issue such certificate
- (d) The legal advisor of the company is authorized to issue such certificate

Question 7: [Section 68]

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

- (a) Rs. 2,00,000
- (b) Rs. 5,00,000
- (c) Rs. 6,25,000
- (d) Rs. 8,00,000

(MTP May 2022)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
4.	(b)	5.	(b)	6.	(c)	7.	(b)



Question 8 [Section 47]:

Sarvodaya Urban Nidhi Limited has Rs. 14 Crore and Rs. 6 Crore as paid-up equity and preference share capital respectively. Balance in retain earnings account is Rs. 2.4 Crore. Equity share capital having face value of Rs. 10 each, while preference share has face value of 100 each. Mr. Surya and Mr. Chandan own 11,20,000 and 5,60,000 shares respectively. In context of resolution placed before the company which directly affect the rights attached to his preference shares, the voting right of Mr. Surya and Mr. Chandan in percentage term shall be:

- (a) 8% and 4% respectively
- (b) 5.6% and 2.8% respectively
- (c) 5% and 2.8% respectively
- (d) 5% and 2.5% respectively

(ICAI Module)

Question 9 [Section 46]:

In a litigation regarding title of shares, a share certificate issued in physical form by Modern Furniture Limited, an unlisted private company that doesn't have a common seal submitted as evidence of the title. The same shall be clear and convincing evidence of title, if signed by:

- i. two directors
 - ii. two directors, out of which one shall be managing director
 - iii. two directors and the Company Secretary, wherever the company has appointed a Company Secretary
 - iv. a director and the Company Secretary, wherever the company has appointed a Company Secretary
- (a) By i or iii only
(b) By i or iv only
(c) By ii or iii only
(d) By ii or iv only

(ICAI Module)

Question 10 [Section 56]:

Mr. Bahu has received a notice from Mahishmati Private Limited on 2nd March, 2023 intimating that Mr. Bali has submitted a transfer deed duly signed by him for transfer of 1000 partly paid shares (Rs. 8 paid-up out of Face Value of Rs. 10 per share) in his (Mr. Bahu) name. Mr. Bahu as transferee must raise his objection to the proposed transfer of partly paid shares latest by

- (a) 9th March, 2023
- (b) 16th March, 2023
- (c) 17th March, 2023
- (d) 31st March, 2023

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
8.	(c)	9.	(b)	10	(b)

Question 11 [Section 67]:

Section 67 of the Companies Act, 2013 impose a restriction on public company from giving any financial assistance whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any shares in the company or in its holding company. Star Engineering Limited which is not covered by any of exemptions specified under said section, contravene the restrictive provisions stated above. Every officer of the company who is in default shall be liable for;

- (a) Fine which shall not be less than one lakh rupees but may extend to twenty- five lakh rupees
- (b) Fine which shall not be less than one lakh rupees but may extend to twenty- five lakh rupees or Imprisonment for a term which may extend to three years or both
- (c) Fine which may extend to twenty-five lakh rupees or Imprisonment for a term which may extend to three years or both
- (d) Fine which shall not be less than one lakh rupees but may extend to twenty- five lakh rupees and Imprisonment for a term which may extend to three years

(ICAI Module)

Question 12 [Section 46(2)]:

Modern Furniture an unlisted company receive a request for issue of duplicate share certificate. Complete documents in this regard submitted with the company on 30th December 2022. Modern furniture shall issue the duplicate share certificates by:

- (a) 29th January 2023
- (b) 13th February 2023
- (c) 28th February 2023
- (d) 29th March 2023

Question 13: [Section 47]

A general meeting of the company is to be held on 30th August, 2020. The co. has not paid dividend in respect of its preference shares for FY 2018-19 as well as 2019-20. In such case preference shareholders:

- (a) will not have the right to vote because preferential shareholders have no right to vote
- (b) will have the right to vote because dividend has not been paid for the last two years
- (c) will not have the right to vote because only equity shareholders can vote in general meetings
- (d) will have right to vote because preference shareholders have the right to vote in general meetings

(ICAI Module)

Question 14: [Section 48]

Where there is a change in the rights of one class of shareholders of a company that also affects the rights of another class therein, then:

- (a) A special resolution should be passed at a general meeting in this regard
- (b) The company need not to do anything further
- (c) the consent in writing of three-fourths of such other class of shareholders shall also be obtained
- (d) A resolution at a joint meeting of both the classes should be passed

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
11.	(d)	12.	(d)	13.	(b)	14.	(c)

Question 15: [Section 62]

If a company has Authorized Share Capital of Rs.6,00,000, Paid-up Share Capital of Rs. 5,00,000 and a loan of Rs. 2,00,000 obtained from the State Government. The State Government has directed the company to convert its loan into equity shares, then such order shall have the effect of increasing:

- (a) The subscribed share capital of the company
- (b) The paid-up share capital of the company
- (c) The authorized Share Capital of the company
- (d) All of the above

Question 16: [Section 68]

A company bought back 10% of its equity shares in August 2020. Due to certain miscalculations during the first buy-back, it again bought back another 10% equity shares in Sep 2020. Is second buy-back valid?

- (a) It can do so subject to the fulfilment of other conditions because maximum buy-back in a financial year is up to 25%
- (b) It cannot do so because there must be a time gap of 12 months between two buy-backs
- (c) It can buy back shares within one year but the company should pass an ordinary resolution at a meeting of its board
- (d) It can buy back shares within one year but the company will have to pass a special resolution

Question 17: [Section 56]

Shreem Lakshmi Private Limited was incorporated on 27th August, 2020 with 30 persons as subscribers to the MoA and with an ASC of Rs. 1 crore divided into equal number of shares of Rs. 1 each. Each subscriber subscribed for Rs. 1 lac share. Advise the date by which it needs to deliver share certificates to subscribers.

- (a) 17th September, 2020.
- (b) 30th September, 2020.
- (c) 27th October, 2020.
- (d) 27th November, 2020

Question 18: [Section 71]

Prithvi Cements Limited is desirous of issuing debentures carrying voting rights. Choose the right option:

- (a) Prithvi Cements Limited can issue debentures carrying voting rights by passing an OR.
- (b) Prithvi Cements Limited can issue debentures carrying voting rights by passing a SR.
- (c) Prithvi Cements Limited can issue such debentures carrying voting rights only if it mortgages its land and buildings worth two times the amount of the debentures.
- (d) Prithvi Cements Limited cannot issue debentures carrying voting rights.

Question 19: [Section 2(88)]

Shares issued by a company to its directors or employees at a discount or for a consideration other than for their providing know-how or making available rights in the nature of intellectual property rights or additions, by whatever name called are known as:

- (a) Equity Shares
- (b) Preference Shares
- (c) Sweat Equity Shares
- (d) Redeemable preference shares

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
15.	(d)	16.	(b)	17.	(c)	18.	(d)	19.	

Question 20: [Section 48]

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 SR passed at a separate meeting of the holders of that class:

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

(RTP Nov 2022)

Question 21: [Section 54]

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

Question 22: [Section 56]

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

Question 23: [Section 52]

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

Question 24: [Section 54]

A company may issue sweat 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

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
20.	(c)	21.	(c)	22.	(c)	23.	(c)	24.	(b)

Question 25: [Section 71]

Green Tree Limited is planning to issue debentures to the public and, as per the legal requirements, must appoint a debenture trustee before making an offer. The company is considering several individuals for this role:

1. Mr. Sharma, who owns a small number of shares in Green Tree Limited as an investor.
2. Ms. Kapoor, who previously lent ₹ 5,000 to Green Tree Limited and is currently a lender.
3. Mr. Verma, who has provided a personal guarantee to ensure the repayment of the debentures issued by Green Tree Limited.

Based on the provisions of the Companies Act, 2013 and relevant rules, who among the following is eligible to be appointed as a Debenture Trustee for Green Tree Limited?

- (a) Only Mr. Sharma.
- (b) Only Ms. Kapoor
- (c) Only Mr. Verma
- (d) None of Mr. Sharma, Ms. Kapoor or Mr. Verma are eligible to be appointed as Debenture trustee of Green Tree Limited.

(MTP Jan'25)

Question 26: [Section 43]

Super Brain Coaching Limited was engaged in offline coaching of students for various competitive examinations. It was one of the pioneers in its field. It suffered losses due to various social and government restrictions imposed on study centers. On account of this, it defaulted in the repayment of term loan for the first two quarters of the financial year 2023-24. However, Super Brain Coaching Limited adapted itself to the changing circumstances and shifted to online mode of coaching and revived its financial conditions. On 31st December 2023, it cleared all the dues and regularized the term loan. Super Brain Coaching Limited wants to issue equity shares with differential rights. When can the issue be made?

- (a) On or after January 1st 2029
- (b) On or after April 1st 2029
- (c) On or after April 1st 2027
- (d) On or after January 1st 2027

(MTP Sept 2024)

Q. No.	Answer	Q. No.	Answer
25.	(d)	26.	(b)

Answer

(b)

Question 1: [Section 76]

Dream World Entertainment Limited, has accepted deposits worth Rs.50.00 lacs from public on 1st April 2019 for a period of 24 months i.e., repayment of deposit would be made on 31st March 2021. The rate of interest payable on such deposits is 9% p.a. One of the depositors Mr. Aman requested the company on 1st June 2020 for premature repayment of his deposit of Rs. 6.00 lacs along with interest. Advise the company in the said matter.

- The company can make premature repayment of deposits only with an intention to reduce the total amount of deposits to bring it within permissible limits. Hence, in the given case, the company cannot repay the deposit before the actual maturity.
- The company can prematurely repay the deposit along with interest @9% p.a. for the period of 12 months (from 1st April 2019 to 31st March 2020).
- The company can prematurely repay the deposit along with interest @8% p.a. for the period of 12 months (from 1st April 2019 to 31st March 2020).
- The company can prematurely repay the deposit along with interest @8% p.a. for the period of 14 months (from 1st April 2019 to 31st May 2020).

Question 2: [Section 76]

Ruchita wants to renew her deposit of Rs.5.00 lakh with Kewal Constructions Limited before the expiry of original period for availing higher rate of interest. The fresh period, for which Ruchita is required to renew her deposit to be eligible for the higher rate shall be:

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

Question 3: [Section 73]

A reserve A/c that shall not be used by the co. for any purpose other than repayment of deposits is called:

- Debenture redemption reserve account
- Deposit repayment reserve account
- Capital redemption reserve account
- Free reserve account

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(d)	2.	(d)	3.	(b)

Question 4: [Section 76]

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

Question 5: [Section 73]

Bhumi Real Estate Developers Limited has accepted deposits from its members. There is no default in repayment of such deposits on their maturity. The statutory amount to be deposited by the company on or before 30th April of each year in a specified account opened with its bankers, till the deposits are fully repaid is:

- (a) Not less than 50% of the amount of its deposits maturing during the following financial year.
(b) Not less than 30% of the amount of its deposits maturing during the following financial year.
(c) Not less than 20% of the amount of its deposits maturing during the following financial year.
(d) Not less than 10% of the amount of its deposits maturing during the following financial year.

Question 6: [Section 76]

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

- (a) Normally no deposits 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.

(ICAI Module, MTP-2 Nov 2023)

Question 7: [Section 76]

Suneet Spices 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

(ICAI Module, MTP-2 May 2023, MTP-1 Nov 2023, ICAI BoS)

Question 8: [Section 76]

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

- (a) 12 months (b) 24 months
(c) 36 months (d) 48 months

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
4.	(b)	5.	(c)	6.	(c)	7.	(b)
						8.	(c)

MCQs - Acceptance of Deposit by Company



Question 9: [Section 73+ Rule 3(2)]

As per the provisions of the Companies Act, 2013 and relevant rules made thereunder, an eligible company can, in case the depositors so desire, may accept deposits in joint names not exceeding _____. A joint deposit may Survivor, "First named or Survivor", "Anyone or Survivor". These clauses operate on _____

- (a) Three, maturity
- (b) Two, maturity
- (c) Five, accepting the deposits
- (d) Five, maturity

(Nov 2022)

Question 10: [Sec 76 - Tenure]

As per the provisions of the Companies Act, 2013 and relevant rules made 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 _____ months subject to certain conditions.

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

(ICAI Module)

Question 11: [Companies (acceptance of deposits) Rule 2014]

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%

(MTP-2 May 2023, MTP-1 Nov 2023, MTP-2 Nov 2023)

Question 12: [Rule 2]

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

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
9.	(a)	10.	(a)	11.	(c)	12.	(d)

Question 13: [Rule 2]

Mr. Mudit works as an employee at ABC Private Limited with an annual salary of ₹3,00,000, as specified in his employment contract. Mr. Mudit paid to the company ₹ 3,50,000 in the nature of non-interest-bearing security deposit. Giving regard to the provisions of the Companies Act, 2013, choose the correct option out of the following:

- (a) The deposit is a valid transaction since it is a non-interest-bearing security deposit provided under the terms of his employment.
- (b) The deposit violates the Companies Act, 2013, because companies cannot accept deposits from their employees.
- (c) The deposit violates the Companies Act, 2013, as the amount exceeds Mr. Mudit's annual salary.
- (d) The deposit is invalid unless approved by the company's shareholders in a general meeting

(MTP Jan'25)

Q. No.	Answer
13.	(c)

Question 1: [Section 2(16)]

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

(MTP May 22/ICAI Module)

Question 2: [Section 80]

Any person acquiring property, on which charge is registered under section 77, shall be deemed to have notice of the charge from:

- (a) the expiry of thirty days of such charge
- (b) the date of application for registration of the charge
- (c) the date of acquiring the property
- (d) the date of such registration

(ICAI Module)

Question 3: [Section 77]

A charge was created by C Limited on its office premises to secure a term loan of Rs.1 cr. availed from Next Bank Limited through an instrument of charge executed by both parties on 16th Feb, 2019. Inadvertently, the co. could not get the charge registered with concerned RoC within first statutory period permitted by law and default was made known to it by lending banker with a stern warning to take immediate steps for rectification. Latest date within which co. must register the charge to avoid paying ad valorem fees is:

- (a) 27th April, 2019
- (b) 17th April, 2019
- (c) 2nd May, 2019
- (d) 16th June 2019

(ICAI Module, MTP Sept 2024)

Question 4: [Section 85]

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

(MTP May 2022)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(b)	2.	(d)	3.	(b)	4.	(d)

Question 5: [Section 82]

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
- (MTP Nov 2022, ICAI Module, MTP-2 Nov 2023)

Question 6: [Section 85]

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

Question 7: [Section 77]

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

Question 8:

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

Question 9: [Section 81]

The Registrar shall keep a register of charges which shall be open to inspection by

- (a) the company
- (b) the charge holder
- (c) holder
- (d) any person

(ICAI BOS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
5.	(c)	6.	(c)	7.	(b)	8.	(c)	9.	(d)

Question 10: [Section 83]

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.

Question 11: [Section 82]

XYZ Ltd., a manufacturing company, had taken a loan from ABC Bank and registered a charge on its assets on January 1, 2022. On April 1, 2024, XYZ Ltd. paid off the entire loan to ABC Bank. According to Section 82 of the Companies Act, 2013, XYZ Ltd. was required to file an intimation with the Registrar of Companies (ROC) regarding the satisfaction of the charge within 30 days from the date of the payment.

However, due to an oversight, the company did not submit the intimation until July 15, 2024. To rectify this, the company decided to take advantage of the extended period for intimation provided under the proviso to Section 82 (1), which allows for an extension up to 300 days with the payment of additional fees.

The additional fee for late intimation was Rs.5,000, and the company's compliance officer needed to calculate the total fee to be paid for the delayed filing.

As per the given facts, examine by how many days XYZ Ltd. was late in submitting the intimation of satisfaction of charge? What additional fee should the company pay for this delay?

- (a) 90 days , Fee = 1,000
- (b) 76 days , Fee = 5,000
- (c) 90 days , Fee = 5,000
- (d) 300 days , Fee = 10,000

(MTP Sept 2024)

Q. No.	Answer	Q. No.	Answer
10.	(b)	11.	(b)

Question 12: [Section 79]

Best Limited initially created a charge in favor of LKJ Bank for a financial facility. This charge was duly registered. A few months later, LKJ Bank enhanced the credit facility by an additional ₹ 40 crore. However, due to an oversight, Best Limited failed to register the modification to the original charge with the Registrar of Companies. The company has now realized this error and is concerned about the potential impact on its records and compliance. As per the provisions of the Companies Act, 2013, what steps should Best Limited take to correct the situation regarding the unregistered modification of the charge?

- a) Ignore the oversight since the original charge was registered.
- b) Re-register only the original charge with the updated facility amount.
- c) File an application with the Central Government for rectification of the Register of Charges.
- d) Contact LKJ Bank to withdraw the enhanced facility until the registration is completed.

(MTP Jan'25)

Q. No.	Answer
12.	(c)

Question 1: [Section 121]

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

- (a) Yes, the signing is in order as the report can be signed by any director in the absence of Chairman.
- (b) No, the signing is not in order as only the Chairman is authorized to sign the report
- (c) Yes, the signing is in order, as in absence of Chairman at least two directors should sign the report.
- (d) No, the signing is not in order, since in case the Chairman is unable to sign, the report shall be signed by any two directors of the company, one of whom shall be the Managing director, if there is one and company secretary of the company.

(MTP Nov 2022, ICAI Module, MTP Nov 2023)

Question 2: [Section 101]

The AGM shall be called by giving 21 clear days' notice. However, it can be called by giving shorter notice if members entitled to vote at that meeting give their consent in writing or by electronic mode. In such cases how many members have to give their consent?

- (a) 75% of members entitled
- (b) 90% of members entitled
- (c) 91% of members entitled
- (d) 95% of members entitled

(ICAI Module, MTP Nov 2023)

Question 3: [Section 97]

Due to the management disputes, FWI 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 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 appln. to the 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 NCLT and seek direction for the calling of AGM.
- (d) Minimum 5 members of the co. holding at least 1% of the total paid-up share capital must make a joint application to the NCLT and seek direction for the calling of AGM.

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(d)	2.	(d)	3.	(a)

Question 4: [Section 114]

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

Question 5: [Section 121]

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

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

Question 6: [Section 92]

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

- (a) That other company is a 'small company'.
- (b) That other company is an 'associate company'.
- (c) That other company is a 'subsidiary company'.
- (d) That other company is a 'dormant company'.

Question 7: [Section 119]

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.

(MTP May 2022, MTP Nov 2022, MTP Nov 2023)

Question 8: [Section 121]

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

- (a) 30.06.2022
- (b) 10.07.2022
- (c) 24.07.2022
- (d) 25.07.2022

(MTP Nov 22, MTP-1 Nov 23)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
4.	(b)	5.	(b)	6.	(a)	7.	(c)	8.	(d)

Question 9: [Section 91]

Amber Limited is a manufacturer of glassware. Its paid-up share capital is divided into 20,000 shares of Rs. 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.

(ICAI BoS, RTP May 2022)

Question 10: [Section 108]

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

(ICAI BoS, ICAI Nov 2022, ICAI Module, MTP1 May 2023)

Question 11: [Section 94]

The Register of members of a company along with the index shall be preserved for a period of ___ and shall be kept in custody of ___

- (a) 8 years; Company secretary or any other person authorized by the Board for such purpose.
- (b) 10 years; Company secretary or any other person authorized by the Board for such purpose.
- (c) 6 years; Company secretary of the company.
- (d) Permanently; Company secretary or any other person authorized by the Board for such purpose.

(ICAI Nov 2022)

Question 12: [Section 105]

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

- (a) 7th January 2022
- (b) 22nd December 2021
- (c) 15th January 2022
- (d) 19th January 2022

(ICAI Nov 2022)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
9.	(a)	10.	(c)	11.	(d)	12.	(d)

Question 13: [Section 96]

First AGM of the company should be held within _____ from the closing of the first financial year.

- (a) 6 months
- (b) 9 months
- (c) 12 months
- (d) 18 months

Question 14: [Section 103]

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

(MTP2 May 2023)

Question 15: [Section 92]

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

(RTP Nov 2023)

Question 16:

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.

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
13.	(b)	14.	(b)	15.	(c)	16.	(d)

Question 17: [Section 88]

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

Question 18: [Section 103]

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

- (a) 05
- (b) 15
- (c) 30
- (d) 45

Question 19: [Section 101]

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

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
17.	(d)	18.	(b)	19.	(c)

Question 1: [Section 125]

Which of the following amount need not be credited to Investor Education and Protection Fund A/C (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 other than banking company.

Question 2: [Section 124]

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

- (a) Pay the dividend to Mr. Jagan
- (b) Pay the dividend to Mr. Rajiv
- (c) Transfer the dividend in relation to such shares to the Unpaid Dividend Account
- (d) Transfer the dividend in relation to such shares to the Investor Education and Protection Fund.

Question 3: [Section 123]

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 2021-22, 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%.

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(c)	2.	(c)	3.	(b)

Question 4: [Section 123]

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.

Question 5: [Section 127]

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

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

Question 6: [Section 123]

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

- (a) 5%
- (b) 7.5%
- (c) 10%
- (d) at the discretion of the company

(ICAI Module)

Question 7: [Section 123]

When the dividend is declared at the Annual General Meeting of the company, it is known as

- (a) Final Dividend
- (b) Interim Dividend
- (c) Dividend on preference shares
- (d) Scrip Dividend

(MTP Nov 2022, ICAI Module, MTP-1 Nov 2023)

Question 8: [Section 125]

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 investor's education and training.
- (d) Distribution of any disgorged amount among eligible and identifiable applicants who have suffered losses.

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
4.	(d)	5.	(c)	6.	(d)	7.	(a)	8.	(c)

Question 9: [Section 127]

In case a company fails to pay declared dividends or fails to post dividend warrants within 30 days of declaration, company shall be liable to pay simple interest at the rate ofduring the period for which such default continues.

- (a) 6% p.a.
- (b) 12% p.a.
- (c) 15% p.a.
- (d) 18% p.a.

(ICAI Module, May 2023)

Question 10: [Section 124]

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?

- (a) By 31st August 2023 (i.e. before the date of approval by shareholders)
- (b) By 6th September 2023
- (c) By 7th September 2023
- (d) By 24th September 2023

(ICAI BoS)

Q. No.	Answer	Q. No.	Answer
9.	(d)	10.	(b)

Question 1: [Section 135]

CSR Committee of the Board of shall consist of:

- (a) Directors forming 1/3rd of the total no of directors.
- (b) At least 2 directors out of which one shall be independent director.
- (c) 3 or more directors out of which one shall be managing director.
- (d) 3 or more directors, out of which at least 1 director shall be an independent director.

Question 2: [Section 135]

Provisions of CSR are applicable to:

- (a) Companies with net worth of Rs.250 crores or more but less than Rs. 500 crores.
- (b) Companies with turnover of Rs. 1000 crores or more.
- (c) Companies with net profit of Rs. 1 crore or more but less than Rs.5 crores in any financial year
- (d) Co. having aggregate outstanding loans and deposits exceeding Rs. 50 crores or more in any FY.

Question 3: [Section 135]

Ayush Power Limited has reported a net profit of Rs.6 crore, Rs. 7.5 crore and Rs. 3 crores for the financial year(s) ended on March 2017, March 2018 and March 2019 respectively. The board's report of the company for the year ended March 2020 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 Rs.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 Rs.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 Rs.5 crore in the immediately preceding financial year.

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(d)	2.	(b)	3.	(b)

Question 4: [Section 131]

During the half year ended September 2019, the board of directors (BOD) of Vidyut Manufacturing Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ended as on March 2017. Further during the year ended March 2020, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2019. 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 board's report are not eligible for revision.
- (b) The act of the BOD is valid as the applications made for revision in the accounts and board's report pertain to two different financial years.
- (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 the application made for revision in accounts pertains to a period beyond 2 years immediately preceding the year 2020. The application made for revision in the Board report is however valid in law.

(ICAI Module, MTP-2 Nov 2023)

Question 5: [Section 130]

Adani Enterprises Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2020, 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) 2015-2016
- (b) 2013-2014
- (c) 2010-2011
- (d) 2011-2012

(ICAI Module)

Question 6: [Section 137]

One Person Company shall file a copy of the duly adopted financial statements to the Registrar within:

- (a) 30 days of the date of meeting at which it was adopted.
- (b) 90 days of the date of meeting at which it was adopted.
- (c) 90 days from the closure of the financial year.
- (d) 180 days from the closure of the financial year.

(MTP-2 Nov 2023)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
4.	(b)	5.	(d)	6.	(d)

Question 7: [Section 128]

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, subsidiary of Ganesh Co. Ltd. You are required to state whether Mr. Abhishek is eligible to inspect the books of Ganesh Co. Ltd?

- (a) Yes, but 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, but only on authorization by way of resolution of the board of directors.
- (d) Yes, but only on authorization by way of resolution of members holding $\geq 25\%$ of PUSC

Question 8: [Section 135]

Which of the following statement is correct with respect to the surplus arising out of the CSR activities:

- (a) The surplus cannot exceed 5% of the company for the financial year.
- (b) The surplus shall not form part of the business profit of the company
- (c) The surplus cannot exceed 10% of the company for the financial year.
- (d) The surplus shall form part of the business profit of a company

(MTP May 2022, ICAI Module)

Question 9: [Section 135]

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

- (a) ₹ 87 lakhs
- (b) ₹ 1.45 crores
- (c) ₹ 1.64 crores
- (d) ₹ 58 lakhs

(MTP Nov 2022, MTP2 May 2023)

Question 10: [Section 135]

Shri Limited (a company having CSR Committee as per the provision of Section 135 of the Companies Act, 2013) decides to spend and utilize the amount of Corporate Social Responsibility on the activities for the benefit of all the employees of Shri Limited. As per the provision of Co. Act, 2013 this would mean that:

- (a) This is the total amount spent on Corporate Social Responsibility activities by Shri Limited for that FY.
- (b) No amount spent on Corporate Social Responsibility activities by Shri Limited for that financial year
- (c) Only half of the total amount spent, shall be considered to be spent on Corporate Social Responsibility activities by Shri Limited for that financial year
- (d) Only the amount that has been spent on the employees having salary of Rs. 20,000 per month or less, shall be considered to be spent on Corporate Social Responsibility activities by Shri Limited for that financial year

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
7.	(c)	8.	(b)	9.	(d)	10.	(b)

Question 11: [Section 128]

ABC Limited dealing in 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 Act, 2013, is not followed by the Company then penalty for contravention will be imposed on the following persons :-

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

(ICAI Nov 2022)

Question 12: [Section 135]

Pratham Limited has decided to spend Rs. 40 lakhs on project of CSR. The average net profit of the company is Rs. 10 crores. But due to some reasons, company was able to spend only Rs. 30 lakhs. Now what will be the option for the company for the rest Rs. 10 lakhs?

- (a) Penal provision will be applicable for unspent amount of Rs. 10 lakhs.
- (b) No penal provision but explanation is required in Board report for not spending Rs. 10 lakhs
- (c) No penal provision
- (d) The company is required to transfer the amount to separate fund.

(MTP1 May 2023)

Question 13: [Section 135]

The company X plans to cover its skilled as well as semi-skilled workers of its units under medical health insurance plan, for which the company X will bear the expenses. Will this expenditure be permissible under CSR activities as per the provisions of the Companies Act, 2013:

- (a) only expenditure on skilled workers is allowed
- (b) expenditure on both skilled and semi- skilled workers is allowed
- (c) Resolution to be passed in board meeting before incurring this expenditure and in the board report it must be mentioned, so that the same will be permissible under CSR activities
- (d) such expenditure is not permissible under eligible CSR activities

(MTP1 May 2023)

Question 14: [Section 135]

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

(MTP1 May 2023)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
11.	(a)	12.	(c)	13.	(d)	14.	(b)

Question 15: [Section 135]

CSR Committee of the Board of PSR Ltd. having net profit during immediately preceding FY 2021-22 was ₹5.25 Crores shall consist of:

- (a) Directors forming 1/3rd of the total no of directors.
- (b) At least 2 directors out of which one shall be independent director.
- (c) 3 or more directors out of which one shall be managing director.
- (d) 3 or more directors, out of which at least 1 director shall be an independent director

(May 2023)

Question 16: [Section 128]

A and B, architects by profession and residents of Delhi, have formed a company by the name A&B Private Limited, whose registered office is situated in a somewhat less inhibited market area of Haryana. They do not consider it to be a safe place. Therefore, to be on safer side they have kept all the documents and information relating to incorporation of their company (that were originally filed with Registrar for registration of Company) at A's residence. Is their action justified?

- (a) It is their prerogative to keep all the documents and information relating to incorporation of their company at a place which they think is quite safe even if it is Delhi.
- (b) Considering registered office to be unsafe, they can keep all the documents and information relating to incorporation of their company at any place in Haryana only but for this purpose they must seek permission of the ROC.
- (c) If they do not want to seek permission of ROC, considering registered office to be unsafe, they can keep all the documents and information relating to incorporation of their company at any place which should be within three kms. of their registered office but in Haryana only.
- (d) They have to keep all the documents and information relating to incorporation of their company at the registered office only.

(May 2023)

Question 17: [Section 133]

Who may prescribe the accounting standards or any addendum thereto?

- (a) The Central Government
- (b) The Institute of Chartered Accountants of India
- (c) The National Financial Reporting Authority
- (d) The Central Government may prescribe the standards of accounting or any addendum thereto, as recommended by the Institute of Chartered Accountants of India, in consultation with and after examination of the recommendations made by the National Financial Reporting Authority.

(May 2023)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
15.	(d)	16.	(d)	17.	(d)

Question 18: [Section 128]

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.

(ICAI BoS)

Question 19: [Section 138]

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 FY.

(ICAI BoS)

Question 20: [Section 135]

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 co. 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 co. for the financial year.
- (d) The surplus shall form part of the business profit of a company

(ICAI BoS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
18	(b)	19.	(d)	20.	(b)

Question 21: [Section 135]

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

S. No.	Particulars	Amount in Rs. crore
1	Net worth	280
2	Turnover	550
3	Net Profit	5.50
4	Borrowings	60

Choose the correct option in terms that whether the provisions of Corporate Social Responsibility are applicable to ABC Ltd.

- (a) No, as ABC Ltd. is having net worth of more than Rs. 250 crore in the immediately preceding FY.
- (b) Yes, as ABC Ltd. is having turnover of more than Rs. 500 crore but less than Rs. 800 crore in the immediately preceding FY.
- (c) Yes, as ABC Ltd. is having net profit of more than Rs. 5 crore in the immediately preceding FY.
- (d) Yes, as ABC Ltd. is having loans and borrowings of more than Rs. 50 cr. in the immediately preceding FY.

(MTP May 2024)

Question 22: [Section 135]

Under what circumstances is the requirement for constituting a Corporate Social Responsibility (CSR) Committee waived, and who is responsible for discharging the functions of the CSR Committee in such cases?

- (a) When the amount to be spent by a company does not exceed fifty lakh rupees; the Board of Directors assumes the responsibility of the CSR Committee's functions.
- (b) When the amount to be spent by a company exceeds fifty lakh rupees; the Board of Directors assumes the responsibility of the CSR Committee's functions.
- (c) When the amount to be spent by a company does not exceed fifty lakh rupees; the shareholders assume the responsibility of the CSR Committee's functions.
- (d) When the amount to be spent by a company exceeds fifty lakh rupees; the shareholders assume the responsibility of the CSR Committee's functions.

(MTP May 2024)

Question 23: [Section 136]

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

- (a) Every member of the company, to every director of the company, to every debenture holder of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled;
- (b) Every member of the company, to every director of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled;
- (c) Every member of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled;
- (d) Every member of the company, to every director debenture holder of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled;

(ICAI Nov 2022)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
21	(c)	22	(a)	23	(c)

Question 24: [Section 135]

Victory Limited was incorporated in January 2015. How much expenditure Victory Limited shall ensure to spend in pursuance of its Corporate Social Responsibility Policy:

- (a) The company shall ensure to spend in every financial year, at least 2% of the average gross profits of the company made during the 2 immediately preceding financial years.
- (b) The company shall ensure to spend in every financial year, at least 2% of the average net profits of the company made during the 3 immediately preceding financial years.
- (c) The company shall ensure to spend in every financial year, at least 1% of the average net profits of the company made during the 2 immediately preceding financial years.
- (d) The company shall ensure to spend in every financial year, at least 1% of the average net profits of the company made during the 3 immediately preceding financial years.

(MTP1 May 2023)

Question 25: [Section 136]

Vinod is a director of Prem Limited. He intends to participate in the board meeting through video conferencing and has intimated the same to the chairperson at the beginning of calendar year. Advise, Vinod for how long such declaration shall be valid.

- (a) 1 month
- (b) 6 months
- (c) 1 year
- (d) She has to furnish declaration for each meeting separately

(MTP May 2022, May 2023, MTP-2 Nov 2023)

Q. No.	Answer	Q. No.	Answer
24	(b)	25.	(c)

Question 1: [Section 140(4)]

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

(ICAI Module)

Question 2: [Section 144]

Which of the following is a service prohibited 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

(ICAI BoS, MTP1 May 2023)

Question 3: [Section 139]

The word 'firm' for the purpose of Section 139 shall include-

- (a) An individual auditor
- (b) LLP
- (c) Both an individual auditor and LLP
- (d) A company

Question 4: [Section 139(5)]

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

(ICAI BOS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(a)	2.	(a)	3.	(b)	4.	(b)

Question 5: [Section 139]

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

(ICAI BoS, MTP May 2022, ICAI Module, MTP1 May 2023)

Question 6: [Section 139]

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

(MTP Nov 2022/ May 2023/ MTP-1 Nov 2023)

Question 7: [Section 139]

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

Question 8: [Section 141]

Mr. Amit, a Chartered Accountant, is the appointed auditor of Grey Limited. Mrs. Anita, Mr. Amit's wife, recently acquired equity shares in Grey Limited with a face value of Rs. 1 lakh. Which of the following statements is correct regarding M/s Amit & Co. eligibility to continue as the auditor of Grey Limited?

- (a) M/s Amit & Co. must vacate the position of auditor immediately due to the disqualification arising from his wife's holding of shares.
- (b) M/s Amit & Co. can continue as the auditor only if Mrs. Anita divests her shares within 30 days.
- (c) M/s Amit & Co. can continue as the auditor since the shares held by Mr. Amit's wife do not exceed the limit specified under the Companies (Audit and Auditors) Rules, 2014
- (d) M/s Amit & Co. cannot continue as the auditor, as any acquisition of shares by a relative leads to automatic disqualification.

(RTP Jan'25)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
5.	(d)	6.	(c)	7.	(d)	8.	(c)

Question 9: [Section 139]

XYZ Limited is a company with 51% of its equity shares held by the State Government of Maharashtra and 49% by private investors. The Board of XYZ Limited seeks to appoint an auditor for the upcoming financial year. As per the Companies Act, 2013, which of the following statements is correct regarding the appointment of the auditor?

- (a) The Board of XYZ Limited has the authority to appoint the auditor through a board resolution.
- (b) The Comptroller and Auditor General (CAG) of India will appoint the auditor for XYZ Limited.
- (c) The shareholders of XYZ Limited will appoint the auditor in the annual general meeting.
- (d) The State Government of Maharashtra, holding the majority stake, will appoint the auditor.

(RTP Jan'25)

Q. No.	Answer
9.	(b)

Question 1: [Section 380]

Jackson Communications LLC, incorporated in Arizona, USA, has established a principal place of business at Kolkata, West Bengal. It is required to deliver requisite documents to the specified authority. You are required to select an appropriate option from the four given below which indicates the number of days within which such documents shall be delivered:

- Jackson Communications LLC shall, within 10 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
- Jackson Communications LLC shall, within 15 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
- Jackson Communications LLC shall, within 30 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
- Jackson Communications LLC shall, within 45 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.

(ICAI Module)

Question 2: [Section 392]

Morgen Stern Digi Cables GmbH incorporated in Berlin, Germany, established a place of business at Mumbai to conduct its business of data interchange and other digital supply transactions online. However, Morgen Stern Digi Cables GmbH failed to deliver certain documents to the jurisdictional Registrar of Companies within the prescribed time period in compliance with the respective statutory provisions. Which option, out of the four given below, shall correctly indicate the amount of fine with which Morgen Stern Digi Cables GmbH shall be punishable for its failure to deliver certain documents:

- Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 50,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 25,000 rupees for every day after the first during which the contravention continues.
- Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 1,00,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 20,000 rupees for every day after the first during which the contravention continues.
- Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 2,00,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 50,000 rupees for every day after the first during which the contravention continues.
- Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 1,00,000 rupees but which may extend to 3,00,000 rupees and in the case of a continuing offence, with an additional fine upto 50,000 rupees for every day after the first during which the contravention continues.

(ICAI Module)

Q. No.	Answer	Q. No.	Answer
1.	(c)	2.	(d)

Question 3: [Section 2(42)]

Radix Healthcare Ltd., a company registered in Thailand, although has no place of business established in India, yet it is engaged in online business through remote delivery of healthcare services in India. Select the incorrect statement from those given below as to the nature of the Radix Healthcare Ltd. in the light of the applicable provisions of the Companies Act, 2013:

- (a) Radix Healthcare Ltd. is not a foreign company as it has no place of business established in India.
- (b) Radix Healthcare Ltd. is a foreign company being involved in business activity through telemedicine.
- (c) Radix Healthcare Ltd. is a foreign company for conducting business through electronic mode.
- (d) Radix Healthcare Ltd. is a foreign company as it conducts business activity in India.

(ICAI Module)

Question 4 [Section 380]

Fam Software Company Inc., a company incorporated in Australia, proposes to establish a place of business at Mumbai. The list of the Directors includes (i) Mr. Arjun - Managing Director, (ii) Mr. Ranveer - Director, (iii) Mr. Ramesh Malik - Director and (iv) Mr. Arbaaz - Director. Ms. Lavina has been appointed as the Secretary of Fam Software Company Inc. It is to be noted that Mr. Ramesh Malik and Mr. Arbaaz, resident in India, are the persons who have been authorized by Fam Software Company Inc. to accept on behalf of the company service of process, notices or other documents required to be served on Fam Software Company Inc. In relation to the company's establishment, you are required to enlighten the Fam Company Inc. with respect to whose, a declaration will be required to be submitted to the Registrar of Companies by Fam Software Company Inc. for not being convicted or debarred from formation of companies in or outside India.

- (a) Mr. Arjun, Mr. Ranveer, Mr. Ramesh Malik, Mr. Arbaaz and Ms. Lavina.
- (b) Mr. Arjun, Mr. Ramesh Malik, Mr. Arbaaz and Ms. Lavina.
- (c) Mr. Ramesh Malik and Mr. Arbaaz.
- (d) Mr. Arjun, Mr. Ranveer, Mr. Ramesh Malik and Mr. Arbaaz.

(ICAI Module)

Question 5: [Section 381]

5K Cosmetic Shop plc., a company incorporated in Switzerland, is involved in digital supply services through electronic mode, the server of which is located outside India. The company follows calendar year as its financial year. Every year the company is required to prepare a balance sheet and profit and loss account. You are required to choose the correct timeline within which such documents shall be filed with the Registrar of Companies considering the provisions of Chapter XXII of the Companies Act, 2013:

- (a) Within a period of 30 days from the close of the financial year of 5K Cosmetic Shop plc.
- (b) Within a period of 3 months from the close of the financial year of 5K Cosmetic Shop plc.
- (c) Within a period of 60 days from the close of the financial year of 5K Cosmetic Shop plc.
- (d) Within a period of 6 months from the close of the financial year of 5K Cosmetic Shop plc.

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
3.	(a)	4.	(d)	5.	(d)

Question 6: [Section 387]

Towering Mobiles Ltd., a company incorporated in Indonesia, proposes to establish a place of business in India through electronic mode. Towering Mobiles Ltd. issued prospectus to the citizens of India for subscription of its securities. The company has been into the business for more than 3 years since it received the commencement of business certificate. What should the prospectus issued by Towering Mobiles Ltd. include in addition to (i) date and signature on the prospectus; (ii) the instrument defining the constitution of company; (iii) the enactment under which the company is incorporated; (iv) address in India where documents mentioned at (ii) and (iii) can be inspected:

- (a) Date and country of incorporation of company.
- (b) Address of principal office in India, if any.
- (c) Disclosure of all such matters which are specified u/s 26 of the Companies Act, 2013.
- (d) All of the above.

Question 7: [Section 2(42)]

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

- (a) Beta Periodicals Limited cannot be considered as a foreign company even if it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.
- (b) Beta Periodicals Limited shall be considered as a foreign company since it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.
- (c) Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the Regional Director having jurisdiction over New Delhi for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company.
- (d) Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the New Delhi Bench of National Company Law Tribunal for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company

Question 8:

Top Footwear Limited, incorporated in Singapore, established a principal place of business at Chennai. It seeks to deliver various documents to the specified authority. Choose the correct option from those given below as to the authority to which Top Footwear Limited is required to deliver such documents:

- (a) Top Footwear Ltd is required to deliver the relevant documents to the CG.
- (b) Top Footwear Ltd is required to deliver the relevant docs to the RoC having jurisdiction over New Delhi.
- (c) Top Footwear Ltd is required to deliver the relevant docs to the RoC having jurisdiction over Chennai.
- (d) Top Footwear Limited is required to deliver the relevant documents to the NCLT, Chennai Bench.

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
6.	(d)	7.	(a)	8.	(b)

Question 9: [Section 381]

X Ltd., a foreign company along with the financial statement of FY 2020-2021 of its Indian business operations have to file statement of related party transactions, repatriation of profits and statement of transfer of funds with the Registrar latest by:

- (a) April 30, 2021
- (b) June 30, 2021
- (c) September 30, 2021
- (d) December 31, 2021

Question 10:

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

(ICAI BoS)

Question 11:

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

(ICAI BoS)

Question 12:

Lavender International Entertainment Inc., headquartered and registered in New York City and a prominent name in lifestyle audio innovations, professional audio and lighting solutions, and digital transformation, is present in more than seventy countries including India. Due to certain mis- happenings, the company was unable to file its financial statements along with necessary documents for the year 2023 with the Registrar of Companies (in India) within the stipulated time as permitted by the Companies Act, 2013. It is observed that the ROC may, for any special reason and on an application made in writing by Lavender International Entertainment, extend the 'filing time' maximum up to a certain period. From the following options, choose the correct one in this respect:

- (a) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by one month beyond the stipulated time period.
- (b) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by two months beyond the stipulated time period.
- (c) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by three months beyond the stipulated time period.
- (d) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by six months beyond the stipulated time period.

(MTP Sept 2024)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
10.	(c)	11.	(b)	12.	(c)



Question 1: [Basic understand of legislature]

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.

Question 2: [Basic question]

As per the rules of an educational institution, every student may come on weekends for extra classes but every student shall appear on a weekly test conducted in the institute, which means:

- (a) Attending extra classes on weekends is optional but appearing in weekly test is compulsory
- (b) Attending weekend classes is compulsory but appearing in weekly test is optional
- (c) Attending weekend classes and appearing in weekly test, both are compulsory for students
- (d) Attending weekend classes and appearing in weekly test both are optional for students.

Question 3: [Section 3]

Which of the following is not an Immovable Property?

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

(ICAI Module)

Question 4: [Section 5]

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

(ICAI Module, May 2023, MTP-1 Nov)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(b)	2.	(a)	3.	(c)	4.	(a)

Question 5:

Formal legal document which creates or confirms a right or records a fact is –

- (a) a Document
- (b) a Deed
- (c) a Statute
- (d) an Instrument

(May 2023)

Question 6: [Section 2(20)]

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

- (a) No, the provisions of the Companies Act, 2013 shall not apply on it.
- (b) Yes, the provisions of the Companies Act, 2013 shall apply on it.
- (c) The Companies Act, 1913 was enacted by the British Government, hence only an Act made by British Government shall apply on such company.
- (d) Since, this company was incorporated by the British Government, hence the Companies Act of UK Govt shall apply.

(MTP Nov 2022, MTP-1 Nov 2023)

Question 7: [Section 3]

What among the following could be considered in the term 'Immovable Property' as defined under section 3(26) of the General Clauses Act, 1897?

- i. The soil for making bricks
 - ii. Right to catch fish
 - iii. Right to drain water
 - iv. Doors and Windows of the house
- (a) Only (i) and (iv)
 - (b) Only (i), (ii) and (iv)
 - (c) Only (i) and (ii)
 - (d) Only (ii), (iii) and (iv)

(MTP Nov 2022/ ICAI Module/ MTP-2 Nov 2023)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
5.	(d)	6.	(b)	7.	(b)

Question 8: [Section 9]

Which among the following is correct as per the provisions of the General Clauses Act, 1897, regarding commencement and termination of Time?

- (a) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to exclude the first in a series of Days or any other period of time, to use the word "from". As well as to exclude the last in a series of days or any other period of time, to use the word "to".
- ✓ (b) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to exclude the first in a series of Days or any other period of time, to use the word "from", and, to include the last in a series of days or any other period of time, to use the word "to".
- (c) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to include the first in a series of Days or any other period of time, to use the word "from". As well as to include the last in a series of days or any other period of time, to use the word "to".
- (d) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to include the first in a series of Days or any other period of time, to use the word "from", and, to exclude the last in a series of days or any other period of time, to use the word "to".

Question 9: [Section 26]

An act or omission constitutes an offence under two enactments, referring to the provisions of the General Clauses Act, 1897, state which among the following is correct in such a situation?

- (a) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted last and not under the other enactment.
- (b) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted first and not under the other enactment.
- (c) The offender shall be liable to be prosecuted and punished under both the enactment.
- ✓ (d) The offender shall be liable to be prosecuted and punished under either or any of those enactments but shall not be punished twice for the same offence.

(ICAI Module, Nov 2022, MTP-1 Nov 2023, MTP May 2022)

Question 10: [Basic understand of legislature]

Every Act has a _____ which expresses the scope, object and purpose of the Act. It is the main source for understanding the intention of lawmaker behind the Act.

- (a) Definition
- ✓ (b) Preamble
- (c) Affidavit
- (d) Document

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
8.	(b)	9.	(d)	10.	(b)

Question 11: [Section 13]

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

(MTP1 May 2023, MTP Sept 2024)

Question 12: [Section 25]

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 IPC 1860, but shall be punished under either of the Companies Act, 2013 or the IPC, 1860.
- (b) Mr. Shah shall be liable to be prosecuted under both of the Companies Act, 2013 and the IPC, 1860, but shall be punished under the Companies Act, 2013 or the IPC, 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 the IPC, 1860.
- (d) Mr. Shah shall be liable to be prosecuted and punished under both of the Companies Act, 2013 and the IPC, 1860.

[RTP November 2023]

Question 13: [Application of GCA]

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

(ICAI BoS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
11.	(c)	12.	(c)	13.	(b)

Question 14: [Section 26 (additional points)]

Apex Manufacturing is an industrial company based in India. Recently, the company found itself embroiled in legal issues concerning two separate offences under different enactments. The first offence involved a violation of environmental regulations, for which the company was prosecuted and fined. Subsequently, Apex Manufacturing was charged under a different law for a similar but not identical environmental violation. The first offence was under the Environment Protection Act, 1986, for failing to dispose of hazardous waste properly. The second offence, under the Water (Prevention and Control of Pollution) Act, 1974, involved discharging untreated wastewater into a river.

Mr. Sharma, the company's legal advisor, consulted on said issue. He determined the prosecution outlined in Section 26 of the General Clauses Act, 1897, and Article 20(2) of the Constitution of India, which protects against double jeopardy. Comment upon the validity of protection that can be given to the Apex Manufacturing.

- (a) Yes valid, because both involve environmental violations.
- (b) Not valid, because the specific actions and legal provisions violated are different.
- (c) Its valid, because both result in environmental harm.
- (d) Its valid, though were prosecuted under different Acts but nature of act is similar.

(RTP Sept, 2024)

Question 15: [Section 3]

X purchased a car from Y, believing that Y was the legitimate owner. Although X paid the full purchase price and took possession of the car, he did not check the Registration Certificate (RC) of the car to verify the authenticity of Y's ownership. Later, it was discovered that Y was not the rightful owner, and the car had been stolen. In the context of "good faith" as defined in the General Clauses Act, 1897, determine the validity of X's ownership claim over the car.

- (a) X holds valid ownership of the car because he paid the full price and believed Y to be the legitimate owner.
- (b) X does not hold valid ownership because his purchase was made without due care and attention, even though he acted honestly
- (c) X holds valid ownership because he had no knowledge of the car being stolen, showing he acted in "good faith."
- (d) X's ownership is valid because he did not act negligently, and his actions were deemed "in good faith."

(RTP Jan'25)

Question 16: [Intro to GCA]

The General Clauses Act, 1897 is applicable to:

- (a) whole of India including the Union Territory of Jammu and Kashmir.
- (b) whole of India excluding the Union Territory of Jammu and Kashmir.
- (c) the act does not define any "territorial extent" clause.
- (d) whole of India excluding the National Capital Region and other Union Territories.

(RTP Jan'25)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
14.	(b)	15.	(b)	16.	(c)

Question 1:

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

Question 2:

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

(MTP May 2022)

Question 3:

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

(MTP May 2022)

Question 4:

The Rule in Heydon's case is also known as—

- (a) Purposive construction
- (b) Mischief Rule
- (c) Golden Rule
- (d) Exceptional Construction

(ICAI Module, MTP May 2022)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(c)	2.	(a)	3.	(c)	4.	(b)

Question 5:

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

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

(ICAI Module, MTP May 22, MTP Nov 22, MTP-1 May 2023, MTP-2 Nov 2023)

Question 6:

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

(ICAI Module)

Question 7:

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

(MTP May 2022)

Question 8:

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

(MTP May 2022, ICAI Module, MTP-1 Nov 2023)

Question 9:

Which among the following is an External Aid to interpretation:

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

(MTP2 May 2023, RTP Nov 23)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
5.	(d)	6.	(b)	7.	(a)	8.	(c)	9.	(b)

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

(MTP Nov 2022, ICAI Module, MTP 1 Nov 2023, May 2023 RTP and MTP-2 Nov 2023)

Question 11:

_____ 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 indigent

(MTP Nov 2022, May 2023, MTP-2 Nov 2023)

Question 12:

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

(RTP Nov 2022, MTP1 May 2023)

Question 13:

_____ interpretation concerns itself with "what the law says" and _____ interpretation, seeks to ascertain "what the law means".

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

(RTP Nov 2022)

Question 14:

_____ expresses the scope and object of the Act more comprehensively than the _____.

- (a) Preamble; Short title
- (b) Short title; Long title
- (c) Long title; Preamble
- (d) Preamble; Long title

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
10.	(a)	11.	(a)	12.	(b)	13.	(a)	14.	(d)

Question 15:

Which among the following cannot be considered as an internal aid for interpretation of a statute?

- (a) Illustrations
- (b) Explanation
- (c) Previous Law
- (d) Schedules

Question 16:

Choose the correct meaning of the term "Ut res magis valeat quam pereat" from among the following:

- (a) Words of statute must be construed so as to lead to a sensible meaning.
- (b) Statutes should be construed grammatically.
- (c) Notwithstanding anything contained.
- (d) When two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense.

Question 17:

As per Rule of Literal Construction, Technical words are to understood in:

- (a) Normal sense
- (b) Ordinary sense
- (c) Technical sense
- (d) Legal sense

(MTP1 May 2023)

Question 18:

Calendar year starts from:

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

(MTP2 May 2023)

Question 19:

Doctrine of Mischief Rule was given under:

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

(MTP2 May 2023)

Question 20:

Which amongst the following is not a 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 Grammatical Construction
- (c) Rule of Plain Construction
- (d) Rule of logical Construction

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
15.	(c)	16.	(a)	17.	(c)	18.	(a)	19.	(d)
20.	(a)								

Question 21:

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

(ICAI BOS)

Question 22:

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

(ICAI BOS)

Question 23:

Regal Textiles, a well-established fabric manufacturing company, has been operating under the Textile Regulations Act of 1980 for several decades. Over the years, various provisions of this Act have been subject to interpretation by both the company and the industry at large. One such provision pertains to the definition of "sustainable practices," which has been a point of contention. "Sustainable practices" to include the use of organic materials and recycling waste products. This interpretation has been widely accepted and acted upon without any legal challenges. Recently, a new regulatory body has argued that "sustainable practices" should be strictly defined to include only carbon-neutral processes, excluding the use of non-organic recycled materials. This new interpretation has created confusion and potential compliance issues for Regal Textiles, which has long adhered to the established understanding of the term. He prepares to argue that the long-standing interpretation of "sustainable practices" should be upheld. What principle will Mr. Kumar likely rely on to argue against the new interpretation proposed by the regulatory body?

- (a) The principle of judicial activism.
- (b) The principle of strict construction.
- (c) The principle of historical usage.
- (d) The principle of prospective overruling

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
21.	(b)	22.	(c)	23.	(c)

Question 24:

An Act has been passed by the government and though sufficient time has elapsed since the Act was passed, it has not been brought into force by the Government.

Which of the following is correct in the light of the provisions of the General Clauses Act, 1897?

- (a) The court can issue a mandamus with a view to compel the government to bring the Act into operation on a particular day.
- (b) The court can through a writ direct the government to consider the question as to when the Act should begin to operate.
- (c) The court can publish a date in Official Gazette as an effective date for enforcement of the Act.
- (d) The court cannot direct the government to consider the question as to when Act should begin to operate.

(MTP Sept 2024)

Question 25:

ABC Real Estate Ltd., a prominent real estate company, has recently acquired a piece of land in a suburban area. The land has a small lake that is expected to generate significant tourism revenue in the future. Additionally, the land has several old structures that are permanently fastened to the earth, such as a stone pavilion and a historical monument. ABC Real Estate Ltd. plans to develop the area by refurbishing the existing structures and enhancing the natural surroundings to attract tourists.

Considering the above scenario, identify which of the following components are classified as "Immovable Property" under the General Clauses Act, 1897:

- (a) Only the land and the stone pavilion.
- (b) Only the land and the benefits arising from the lake.
- (c) The land, benefits arising from the lake, and the stone pavilion.
- (d) The land, the benefits arising from the lake, the stone pavilion, and the historical monument.

(MTP Sept 2024)

Question 26:

The Ministry of Transport is planning to construct a new highway that will connect City A and City B. According to the initial plan, the highway is expected to cover a distance of 150 kilometers. During the survey, the engineers measure the distance between the two cities as the crow flies, without considering the natural terrain and existing road curves. This method is in line with the provisions of the General Clauses Act, 1897 regarding the measurement of distance for the purposes of any Central Act or Regulation.

Considering the above scenario, which statement is correct about the measurement of distance as per the General Clauses Act, 1897?

- (a) The distance should be measured along the existing roadways and curves.
- (b) The distance should be measured considering the natural terrain and obstacles.
- (c) The distance should be measured in a straight line on a horizontal plane unless otherwise specified.
- (d) The distance should be measured as a combination of straight lines and natural curves.

(MTP Sept 2024)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
24.	(b)	25.	(d)	26.	(c)

Question 1:

In September, 2021, Mr. Purshottam Saha visited Atlanta as well as Athens and thereafter, London and Berlin on a month-long business trip, for which he withdrew foreign exchange to the extent of US\$ 50,000 from his banker State Bank of India, New Delhi branch. In December, 2021 he further, withdrew US\$ 50,000 from SBI and remitted the same to his son Raviyansh Saha who was studying in Toronto, Canada. In the first week of January, 2022, he sent his ailing mother Mrs. Savita Saha for a specialized treatment along with his wife Mrs. Rashmi Saha to Seattle where his younger brother Pranav Saha, holder of Green Card, is residing. For the purpose of his mother's treatment and to help Pranav Saha to meet increased expenses, he requested his banker SBI to remit US\$ 75,000 to Pranav Saha's account maintained with Citibank, Seattle. In February, 2022, Mr. Purshottam Saha's daughter Devanshi Saha got engaged and she opted for a 'destination marriage' to be held in August, 2022 in Zurich, Switzerland. While on a trip to Dubai in the last week of March, 2022, he again withdrew US\$ 35,000 to be used by him and Devanshi Saha for meeting various trip expenses including shopping in Dubai. Later, the event manager gave an estimate of US\$ 2,50,000 for the wedding of Devanshi Saha at Zurich, Switzerland. Which option do you think is the correct one in the light of applicable provisions of Foreign Exchange Management Act, 1999 including obtaining of prior approval, if any, from Reserve Bank of India since Mr. Purshottam Saha withdrew foreign exchange on various occasions from his banker State Bank of India.

- (a) In respect of withdrawal of foreign exchange on various occasions from his banker State Bank of India and remitting the same outside India during the financial year 2021-22, Mr. Purshottam Saha is not required to obtain any prior approval.
- (b) In respect of withdrawal of US\$ 35,000 in the last week of March, 2022, for a trip to Dubai, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India since the maximum amount of foreign exchange that can be withdrawn in a financial year is US\$ 1,75,000.
- (c) After withdrawing US\$ 1,00,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2021-22, otherwise SBI would not have permitted further withdrawals.
- (d) After withdrawing US\$ 50,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2021-22, otherwise SBI would not have permitted further withdrawals.

(ICAI Module)

Q. No.	Answer
1.	(a)

Question 2:

M/s. Kedhar Sports Academy, a private coaching club, provides coaching for cricket, football and other similar sports. It coaches sports aspirants pan India. It also conducts various sports events and campaigns, across the country. In 2022, to mark the 25th year of its operation, a cricket tournament (akin to the format of T-20) is being organized by M/s. Kedhar Sports Academy in Lancashire, England, in the first half of April. The prize money for the 'winning team' is fixed at USD 40,000 whereas in case of 'runner-up', it is pegged at USD 11,000. You are required to choose the correct option from the four given below which signifies the steps to be taken by M/s. Kedhar Sports Academy for remittance of the prize money of USD 51,000 (i.e., USD 40,000+USD 11,000) to England keeping in view the relevant provisions of Foreign Exchange Management Act, 1999:

- (a) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Ministry of Human Resource Development (Department of Youth Affairs & Sports).
- (b) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Reserve Bank of India.
- (c) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is not required to obtain any prior permission from any authority, whatsoever, and it can proceed to make the remittance.
- (d) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Ministry of Finance (Department of Economic Affairs).

(ICAI Module, MTP Sept 24)

Question 3:

Akash Ceramics Limited, an Indian company, holds a commercial plot in Chennai which it intends to sell. M/s. Super Seller, a real estate broker with its Head Office in the USA, has been appointed by Akash Ceramics Limited to find some suitable buyers for the said commercial plot in Chennai which is situated at a prime location. M/s. Super Seller identifies Glory Estate Inc., based out of USA, as the potential buyer. It is to be noted that Glory Estate Inc. is controlled from India and hence, is a 'Person Resident in India' under the applicable provisions of Foreign Exchange Management Act, 1999. A deal is finalized and Glory Estate Inc. agrees to purchase the commercial plot for USD 600,000 (assuming 1 USD = Rs. 70). According to the agreement, Akash Ceramics Limited is required to pay commission @ 7% of the sale proceeds to M/s. Super Seller for arranging the sale of commercial plot to Glory Estate Inc. and commission is to be remitted in USD to the Head Office of M/s. Super Seller located in USA. Considering the relevant provisions of Foreign Exchange Management Act, 1999, which statement out of the four given below is correct (ignoring TDS implications arising under the Income-tax Act, 1961):

- (a) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission upto USD 25,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 17,000, prior permission of RBI is required to be obtained.
- (b) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission upto USD 30,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 12,000, prior permission of RBI is required to be obtained.
- (c) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.
- (d) It is mandatory to obtain prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.

(ICAI Module)

Q. No.	Answer	Q. No.	Answer
2.	(c)	3.	(d)



Question 4:

Mohita Periodicals and Mags Publications Limited, having registered office in Chennai, has obtained consultancy services from an entity based in France for setting up a software programme to strengthen various aspects relating to publications. The consideration for such consultancy services is required to be paid in foreign currency. The compliance officer of Mohita Periodicals and Mags Publications Limited, Mrs. Ritika requires your advice regarding the foreign exchange that can be remitted for the purpose of obtaining consultancy services from abroad without prior approval of Reserve Bank of India. Out of the following four options, choose the one which correctly portrays the amount of foreign exchange remittable for the given purpose after considering the provisions of the Foreign Exchange Management Act, 1999 and regulations made thereunder:

- (a) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 50,000,000.
 - (b) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 10,000,000.
 - (c) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 5,000,000.
 - (d) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 1,000,000.
- (ICAI Module)

Question 5:

After five years of stay in USA, Mr. Umesh came to India at his paternal place in New Delhi on October 25, 2021, for the purpose of conducting business with his two younger brothers Rajesh and Somesh and contributed a sum of 10,00,000 as his capital. Simultaneously, Mr. Umesh also started a proprietary business of selling artistic brass ware, jewellery, etc. procured directly from the manufacturers based at Moradabad. Within a period of two months after his arrival from USA, Mr. Umesh established a branch of his proprietary business at Minnesota, USA. You are required choose the appropriate option with respect to residential status of Mr. Umesh and his branch for the financial year 2022-23 after considering the applicable provisions of the Foreign Exchange Management Act, 1999:

- (a) For the financial year 2022-23, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident outside India.
 - (b) For the financial year 2022-23, Mr. Umesh is a resident in India but his branch established at Minnesota, USA, is a person resident outside India.
 - (c) For the financial year 2022-23, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident in India.
 - (d) For the financial year 2022-23, Mr. Umesh is a person resident outside India but his branch established at Minnesota, USA, is a person resident in India.
- (ICAI Module)

Q. No.	Answer	Q. No.	Answer
4.	(d)	5.	(c)

Question 6:

Mr. Raman, a non-resident Indian, has a SIP with a prominent Indian mutual fund. Due to some impending financial difficulties, he requested his elder brother Mr. Raghav, a resident Indian currently working as Manager in a multi-national company at Mumbai, to make payment of a few subsequent instalments of SIP on his behalf. Which option, do you think, correctly signifies whether Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother considering the applicable provisions of the FEMA, 1999:

- (a) Mr. Raghav is not permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother since it amounts to payment for the credit of a non-resident person.
- (b) Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother since Mr. Raman is his real brother.
- (c) Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother only if his employer permits.
- (d) Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother only if he obtains prior permission of Reserve Bank of India.

Question 7:

Nandeesh, a resident Indian, remitted USD 1,00,000 on 7th June, 2021, to his son Ishaan who is settled in California, USA, since he urgently required funds. On 9th July, 2021, Nandeesh again remitted USD 71,000 to meet expenses to be incurred in respect of his ailing wife, Medhavi who had recently gone to USA to meet his son Ishaan but had developed serious coronary disease. For specialized treatment of Medhavi at a specialized hospital, a sum of USD 79,000 was remitted for the second time on 30th July, 2021 by Nandeesh. Within next 10 days, Medhavi recovered and was allowed to return to her son's residence from the hospital. Choose the correct option from those stated below as to when Nandeesh can send further foreign exchange to his son Ishaan for the purpose of purchasing a house without obtaining the prior approval of RBI:

- (a) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of April, 2022 or thereafter.
- (b) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of January, 2022 or thereafter.
- (c) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of July, 2022 or thereafter.
- (d) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of November, 2021 or thereafter.

Q. No.	Answer	Q. No.	Answer
6.	(a)	7.	(a)

Question 8:

Mr. V, brother of Mr. R, is a resident of Singapore and he owns an immovable property in Chennai which he inherited from his father, who was a resident of India, Can Mr. V continue to hold the property?

- (a) No, he cannot hold transfer or invest In India, since he is resident outside India.
- (b) Yes, he can continue to hold in India, since he is person of India Origin and the property is located In India
- (c) Yes, he can continue to hold the property, since this was inherited from a person who was resident in India.
- (d) Yes, he can continue to hold the property, since his brother (Mr. R) uses the property whenever he travels to Chennai.

Question 9

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 I
- (b) Schedule II
- (c) Schedule III
- (d) Schedule IV

(ICAI BOS)

Question 10

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

(ICAI BOS)

Question 11

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 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

(ICAI BOS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
8.	(c)	9.	(b)	10.	(c)	11.	(c)

Question 12

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

(ICAI BOS)

Question 13

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

(ICAI BOS)

Question 14

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

(ICAI BOS)

Question 15

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.

(ICAI BOS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
12.	(d)	13.	(b)	14.	(c)	15.	(a)

Question 16

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
- (d) Drawal of USD 260000 for private visit to USA

(ICAI BOS)

Question 17

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

(ICAI BOS)

Question 18

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.

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.

(ICAI MTP May 2024)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
16.	(a)	17.	(d)	18.	(b)

Question 19

Ms. Shalini Gupta had enrolled her for management course of three years with IIM, Ahmedabad. Out of three years, two years of educational course would be provided at the campus of IIM, Ahmedabad and one year of educational course would be provided at University of Auckland under student exchange program. Ms. Shalini Gupta is required to pay tuition fee of Rs.10 lakh directly to IIM, Ahmedabad for two years course and USD 200,000 to University of Auckland.

Ms. Shalini had left India on 20th August 2022 to complete her degree from University of Auckland. In the last month of final year of the course, she got an offer from one of the reputed company situated in Auckland and had accepted the offer and she decided to work there. On 1st September 2023, Ms. Shalini had visited India for 30 days to meet her family and on 1st October 2023 had left India to carry on her employment.

Considering the provisions of Foreign Exchange Management Act, 1999, which of the below mentioned options correctly determined the residential status of Ms. Shalini Gupta:

- (a) Ms. Shalini Gupta to be treated as resident in India for Financial Year 2023-2024 and FY 2024-2025.
- (b) Ms. Shalini Gupta to be treated as resident in India for FY 2022-2023 and FY 2023-2024.
- (c) Ms. Shalini Gupta to be treated as non-resident for FY 2023-2024 and FY 2024-2025 as she left India for higher studies.
- (d) Ms. Shalini Gupta to be treated as resident in India for FY 2023-2024 since she stays in India for more than 182 days and non-resident for FY 2024-2025.

(ICAI MTP May 2024)

Question 20

Mr. Amar (a resident individual) want to remit US\$ 60,000 to his son in the USA after winning a big lottery. Considering the provisions of the Foreign Exchange Management Act, 1999, choose the correct action which Mr. Amar would take to remit the said amount to his son in the USA.

- (a) Visit a local bank and request a direct transfer to his son's US bank account.
- (b) Cannot remit the said amount as remittance out of lottery winnings is prohibited.
- (c) Travel to the USA personally with the cash winnings, to give it to his son.
- (d) Convert the US Dollar winnings into a different currency before sending it to his son.

Question 21

Mr. Prakhar, an Indian Resident individual, wishes to obtain Foreign Exchange for a gift remittance totaling US\$ 50,000. Which of the following statements accurately reflects the regulatory requirement under the Foreign Exchange Management Act, 1999 (FEMA)?

- (a) Mr. Prakhar can freely remit US\$ 50,000 for the gift as it is a current account transaction and the amount of gift remittance is less than US\$ 2,50,000.
- (b) Mr. Prakhar must seek prior approval from the RBI for the remittance exceeding US\$ 50,000.
- (c) Mr. Prakhar must seek prior approval from the RBI for any gift remittance, regardless of the amount.
- (d) Mr. Prakhar does not need to comply with any FEMA requirements as gift remittance does not fall under the purview of the FEMA 1999.

(ICAI MTP May 2024)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
19.	(c)	20.	(b)	21.	(a)



Question 22

Mr. X had resided in India for less than 182 days during the financial year 2022-2023. He arrived in India on April 1, 2023, to conduct business and intends to leave the business on April 30, 2024, with plans to depart from India on June 30, 2024. What is Mr. X's residential status for the financial year 2023-2024 under the FEMA, 1999? How many days did Mr. X stay in India during the financial year 2023-2024?

- (a) Non-Resident, 182 days
- (b) Resident, 365 days
- (c) Resident but Not Ordinarily Resident (RNOR), 240 days
- (d) Resident, 91 days

(RTP Sept, 2024)

Question 23

Athlete Rajiv Sharma, a professional tennis player from India, achieved remarkable success by winning a prestigious international tennis tournament held in Paris, France. As a result of his victory, he received a prize money of \$150,000 from the event organizers. Rajiv was excited about his winnings and planned to use a portion of the prize money to fund his training and future tournaments abroad.

Rajiv decided to remit \$150,000 to his personal account in France to manage his finances and cover his training expenses. However, before proceeding, he needed to ensure that the remittance complied with the Foreign Exchange Management Act (FEMA), 1999, specifically concerning the remittance of prize money or sponsorship of sports activities abroad.

Under FEMA regulations, individuals other than international, national, or state-level sports bodies are subject to specific guidelines when remitting amounts exceeding \$100,000. Rajiv was aware that the amount involved in his case exceeded this threshold and sought advice on the necessary steps and compliance.

Enumerate in the given instance, according to FEMA regulations, what must Rajiv Sharma do if he wishes to remit prize money exceeding US \$100,000 abroad?

- (a) Remit the amount directly without any additional requirements.
- (b) Obtain approval from Paris Government before remitting the amount
- (c) Only provide proof of winning the prize
- (d) Require prior approval of Ministry of Human Resource Development (Department of Youth Affairs and Sports)

(RTP Sept, 2024)

Q. No.	Answer
23.	(d)

Question 24:

Rahul, a resident of India and an avid horse-racing enthusiast, earns ₹ 5 lakh as prize money from an international horse-racing event held in Dubai. He wants to remit this amount to his personal foreign bank account for future international race entries and training. He consults his banker to confirm if this transaction is permissible under the Foreign Exchange Management Act (FEMA), 1999. Can Rahul remit his income from the international horse-racing event to his foreign bank account under FEMA, 1999?

- (a) Yes, as it is his earned income.
- (b) No, as remittance of income from racing, riding, or any other hobby is prohibited.
- (c) Yes, but only with prior approval from the Reserve Bank of India (RBI).
- (d) No, unless it is for charitable purposes.

(MTP Jan'25)

Question 25:

Sneha, a resident of India, wants to invest her savings. She considers buying shares of a US-based company to benefit from the growing tech market. She is unsure if such an investment is allowed under the Foreign Exchange Management Act, 1999. Advise whether Sneha can invest in shares of the US-based company?

- (a) Yes, such investments are allowed.
- (b) No, such investments are not allowed.
- (c) Yes, but only if the investment is for US\$ 5000.
- (d) No, unless she is a non-resident Indian (NRI).

(MTP Jan'25)

Q. No.	Answer	Q. No.	Answer
24.	(b)	25.	(a)

Question 1: [Basic]

Which of the following cannot be converted into LLP?

- (a) Partnership firm
- (b) Private company
- (c) Listed company
- (d) Unlisted company

Question 2: [Section 16]

The approved name of LLP shall be valid for a period of ____ from the date of approval:

- (a) 1 Month
- (b) 2 Months
- (c) 3 months
- (d) 6 months

(ICAI Module)

Question 3: [Section 15]

Name of the Limited Liability Partnership shall be ended by:

- (a) Limited
- (b) Limited Liability partnership or LLP
- (c) Private Limited
- (d) OPC

(ICAI Module)

Question 4: [Section 58]

Which one of the following statements about limited liability partnerships (LLPs) is incorrect?

- (a) An LLP has a legal personality separate from that of its members.
- (b) The liability of each partner in an LLP is limited.
- (c) Members of an LLP are taxed as partners.
- (d) A listed company can convert to an LLP

(ICAI Module)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	(c)	2.	(c)	3.	(b)	4.	(d)

Question 5: [Section 7]

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.

Question 6: [Intro to LLP]

Ministry of Corporate Affairs enforced the LLP Act, with effect from-

- (a) 31st March, 2008
- (b) 1st April 2008
- (c) 31st March, 2009
- (d) 1st April 2009

Question 7: [Section 4]

Whether partnership law applies to the LLP-

- (a) Yes
- (b) No

Question 8: [Characteristics of LLP]

State which of the statement is correct under the Limited Liability Partnership Act, 2008-

- (a) All partners have unlimited liability
- (b) All partners have limited liability

Question 9: [Section 5]

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

(ICAI BoS)

Question 10: [Section 17]

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

(ICAI BoS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
5.	(d)	6.	(c)	7.	(b)	8.	(b)	9	(b)
10.	(b)								

Question 11: [Section 25]

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

(ICAI BoS)

Question 12: [Section 7]

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

(ICAI BoS)

Question 13: [Section 12]

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

(ICAI BoS)

Question 14: [Section 25]

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

(ICAI BoS)

Question 15: [Section 6]

What is the maximum limit of number of partners in LLP?

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

(ICAI BoS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
11.	(c)	12.	(a)	13.	(c)	14.	(d)	15.	(d)

Question 16:

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

(ICAI BoS)

Question 17:

A 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

(ICAI BoS)

Question 18: [Section 34]

What is the periodicity of preparing the Statement of Account and Solvency by the LLP:

- Within 3 months from the end of each F.Y.
- Within 9 months from the end of each F.Y.
- Within 12 months from the end of each F.Y.
- Within 6 months from the end of each F.Y.

(ICAI BoS)

Question 19: [Introduction to LLP]

LLP Bill was passed by the Parliament on

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

(ICAI BoS)

Question 20: [Section 34]

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

(ICAI BoS)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
16.	(d)	17.	(b)	18.	(d)	19.	(b)	20.	(d)

Question 21: [Section 30]

Mr. Mohit had purchased Food items from Balak Food court LLP amounting to 5,00,000. He made a claim of 5,00,000 against the LLP as he was supplied with all expired food items, this transaction was done by Mr. Heera (one of the partners of LLP), but LLP was unaware of this transaction.

Mr. Mohit also claimed for compensation as this transaction was done with intention to defraud him. The worth of the assets of LLP are only 2,00,000.

Now Mr. Mohit wants to make all the partners of LLP personally liable for the deficiency of 3,00,000. What 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

(ICAI BoS)

Question 22: [Section 25]

Bhavesh, Yash and Chirag incorporated a Limited Liability Partnership for doing the business of trading of timber under the name Solid Lakkad LLP. Chirag has shifted his residence from 12, Block C, Kamla Nagar, Agra to 808, Sector 1, Bodla, Agra on 16th November, 2023. Chirag informed the firm about change of his address on 20th November, 2023 sending a written notice. Now, by which date Solid Lakkad LLP is required to file a notice with the registrar?

- (a) 01st December, 2023
- (b) 05th December, 2023
- (c) 16th December, 2023
- (d) 20th December, 2023

(RTP May 24)

Q. No.	Answer	Q. No.	Answer
21.	(a)	22.	(c)

Question 23: [Section 27]

XYZ LLP is a consulting firm where four partners—A, B, C, and D—are responsible for various functions. Partner B, without consulting the other partners, enters into a contract with a third party, Mr. P, for a high-value procurement deal on behalf of XYZ LLP. It is later found that Partner B did not have authority to engage in such deals, and XYZ LLP has no history of involvement in procurement. Mr. P, who is an experienced business- person, was aware that Partner B was not authorized to enter into procurement deals for XYZ LLP. In this scenario, which of the following is correct based on the Limited Liability Partnership Act, 2008?

- (a) XYZ LLP is bound by the contract because partner B is a partner in the LLP.
- (b) XYZ LLP is bound by the contract as Mr. P believed partner B was authorized to act on behalf of the LLP.
- (c) XYZ LLP is bound by the contract because Mr. P is a third party and was not aware of the internal matters of XYZ LLP.
- (d) XYZ LLP is not bound by the contract as partner B lacked authority, and Mr. P knew of this lack of authority.

(RTP Jan'25)

Question 24: [Section 6]

ABC LLP was incorporated with two partners, Mr. Raj and Ms. Rani. Due to certain differences, Ms. Rani resigned from the LLP on 1st January, 2024, leaving Mr. Raj as the sole partner. Mr. Raj continued running the business without admitting a new partner and was aware that he was the only remaining partner. On 1st August of the same year, ABC LLP incurred a debt of Rs. 5 lakh from a vendor. Given the provision in the Limited Liability Partnership Act, 2008, which of the following statements correctly describes Mr. Raj's liability in this situation?

- (a) Mr. Raj will not be personally liable for the Rs. 5 lakh debt as the debt was incurred by the LLP.
- (b) Mr. Raj will be personally liable for the Rs. 5 lakh debt since he was the sole partner of the LLP for more than six months.
- (c) Mr. Raj and Ms. Rani will both be liable for the Rs. 5 lakh debt as they were originally partners.
- (d) The LLP will be automatically dissolved after six months, and no personal liability will arise for Mr. Raj.

(RTP Jan'25)

Question 25: [Section 29]

Where after a partner's death the business is continued in the same Limited Liability Partnership name, the continued use of that name or of the deceased partner's name as a part thereof:

- (a) shall make his legal representative liable for any act of the limited liability partnership done after his death.
- (b) shall make his estate liable for any act of the limited liability partnership done after his death.
- (c) shall make his legal representative or his estate liable for any act of the limited liability partnership done after his death.
- (d) shall not by itself make his legal representative or his estate liable for any act of the limited liability partnership done after his death.

(RTP Jan'25)

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
23.	(d)	24.	(b)	25.	(d)

