

# CA Inter – Paper 2 (Law) – MCQ

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(Covering ICAI SM, MTPs & RTPs till May 2022 applicable for May 2023 Exams)

## Chapter – 2: Incorporation of Company and Matters Incidental Thereto

- High Aim Pvt. Ltd. wants to change its object clause of the Memorandum of Association of the Company. It requires:**

  - Shareholders approval by way of Ordinary Resolution.
  - No approval either from shareholders or Tribunal.
  - Shareholders approval by way of Special Resolution.
  - Approval from Tribunal.
- Sapan and Sanjay made a name reservation application accompanied by requisite fee to the Registrar for forming a new private company. The Registrar accorded its approval for reservation of most preferred name Sapanjay Softwares Private Ltd. on 6th July, 2021. In how many days, necessary documents for incorporation of the company must be submitted to the Registrar so that the reserved name does not get lapsed.**

  - Within 10 days from the date of approval.
  - Within 20 days from the date of approval.
  - Within 45 days from the date of approval.
  - Within 60 days from the date of approval.
- Rukmani, a fresh science graduate, wants to make available the farmers good quality seeds and manure. For her business she is contemplating to form a company and is weighing various options. Sometimes before, she came to know that a 'one person company' has minimum one member and one director whereas a private company has minimum two members and 2 directors. As regards a public company, she has vague idea that there should be minimum three directors but she**
- does not know about the minimum members required in this case. Advise.**

  - When there is requirement of minimum 3 directors, the public company can be formed by minimum 3 persons.
  - There should be minimum 5 persons for formation of a public company though requirement of minimum directors shall remain 3.
  - There should be minimum 7 persons for formation of a public company though requirement of minimum directors shall remain 3.
  - There should be minimum 9 persons for formation of a public company though requirement of minimum directors shall remain 3.
- Jatin is desirous of forming a 'One Person Company (OPC)' for which he wants to nominate his wife Jasmin who in the event of his death shall become the member of OPC. However, he is not aware of as to which document should contain the name of the nominee. Advise him in the matter.**

  - Name of the nominee should be mentioned in the Articles of Association after the names of the directors.
  - Name of the nominee should be mentioned in the Memorandum of Association.
  - Either Articles of Association or Memorandum of Association may contain the name of the nominee.
  - There is no need to mention the name of the nominee in either Articles of Association or Memorandum of Association; a simple

consent letter obtained from the nominee and kept in the records is sufficient.

5. **Priyank and Priyanka, got reserved a name and thereafter a private limited company was formed using the reserved name on 1st June, 2021. Later on, a registered proprietor of a trade mark noted that the name of this private limited company was identical to the trade mark he had earlier got registered under the Trade Marks Act, 1999. Advise as to latest by which date, the proprietor of the registered trade mark can move an application to the Central Government against this anomaly.**
- (a) Latest by 30th November, 2021, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.
- (b) Latest by 30th May, 2022, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.
- (c) Latest by 30th May, 2023, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.
- (d) Latest by 30th May, 2024, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.
6. **SNDT Ltd. decided to shift its registered office from jurisdiction of one Registrar to the jurisdiction of another Registrar. SNDT Ltd. complied with the provisions of Companies Act, 2013 and did all relevant filing within due period of time. Confirmation on such shifting was received by Regional Director on 26th June, 2021. By when SNDT Ltd has to file that confirmation with the Registrar?**
- (a) 11th July, 2021.
- (b) 25th July, 2021.
- (c) 11th August, 2021.
- (d) 25th August, 2021.
7. **Mr. Pushkar wishes to start his own venture with an idea of recycling of plastic waste. He approaches you for your advice so as to decide on which type of entity he should incorporate mainly based on the aspects of taxation, capital funding and other monetary benefits to the promoters. Kindly suggest a suitable form of entity from the following:**
- (a) Limited Liability Partnership.
- (b) Private Limited Company.
- (c) Section 8 Company.
- (d) Producer Company.
8. **DEF Private Limited altered its Articles of Association on its conversion into public Company. A copy of order of the competent authority approving the alteration, is required to be filed with Registrar. How many days Company have to file such order?**
- (a) 15 days.
- (b) 30 days.
- (c) 45 days.
- (d) 60 days.
9. **An Indian Company decided to shift its registered office within the jurisdiction of same Registrar in a Board meeting held on 25th May, 2021. Within how many days Company shall intimate such change to Registrar of Companies?**
- (a) Within 15 days from the date of such change.
- (b) Within 30 days from the date of such change.
- (c) Within 15 days from the date of Board meeting.
- (d) Within 30 days from the date of Board meeting.
10. **Seven Hospitality Limited (“Company”) was incorporated in 2013. Company run resorts and hotels nearby Mumbai. In 2022, Central government received an application from Mr. X (“proprietor”) who has registered trademark for word “Seven”. In ideal situation, what will be the Central Government’s stand?**
- (a) Central Government will ask to take permission from Registrar, as he has approved this name in first place.
- (b) Central Government will ask them to mutually agree to use the word “Seven”.
- (c) Central Government will direct the Company to change its name.

(d) Central Government will deny his application.

11. **Abha formed a 'One Person Company (OPC)' on 15-10-2021 with her husband Akhil as nominee and ₹ 10 lakhs as Authorised and paid-up share capital. In the month of April 2022 she got in touch with a foreigner and is expecting to receive a substantial export order by May 2022 whose final delivery must be completed by December 2022. She is contemplating to convert her OPC into a private limited company before she receives the export order in May 2022.**

- (a) Since Abha is the sole member of OPC she is having full discretion to voluntarily convert it into a private limited company any time after 15-10-2021.
- (b) Abha can voluntarily convert her OPC into a private limited company only after the expiry of first financial year by which the accounts are closed (*i.e.* after 31-3-2022 without any restriction.)
- (c) Abha can voluntarily convert her OPC into a private limited company only after she delivers duly audited first financial statements and Annual Return to the concerned Registrar of Companies by due date and without making payment of any additional fee.
- (d) Abha can voluntarily convert her OPC into a private limited company only after expiry of two years from 15-10-2021 (*i.e.* on 15-10-2023 or thereafter).

12. **Arun along with his wife Arunima is running successfully a trading business. His friend Akash has suggested him to form a 'One Person Company (OPC)' whose striking feature is 'limited liability'. Arun is all convinced to get incorporated OPC but he is in a dilemma as to how to depict the name of such OPC in the Memorandum. Select the best option for him.**

- (a) Aru & Aru (One Person Company) Trading Private Limited.
- (b) One Person Company – Aru & Aru Trading & Co.
- (c) Aru & Aru Trading (One Person Company).

(d) Aru & Aru Trading Private Limited (One Person Company).

13. **Arshi, is the sole member of his OPC and he has appointed Vishal (his dear friend) as his nominee. Now, Vishal is leaving India permanently and has set up his own business in Italy. Due to this fact, he has withdrawn his consent to continue as nominee in the said OPC.**

- (a) Vishal cannot withdraw his consent to act as a nominee of the OPC.
- (b) Only Arshi has a right to remove Vishal as a nominee.
- (c) Vishal can withdraw his consent to act as a nominee of the OPC by giving proper notice.
- (d) Vishal cannot withdraw his consent only when he is disabled but not due to the reason that he has set up his own business.

14. **Vivek is in trading business whereby he supplies handmade gloves and socks to many charitable trusts who supports the elderly people. Vivek now wants to expand his business and wants to reap the benefits of company form of organisation by opening his business as an OPC registered u/s 8 of the Companies Act, 2013. Advise Vivek:**

- (a) Vivek cannot form an OPC as he is in trading business.
- (b) Vivek cannot form an OPC to be registered u/s 8 of the Companies Act, 2013.
- (c) Vivek can form an OPC to be registered u/s 8 of the Companies Act, 2013.
- (d) Vivek can form an OPC as a private company and then convert it into a Sec. 8 company.

15. **A, B, C, D, E, F, G want to incorporate a public limited company. However, G wants his private limited company to be its member instead of himself. Following this proposition of G, D also wants his registered partnership firm to be its member instead of himself.**

- (a) Both G and D are required to sign the Memorandum of newly formed company in their individual capacity and not through their concerns.
- (b) Private Limited Company of G can be the subscriber to the Memorandum of newly

formed company but D has to sign the Memorandum in his individual capacity.

- (c) Both G and D have to obtain the consent of other five persons in writing before their private limited company and partnership firm subscribe to the Memorandum.
- (d) Private Limited Company of G cannot be the subscriber to the Memorandum of newly formed company but registered partnership firm of D can be the subscriber to the Memorandum.

**16. Ravi and Ragini have formed a Sec. 8 company; date of incorporation being 18.02.2021 and they being the directors and also the shareholders. During June, 2021 it transpired that two unsuitable articles were required to be altered for smooth functioning of the company. Advise.**

- (a) Since articles regulate the internal management of the company, both Ravi and Ragini being directors and shareholders are themselves capable of altering the articles.
- (b) In case of sec. 8 company, articles can be altered only if the company shows profits consecutively for two years.
- (c) In case of sec. 8 company, prior approval of the Central Government is required to be obtained before its articles are altered.
- (d) In case of sec. 8 company, at least one year must elapse from the date of its incorporation before its articles are altered but there is no need to obtain prior permission of the Central Government.

**17. Sukant and Sukriti, architects by profession and residents of Janakpuri, Delhi, have formed a company by the name Suk Architects and Consultants Private Limited, whose registered office is situated in a somewhat less inhibited market area of Gurugram, 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 Sukant'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 Janakpuri, 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 where Gurugram is situated 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 Gurugram only.
- (d) They have to keep all the documents and information relating to incorporation of their company at the registered office only.

**18. Namita Ceramic Goods Limited having 152 members was incorporated with the main objects 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 shareholders' meeting and getting it confirmed by the Regional Director (RD).
- (d) The company can alter its Memorandum of Association in relation to the objects clause by passing a special resolution in the



shareholders' meeting and simultaneously publishing the contents of special resolution in two newspapers (one in English and the other one in vernacular language) circulating in that area.

19. **Swara Musical Instruments Private Limited was incorporated on 10th October, 2021 by converting existing partnership firm into company. Sohini and Mohini became the promoters of the company. Sohini's premises which was rented out to the partnership firm was to be used as the registered office. Mention the documents which need to be filed with the Registrar of Companies (RoC) for verification of registered office.**

- A notarised copy of rent agreement along with rent receipt which is not older than one month.
- A copy of the public notice published in a local newspaper that the premises is rented out to the company along with certified copy of rent agreement.
- A notarised copy of rent agreement along with rent receipt which is not older than two months.
- A notarised copy of rent agreement only.

20. **In view of the fact that a private company enjoys a number of privileges, Orange Pharma Limited having 20 members is contemplating to convert itself into the private company. For this purpose the company needs to alter its articles by inserting three restrictive clauses as specified in Sec. 2(68) and the change in name is to be authorized by members by passing \_\_\_\_\_.**

- A special resolution and after obtaining approval of the Central Government.
- A special resolution and after obtaining approval of the National Company Law Tribunal (NCLT).
- A special resolution and after obtaining approval of the Registrar of Companies (RoC).
- A special resolution and after obtaining approval of the State Government.

21. **Vinay and Sanjay made a name reservation application accompanied by requisite fee to the Registrar for forming a new private company. The Registrar accorded its approval for reservation of most preferred name Vinanjay Softwares Private Ltd. on 7th July, 2021. By which date necessary documents for incorporation of the company must be submitted to the Registrar so that the reserved name does not get lapsed.**

[MTP-March 19, RTP-May 19]

- Latest by 20th July, 2021.
- Latest by 27th July, 2021.
- Latest by 4th August, 2021.
- Latest by 4th September, 2021.

22. **Rajesh has formed a 'One Person Company (OPC)' with his wife Roopali as nominee. For the last two years his wife Roopali is suffering from terminal illness and due to this hard fact he wants to change her as nominee. He has a trusted and experienced friend Ramnivas who could be made nominee or his (Rajesh) son Rakshak who is of 17 years of age. Whom should he nominate as nominee in place of his wife?**

[RTP-May 19]

- Since blood relation can only be appointed as nominee in case of OPC, Rajesh needs to appoint his son Rakshak.
- Rajesh can appoint his friend Ramnivas as nominee in his OPC.
- Roopali is not agreeable to the proposal of Rajesh and hence, Rajesh cannot change her as the nominee.
- Either Rakshak or Mr. Ramnivas can be appointed as nominee.

23. **The Registrar shall register any alteration of the memorandum with respect to the objects of the company and certify the registration within a period of \_\_\_\_\_ from the date of filing of the special resolution.**

[MTP-Oct. 19]

- 30 days.
- 60 days.
- 90 days.
- 6 months.

24. **Swastik Private Limited passed a Special Resolution to change its name to Swastik**

**Darshan Private Limited on 30th May, 2021. Relevant MCA filing was done on due time and then Company got its new stationery printed on 1st July, 2021. However there was a delay in issue of Certificate and Company received new certificate on 20th August, 2021 which was issued on 10th August, 2021. Company wants to enter into a lease agreement for new premise. When can they do such agreement in new name of the Company? [MTP-May 20]**

- (a) 30th May, 2021.
- (b) 1st July, 2021.
- (c) 20th August, 2021.
- (d) 10th August, 2021.

**25. In Roopali Marketing Company Private Limited (Authorised capital 50,000 shares of ₹ 10 each and paid-up share capital of ₹ 4,50,000), 1,000 shares are jointly held by Abeer and Abheek; another 800 shares are jointly held by Seema and Srividya; and another 1,200 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? [MTP-March 19, May 20]**

- (a) The company is unable to induct more persons since it already has 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 200 individual members) after seeking permission from the concerned RoC.
- (d) If the company does not want to seek permission of the concerned RoC, it can induct only 10 more persons (*i.e.* 5% of 200 individual members).

**26. If a company changes its name, which of the following is most accurate: [MTP-Oct. 20]**

- (a) It is not allowed to use old name in any way.
- (b) New name should not be identical with old name.

- (c) Old name should be painted/printed for next 1 year along with new name.
- (d) Old name should be painted/printed for next 2 years along with new name.

**27. Anu got incorporated 'One Person Company' with her sister Alpha as the nominee and about three years have passed satisfactorily. From time to time, Anu does a number of charitable works and is associated with three NGOs. In the meantime, her business under her OPC has also flourished. Now she is contemplating to convert the OPC either as a Sec. 8 company (*i.e.* formation of companies with charitable objects). Choose the correct option. [MTP-April 21]**

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

**28. 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: [MTP-April 21]**

- (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.

**29. If a company is registered by furnishing incorrect information then its winding-up may be ordered by: [MTP-April 21]**

- (a) Central Government.
- (b) Registrar of Companies.
- (c) National Company Law Tribunal.
- (d) Court.

30. \_\_\_\_\_ cannot be a subscriber to the Memorandum of Association and Articles of Association. [MTP-April 22]

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

31. In case of a private company, the provisions for entrenchment may be made at the time of formation of the company or by amendment of articles, \_\_\_\_\_. [MTP-April 22]

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

32. Where a company is granted licence under section 8, it is not required to use the word ..... 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-April 22]

Answers									
1	(c)	2	(b)	3	(c)	4	(b)	5	(d)
6	(d)	7	(c)	8	(a)	9	(a)	10	(d)
11	(d)	12	(d)	13	(c)	14	(b)	15	(b)
16	(c)	17	(d)	18	(b)	19	(a)	20	(a)
21	(b)	22	(b)	23	(a)	24	(d)	25	(b)
26	(d)	27	(c)	28	(c)	29	(c)	30	(c)
31	(b)	32	(c)						

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