

# CA Inter – Paper 2 (Law) – MCQ

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

## Chapter – 5: Acceptance of Deposits

- On 30th June, 2022, the liability side of Balance Sheet of X Ltd. showed balance of paid-up share capital of ₹ 65 lakhs, free reserve of ₹ 10 lakhs, share premium account of ₹ 20 lakhs, deposits of ₹ 25 lakhs, repayable in the current financial year, during the month of September 2021. In July 2022, the company was in need of some short term funds to the tune of ₹ 20 lakhs for a period of 6 months. The maximum amount which the company may hold as deposit together with existing deposits will be:

  - ₹ 33.25 lakhs.
  - ₹ 11.25 lakhs.
  - ₹ 95 lakhs.
  - ₹ 9.5 lakhs.
- XYZ Private Limited, has passed a resolution in general meeting to accept deposit from its members. Terms and conditions are finalized in consultation with Reserve Bank of India. Company accepted deposits of ₹ 30 lakhs in year 2018. Company wants more deposits in the next quarter. Board of Directors are aware that as per the Act, they have a Ceiling limit, beyond which they cannot accept deposits. What percentage of aggregate of paid-up share capital, free Reserves and securities premium account, they cannot cross?

  - 15%
  - 25%
  - 35%
  - 45%
- A reserve account that shall not be used by the company 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.
- Normally no deposits are repayable earlier than \_\_\_\_\_ from the date of such deposits or renewal thereof.

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

  - Not less than 50% of the amount of its deposits maturing during the following financial year.
  - 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.
6. **A Limited Company is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the minimum period for which it should mandatorily be preserved in good order.**
- (a) 4 years from the financial year in which the latest entry is made in the Register.
- (b) 6 years from the financial year in which the latest entry is made in the Register.
- (c) 8 years from the financial year in which the latest entry is made in the Register.
- (d) 10 years from the latest date of entry.

7. **Dream World Entertainment Limited, has accepted deposits worth ₹ 50 lakhs from public on 1st April, 2021 for a period of 24 months i.e. repayment of deposit would be made on 31st March, 2023. The rate of interest payable on such deposits is 9% p.a. One of the depositors Mr. Aman requested the company on 1st June, 2022 for premature repayment of his deposit of ₹ 6 lakh along with interest. Advise the company in the said matter.**

- (a) The company can only make premature repayment of deposit 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.
- (b) The company can prematurely repay the deposit along with interest @9% p.a. for the period of 12 months (from 1st April, 2021 to 31st March, 2022).
- (c) The company can prematurely repay the deposit along with interest @8% p.a. for the period of 12 months (from 1st April, 2021 to 31st March, 2022).
- (d) The company can prematurely repay the deposit along with interest @8% p.a. for the

period of 14 months (from 1st April, 2021 to 31st May, 2022).

8. **Ruchita wants to renew her deposit of ₹ 5 lakh maintained with Kewal Constructions Limited before the expiry of original period with a view to avail higher rate of interest. For how much extended period, Ruchita is required to renew her deposit, so that the company shall pay her higher rate on deposits?**

- (a) One and a half times the unexpired period of original deposit.
- (b) Double the unexpired period of original deposit.
- (c) 6 months more in addition to the unexpired period of deposit.
- (d) Longer than the unexpired period of deposit.

#### QUESTIONS FROM RTPs, MTPs AND PAST EXAMS (MEMORY BASED) OF ICAI

9. **No deposits are repayable earlier than \_\_\_\_\_ from the date of such deposits or renewal thereof. [MTP-Oct. 19]**

- (a) 3 months
- (b) 6 months
- (c) 9 months
- (d) 12 months

10. **Where depositors so desire, deposits may be accepted in joint names not exceeding \_\_\_\_\_. [MTP-April 21]**

- (a) 2
- (b) 3
- (c) 5
- (d) 7

11. **A company shall execute a deposit trust deed at least \_\_\_\_\_ days before issuing the circular or circular in the form of advertisement.**

[MTP-April 21]

- (a) 7
- (b) 14
- (c) 21
- (d) 28

12. **Amit Limited is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the minimum period for which it should mandatorily be preserved in good order.**  
 [MTP-Nov. 21, March 22]
- (a) 4 years from the financial year in which the latest entry is made in the Register.
  - (b) 6 years from the financial year in which the latest entry is made in the Register.
  - (c) 8 years from the financial year in which the latest entry is made in the Register.
  - (d) 10 years from the latest date of entry.
13. **Suneet Spices Limited decides to raise deposits of ₹ 20 lakhs from its members.**

- However, it is of the opinion to secure such deposits partially by offering security worth ₹ 15 lakhs. Which of the following options best describe such deposits:** [MTP-April 22]
- (a) Fully secured deposits (except a small portion)
  - (b) Unsecured deposits
  - (c) Partially secured deposits
  - (d) None of the above
14. **What is the maximum tenure for which a company can accept or renew deposits from its members as well as public?** [MTP-April 22]
- (a) 12 months
  - (b) 24 months
  - (c) 36 months
  - (d) 48 months

Answers									
1	(a)	2	(c)	3	(b)	4	(b)	5	(c)
6	(c)	7	(c)	8	(d)	9	(a)	10	(b)
11	(a)	12	(c)	13	(b)	14	(c)		