

CA Inter – Paper 2 (Law) – MCQ

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

Chapter – 9: Accounts of Companies

1. From the following information in respect of company ABC Ltd. Compute the amount, the company is required to spend on account of Corporate Social Responsibility:

Financial Year Net Profit	(In Cr.)
2019-20	30
2020-21	22
2021-22	27

- (a) 26 crore
(b) 52 lakhs
(c) 55 lakhs
(d) 26 lakhs
2. JX Limited, an unlisted public Company has its registered office in Mumbai. Due to a shortage of storage space, the Board of Directors of JX Limited has decided not to preserve the books of accounts and other related records of accounts. The Board has approached you, to seek an advice on this matter. Give suitable advice to the Board of JX Limited:
- (a) The Company is not mandatorily required to maintain the Statutory Registers and Records at the Registered Office.
(b) The Company can make space by destroying all Statutory Registers and Records which are older than 8 years.
(c) Company can shift the Statutory Registers and Records at JX Limited's branch office situated at Pune, where more than one-tenth of the total number of members entered in the register of members reside.
(d) Company can digitize all the Statutory Registers and Records.
3. CSR Committee of the Board 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.
4. Provisions of CSR are applicable to:
- (a) Companies with net worth of ₹ 250 crore or more but less than ₹ 500 crore.
(b) Companies with turnover of ₹ 1,000 crore or more.
(c) Companies with net profit of ₹ 1 crore or more but less than ₹ 5 crore in any financial year.
(d) Companies having aggregate outstanding loans and deposits exceeding ₹ 50 crore or more in any financial year.
5. Vandana Operations Limited has reported a net profit of ₹ 2 crores for the half year ended 30th September, 2021. During the previous financial year 2020-21, the company has paid up share capital of ₹ 40 crore and outstanding loan from bank amounting to ₹ 80 crores on the date of last audited financial statement. Whether the company is required to appoint internal auditor for the current financial year ending on 31st March, 2022?

- (a) Yes, the company is required to appoint internal auditor for FY ending on March 2022 as the net profit of the company is more than ₹ 1 crore.
- (b) No, the company is not required to appoint internal auditor for FY ending on March 2022 as the outstanding loans during the previous year ending on March, 2021 is less than ₹ 100 crore.
- (c) Yes, the company is required to appoint internal auditor for FY ending on March 2022 as the paid-up share capital of the company is more than 10 crore.
- (d) No, the company is not required to appoint internal auditor for FY ended on March 2022 as the paid-up share capital of the company is less than ₹ 50 crore during the preceding financial year.
6. **Ayush Power Limited has reported a net profit of ₹ 6 crore, ₹ 7.5 crore and ₹ 3 crore for the financial year(s) ended on March 2019, March 2020 and March 2021 respectively. The board's report of the company for the year ended on March 2022 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 sec. 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 same in the board's report in every financial year irrespective of the profits earned by the company.
- (b) Yes, the act of the company is valid in law as the net profit of the company is less than ₹ 5 crore in the immediately preceding financial year.
- (c) No, the act of the company is not valid in law as non-composition and non-disclosure of composition of CSR Committee will attract only if the profits of the company are less than 5 crore for a consecutive period of 3 financial years.
- (d) The act of the company is valid only to the extent of non-disclosure of the composition of CSR committee as the net profit of the company is less than ₹ 5 crore in the immediately preceding financial year.
7. **Ganesh Company Ltd, a public company incorporated under the Companies Act, 2013 has Mr. Jay- Director, Mr. Sagar – Independent Director, Mr. Abhishek – Nominee Director and Mr. Yash – Whole time director. Mr. Abhishek wants to inspect the books of account of Shankar Company Limited, the subsidiary of Ganesh Company Limited. You are required to state whether Mr. Abhishek is eligible to inspect the books of account of Ganesh Company Limited?**
- (a) Yes, Mr. Abhishek can inspect the books of account of Shankar Company limited only on authorization of the public financial institution on whose behalf he has been so appointed in the board of the Ganesh Company Ltd.
- (b) No, Mr. Abhishek being a nominee director can only inspect the books of account of Ganesh Company Ltd. and not its subsidiary company.
- (c) Yes, Mr. Abhishek can inspect the books of account of Shankar Company limited only on authorization by way of resolution of the board of directors.
- (d) Yes, Mr. Abhishek can inspect the books of account of Shankar Company limited only on authorization by way of resolution of the members holding not less than 25% of the paid-up share capital of the company.

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

8. **Amex Limited is a public company having a net-worth of ₹ 950 crores, turnover of 200 crores (the company is just 5 years since the date of its incorporation) during the immediately preceding financial year, has to constitute a Corporate Social Responsibility (CSR) Committee. It has 9 Directors (A, B, C, D, E, F, G, H and I). Further, Mr. F, G, H and I are**

independent directors. Out of the following statements which statement is correct:

[MTP-March 19]

- (a) CSR committee may constitute of A, B and C.
- (b) CSR committee may constitute of A, B and D.
- (c) CSR committee may constitute of A, F and G.
- (d) There is no need to constitute a CSR committee as the turnover is just 200 crores during the immediately preceding financial year.

9. **Excellent Art Private Limited, has a paid-up capital of ₹ 50 crore, Turnover of ₹ 25 crore and borrowing of ₹ 25 crore and outstanding deposits of ₹ 30 crore. Decide if the Company needs to comply with internal audit requirements under the Act? [MTP-March 19]**

- (a) No. The provisions of Internal audit are not applicable on private companies.
- (b) Yes. Company is having paid-up capital of ₹ 50 Crore and outstanding deposits more than ₹ 25 crore.
- (c) No. Because the borrowings are less than ₹ 100 crore and turnover is less than ₹ 200 crore.
- (d) None of the above.

10. **From the following information in respect of BMR Consultants Pvt. Ltd., compute the amount company is required to contribute on account of CSR:**

Financial Year	Net Profit (in Lakhs)
2019-20	15
2020-21	50
2021-22	70

[MTP-March 19]

- (a) Nil. If in any of the three financial years company has incurred losses, then company is not required to spend amount towards CSR but explain the reason for not spending the amount.
- (b) ₹ 2.4 Lakhs.
- (c) ₹ 90,000.
- (d) ₹ 2.1 Lakhs.

11. **A company can reopen/recast its books of account on an application to Tribunal made by:** [MTP-April 19]

- (a) Registrar
- (b) Member
- (c) Board of Directors
- (d) Income-tax authorities

12. **ABC Ltd., a pharmaceutical company was having its manufacturing plant in Solan, Himachal Pradesh. The address of its registered office as informed to the Registrar of Companies was of one of its Director's office, situated at Mumbai, Maharashtra. To comply with the provisions of the Companies Act, 2013 it was keeping all its books of account, other relevant papers and financial statements at its registered office. After sometime Directors of the company found it difficult to maintain such books etc. at the registered office, so in a duly convened meeting of the Board of the Directors, it was decided that the books of account and other relevant papers be kept at the office situated in Solan. Within which time period the Registrar must be given notice about such decision of the board:** [MTP-April 19]

- (a) Within 30 days from the date of taking such decision by the board.
- (b) Within 15 days from the date it starts maintaining its books of account at the office situated at Solan.
- (c) Within 30 days from the date it starts maintaining its books of account at the office situated at Solan.
- (d) Within 7 days from the date of taking such decision by the board.

13. **G Ltd. (a company having CSR Committee as per the provision of Sec. 135 of the Companies Act, 2013) decides to spend and utilize half of the amount of Corporate Social Responsibility on the activities for the benefit of all the employees of G Ltd. and the remaining half of the amount of Corporate Social Responsibility on the activities for the benefit of family members of employees of G Ltd. As per the provision of Companies Act, 2013 this would mean that:** [RTP-May 20]

- (a) This is the total amount spent on Corporate Social Responsibility activities by G Ltd. for that financial year.

- (b) No amount spent on Corporate Social Responsibility activities by G Ltd. for that financial year.
- (c) Half amount spent on Corporate Social Responsibility activities by G Ltd. for that financial year.
- (d) Half amount spent on Corporate Social Responsibility activities and remaining half amount spent on other Activities by G Ltd. for that financial year.

14. **One Person Company shall file a copy of the duly adopted financial statements to the Registrar in:** [RTP-Nov. 20, MTP-Oct. 21]

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

15. **During the half year ended September 2021, the Board of directors (BoD) of Gold Leaf Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ended on March, 2019. Further during the year ended on March, 2022, the BoD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended on March 2021. You are required to state the validity of the acts of the Board of directors.**

[MTP-Oct. 21]

- (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 application made for revision in the accounts and board's report pertains to 2 different financial year.
- (c) The act of the BoD is invalid as the law provides for only one time application to be made in a financial year for revision of accounts and boards report.
- (d) The act of the BoD is invalid as to the application made for revision in accounts pertains to a period beyond 2 years immediately preceding the year 2022. The

application made for revision in the Board report is however valid in law.

16. **Shri Limited (a company having CSR Committee as per the provision of Sec. 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 Companies Act, 2013 this would mean that:** [MTP-Nov. 21]

- (a) This is the total amount spent on Corporate Social Responsibility activities by Shri Limited for that financial year.
- (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 ₹ 20,000 per month or less, shall be considered to be spent on Corporate Social Responsibility activities by Shri Limited for that financial year.

17. **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:** [MTP-March 22]

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

18. **Adani Enterprises Limited has its shares listed on a recognized stock exchange in India. During the current financial year ended on March, 2022, 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 account of the Company. You, as an expert, are called upon by SEBI to advise with which last financial year for reopening of books of account an application can be made?
[MTP-April 22]

- (a) 2017-18.
- (b) 2015-16.
- (c) 2012-13.
- (d) 2013-14.

Answers									
1	(b)	2	(c)	3	(d)	4	(b)	5	(c)
6	(c)	7	(c)	8	(c)	9	(c)	10	(c)
11	(d)	12	(d)	13	(b)	14	(d)	15	(b)
16	(b)	17	(b)	18	(d)				

