



CATestSeries.org (Since 2015)

CA Final | CA Inter | CA IPCC | CA Foundation Online Test Series

Question Paper	
Corporate & Other Laws	Duration: 60
Details: Test – 4 (CH-4)	Marks: 30

Instructions:

- All the questions are compulsory
- Properly mention test number and page number on your answer sheet, Try to upload sheets in arranged manner.
- In case of multiple choice questions, mention option number only Working notes are compulsory wherever required in support of your solution
- Do not copy any solution from any material. Attempt as much as you know to fairly judge your performance.

Legal: Material provided by catestseries.org is subject to copyright. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher. For permission requests, write to the publisher, addressed “Attention: Permissions Coordinator,” at **exam@catestseries.org**. If any person caught of copyright infringement, strong legal action will be taken. For more details check legal terms on the website: catestseries.org

Q-1 The Board of directors of Aakash Limited, a listed company, at its meeting held on 1st April, 2015 announced a proposal for issue of Bonus shares to all equity shareholders of the company at 1:1 ratio. On 1st May, 2015, the directors at another meeting passed a resolution to reserve the proposal of bonus issue announced on 1st April, 2015. Discuss the validity of proposal and the reversal.

(3 Marks)

Q-2 Radhika Textile Limited has utilized the securities premium during the financial year 2016-2017 as follows:

- (i) Rs. 15 lakhs against expense of foreign travelling of directors.
- (ii) Rs. 5 Lakhs for writing off the balance of preliminary expenses of the company.
- (iii) Rs. 10 lakhs distributed as dividend for the financial year ending 31st March, 2017.

You, being the secretarial Auditor of the company, referring to the provision of Companies Act, 2013 relating to securities premium account, examine the validity of the above.

(4 Marks)

Q-3 ABC Ltd. has following balances in their Balance Sheet as on 31st March, 2018

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

5	Revaluation Reserve	3.00 lacs
---	---------------------	-----------

Directors of the company seeks your advice in following cases:

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

(4 Marks)

Q-4 Binoy, an employee of National Bank Private Limited which is actively engaged in Banking business, drawing a salary of Rs. 50,000 p.m., borrowed Rupees One lakh and invested in the shares of the bank. Explain whether there is any violation in the light of the provisions of the Companies Act, 2013. Would your answer be different if Binoy is a key managerial personnel of the bank? (Note: "National Bank Private Limited" is a public company.)

(3 Marks)

Q-5 What are the provisions of the Companies Act, 2013 relating to the appointment of 'Debenture Trustee' by a company? Whether the following can be appointed as 'Debenture Trustee':

- (i) A shareholder who has no beneficial interest.
- (ii) A creditor whom the company owes Rs.499 only.
- (iii) A person who has given a guarantee for repayment of amount of debentures issued by the company?

(6 Marks)

Q-6 MCQs:-

1. A Company limited by shares can issue equity shares with differential voting rights. Which of the following is not a necessary condition to be fulfilled before issue of such shares?

- (a) The articles of association of the company shall authorize issue of shares with differential rights;
- (b) The issue of shares shall be authorized by an ordinary resolution passed at a general meeting of the shareholders;
- (c) The company shall have consistent track record of distributable profits for the last three years;
- (d) The company has not defaulted in filing financial statements and annual returns for 3 financial years immediately preceding the financial year in which it is decided to issue such shares

2. The securities premium account cannot be utilized for –

- (a) In writing off the preliminary expenses of the company
- (b) In writing off the expenses of commission paid on issue of shares of the company
- (c) For redemption of redeemable preference shares
- (d) In providing for the premium payable on the redemption of redeemable preference shares

3. ABC Ltd. wants to issue redeemable preference shares for a period of 35 years. Advise whether it can do so.

- (a) Yes, ABC Ltd. can issue redeemable preference shares

(b) Yes, ABC, Ltd. can issue redeemable preference shares but for only 30 years

(c) Instead of issuing of shares for 35 years, ABC Ltd. should issue irredeemable preference shares.

(d) Yes, ABC Ltd. can issue redeemable preference shares for a period not extending 20 years.

4. Corrupt Limited has received a request from Mr. Suresh for transfer of 100 partly paid equity shares, to Mr. Ramesh. However Mr. Ramesh expired in the meantime, but no intimation of the same has been received by the company. In the given circumstances, advise as per the provisions of the Companies Act, 2013

(a) Corrupt Limited will not register the transfer the shares in the name of Mr. Ramesh, without verification from Mr. Suresh

(b) Corrupt Limited can register the shares in the name of Mr. Ramesh as it is not aware of the untoward incident.

(c) Corrupt Limited will not register the transfer the shares in the name of Mr. Ramesh, without verification from Mr. Ramesh

(d) Corrupt Limited will give the shares back to Mr. Suresh

5. A public company need not offer further shares to existing shareholders if

(a) an ordinary resolution is passed to that effect by the company in general meeting

(b) a special resolution is passed to that effect by the company in general meeting

(c) a resolution is passed by Board of directors and approval by Company Law Board

(d) a special resolution is passed by the company in general meeting and approved by the registrar of companies

(Marks 2 × 5 = 10)

