

## Law Test - 3

Overall performance needs to improve. Need to revise meetings part again more carefully. These are scoring topics from exam point of view, mention proper conditions. You need to work on descriptive questions more properly, you need to include little bit more quality content. Go through the Study Material and Suggested Answers provided by ICAI and understand what kind of answers are expected from you. The presentation matters a lot. The marks you score depend on the adherence to the language used by the institute in its content

to be ratified by atleast 1 ID

4 marks

- (2) (b) Yes, Santosh can attend future board meetings in person if he intimates the company of his intention sufficiently in advance.

Practice more MCQs

- (3) (a) The BOD cannot contribute any amount to Ashwini Sansthan in FY 2021-22 since it suffered losses of Rs. 30,00,000 in immediate previous financial year 2020-21.

read question very carefully

- (4) (a) At the beginning of the financial year.

- (5) (d) All statements are correct.

Qn. (2)

2.5 marks

properly write section

As per S. 180(1)(c) of the Companies Act 2013, the ~~company~~<sup>board</sup> is permitted to borrow loans not exceeding total amounts of paid up share capital, free reserves and securities premiums. This ~~also~~<sup>includes</sup> include temporary loans borrowed which is repayable on demand (or) within 6 months.

The calculation for amount that can be borrowed is as follows :

Particulars	Amount
Paid Up Share Capital	85,00,000
General Reserve	60,00,000
Cr. bal in Profit & Loss A/c	20,00,000
Securities Premium	3,00,000
Total limit for borrowing :	1,68,00,000
(-) Amount already borrowed :	40,00,000
Amount that can be further borrowed.	1,28,00,000



give proper conclusion

Therefore, from the above, it can be concluded that the Board can borrow from financial institutions on long-term basis was presented for consideration in Board Meeting without approval of shareholders in general meeting, therefore said proposal is invalid. Rs. 1,25,00,000 Crores against the proposal of Rs 2,00,00,000 Crores. proper reason is required

Qn-(3)

1.5 marks

As per S. 185 of the Companies Act, 2013, the company is prohibited to provide loans to specified persons, by a person to specified persons, and security in respect of a loan given by a person to specified persons.

(i) As a part of the conditions of service extended by the company to all its employees; or  
(ii) Pursuant to any scheme approved by the members by a special resolution

- (i) Director / relative
- (ii) Partner of director
- (iii) Relative of director

(1) As per S. 185 of the Companies Act 2013, loans given to Managing Director / whole time director is not prohibited if the loan grant is part of the services and conditions extended to the employees of the company. Here, such conditions did not exist.

**You lacked conceptual knowledge of this topic.**

at the time of appointment. Therefore, the company cannot grant loan to Anwesha.

(ii) **If the company gives any interest** terms of Section 185(1)(a), it can't be given loan facilities that is extended to all other employees also, then the advance salary can be given to Anwesha.

(iii) As per S. 185 of the Companies Act 2013, **The answer would have been the same** loan is permissible to Anwesha if the status of the company is of Private limited but a special resolution is required to be passed at general meeting whether it be a public company or private company or even One Person Company, the provisions of section 185(1) do not permit to grant loans and advances to any director. **Required to be passed at general meeting** to extend the loan facility.

(iv) Any indirect financial accommodation provided to the directors which forms part of allowance or perquisites shall attract S. 185 prohibition. Here, Anwesha ~~cannot~~ is prohibited from availing the facility as notional interest is considered as allowance which attracts S. 185.

**accurate explanation is missing**



Qn. (5)

2 marks

As per S. 181 of the Companies Act 2013, Board of directors are allowed to make contributions to charitable funds ~~not exceeding 5% of average net profits of three preceding financial years.~~

here 2-3 lines of conditions need to cover, refer suggested and understand questions requirement very carefully

Particulars	Amount (In Cr.)
Net profit (2013-14)	30
Net profit (2014-15)	40
Net profit (2015-16)	50
Total	120
5% of total profits	6
(permissible contribution limit)	Rs. 2 crores [40 crores * 5%]

do more practice for this concept

During the financial year 2016-17, the Board of directors of the company made contributions of Rs. 1.25 Crores in July 2016 and Rs. 1 Crore in January 2017, which amounts to Rs. 2.25 Crores in FY 2016-17. As the contributions

in July 2016

this contribution is within the limit of Rs. 2 crore, thus no prior permission of the company in general meeting shall be required.

in January 2017

this contribution, prior permission of the company in general meeting shall be required as the aggregate contribution in Charitable Fund in the year 2017 is Rs. 2.25 Crores which is exceeding Rs. 2 Crore. (Rs 1.25 crores + Rs. 1 Crore)

Qn. (4)

2.5 marks

As per S. 175 of the Companies Act 2013, the board of directors are allowed to pass resolutions which is circulated to the directors of the company, where the resolution is deemed to be passed if majority of the directors approve

explain proper provision

Provided that, where not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting of the Board.

(b) Date of Approval of the Board is to be considered as March 7,

2021; as the directors are required to provide their response to company within 7 days of passing circulating the draft resolution

(ii) As per S. 173 of the Companies Act 2013, ~~the~~ draft resolution is required to be circulated to all the directors of the company. If there has been any omission, then the decisions taken at

~~the meeting is void and the meeting convened is considered to be irregular. Therefore, not circulating resolution to Mr. Amir in violation of provisions of the Act.~~

**conceptually wrong**

**proper explanation and reason is also not covered**