



PAPER - 13

MCQs

BIT QUESTIONS

Corporate Laws & Compliance



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PAPER-13

Corporate Laws & Compliance Bit Questions

(I) Mark the correct answer. Only indicate (A) or (B) or (C) or (D) and give justification.

1. The _____ shall recommend to the Board, the name of an individual auditor or of an audit firm who may replace the incumbent auditor on expiry of the term of such incumbent.
(A) Audit Committee
(B) Managing Director
(C) Nomination Committee
(D) Whole time Director
2. Under Companies Act 2013, the Company may be wound up by ___ and Voluntary winding up.
(A) Debt Recovery Tribunal
(B) National Company Law Tribunal
(C) Court
(D) Corporate creditor
3. Inspectors report under section 223 of Companies Act, 2013 shall be authenticated by
(A) the seal, if any, of the company whose affairs have been investigated
(B) a certificate of a public officer having the custody of the report
(C) Option (A) or (B)
(D) Option (A) and (B)
4. "Temporary loans" means loans repayable on
(A) demand or within six months
(B) demand or within three months
(C) within one year
(D) none of the above
5. The books containing the minutes of the proceedings of any general meeting of a company shall be kept at
(A) Head Office
(B) Central Office
(C) Registered office
(D) Where the meeting was held
6. Sub section (2) of section 173 allows directors to attend Board meetings:
(A) in person
(B) through video conferencing
(C) other audio visual
(D) any of the above
7. A company may make payment to a managing or whole-time director or manager, but not to _____, by way of compensation for loss of office, or as consideration for retirement from office or in connection with such loss or retirement.
(A) Any other Director
(B) Independent Director
(C) Interested Director
(D) Employees
8. _____ means a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred.
(A) Operational Debtor
(B) Operational Creditor

- (C) Debtor
(D) Creditor
9. Dispute includes a suit or arbitration proceedings relating to
(A) the existence of the amount of debt
(B) the quality of goods or service
(C) the breach of a representation or warranty
(D) All of the above
10. Moratorium shall not apply to such transactions as may be notified by the Central Government in consultation with
(A) any financial sector regulator
(B) Operational Debtor
(C) Operational Creditor
(D) Board of Directors
11. Which of the following are not a types of listing of securities
(A) Initial Listing
(B) Listing for Public Issue
(C) Listing for Sweat equity shares
(D) Listing for Merger and amalgamation
12. The Chairperson and other Members shall not, for a period of _____ from the date on which they cease to hold office, accept any employment in, or be connected with the management or administration of, any enterprise which has been a party to a proceeding before the Commission.
(A) three years
(B) two years
(C) one year
(D) six months
13. _____ means a transaction which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liabilities in India.
(A) capital account transaction
(B) current account transaction
(C) balance of trade transaction
(D) none of the above
14. Functions of Insurance Regulatory and Development Authority does not include
(A) Nomination by Policyholders
(B) Practical training for Insurance agents and other intermediaries
(C) Promoting insurance business
(D) Surrender value of Policyholders
15. Key themes relating to business and society emerge out of the Initiatives concerning
(A) obligations relating to Corporate Social Responsibility (CSR)
(B) recognition of stakeholders interests in corporate governance
(C) either (A) or (B)
(D) Both (A) and (B)
16. High Power Committee does not consist of which of the following members
(A) Cabinet Secretary
(B) Finance Secretary
(C) Vice-President, Government of India
(D) Chief Economic Adviser

17. Every Company shall hold the first Board meeting within
(A) 3 months of its incorporation
(B) 30 days of its incorporation
(C) 15 days of its incorporation
(D) 4 months of its incorporation
18. Every Nidhi shall maintain members not less than
(A) 500
(B) 200
(C) 100
(D) 50
19. Unless the Articles require a larger number of members, Quorum of a General Meeting of a Producer Company shall be
(A) 5 members
(B) one-third of total membership
(C) one-fourth of total membership
(D) half of total membership
20. Original Books and paper which were seized during Search & Seizure u/s 209 of the Companies Act, 2013 shall be returned by the Registrar or Inspector to the Company from whom such documents are seized as soon as possible but not later than
(A) 180 days after such seizure
(B) 90 days after such seizure
(C) 360 days after such seizure
(D) 30 days after such seizure
21. Sec 233 of the Companies Act, 2013 prescribed simplified procedures for merger or amalgamation of two or more small company & small company means a company whose paid up capital does not exceed
(A) ₹10,00,000
(B) ₹25,00,000
(C) ₹50,00,000
(D) ₹100,00,000
22. On the determination of sickness of a company by the Tribunal, the applicant shall make an application accompanied with Audited Financial Statements etc. for revival or rehabilitation within
(A) 30 days of determination of sickness
(B) 60 days of determination of sickness
(C) 120 days of determination of sickness
(D) 180 days of determination of sickness
23. Companies Act, 2013 contemplated Penalties which are of
(A) 10 types
(B) 5 types
(C) 7 types
(D) 3 types
24. Any person aggrieved by any order of Appellate Tribunal, may file an appeal to the Hon'ble Supreme Court within days, from the date of receipt of the order of Appellate Tribunal.
(A) 30 days
(B) 60 days
(C) 90 days

- (D) 120 days
25. Unfair competition under the Competition Act, 2002 means adoption of practices viz.
- (A) collusive price fixing
 - (B) allocation of markets
 - (C) discriminatory pricing
 - (D) All of the above
26. The power of appointing additional director can be exercised by the
- (A) Annual General Meeting
 - (B) Board Meeting
 - (C) Statutory Meeting
 - (D) None of the above
27. A company has 9 Directors, on 01-01-2016. The office of 2 Directors have fallen vacant on 02-01-2016. The quorum required for conducting a Board meeting is
- (A) 4
 - (B) 3
 - (C) 2
 - (D) 5
28. Power to recognize Stock Exchange vests with
- (A) Central Government
 - (B) State Government
 - (C) SEBI
 - (D) Supreme Court
29. A Government department supplying water for irrigation to the agriculturists after levying charges for water supplied can be considered as
- (A) Firms
 - (B) Enterprise
 - (C) Joint venture
 - (D) Joint sector
30. The Apples producers of Shimla have formed an association to control the production of apples. This association is called as
- (A) Pool
 - (B) Cartel
 - (C) Merger
 - (D) Combination
31. Every Banking Company incorporated in India shall prepare a balance sheet and profit and loss account as on the last working day of the
- (A) Calendar Year
 - (B) Accounting Year
 - (C) Month
 - (D) None of the above
32. A memorandum containing such salient features of a prospectus as may be specified by the Securities and Exchange Board by making regulation in this behalf is known as
- (A) Red Herring Prospectus
 - (B) Abridged Prospectus
 - (C) Shelf Prospectus
 - (D) Deemed Prospectus
33. The Chairman of the Insurance Regulatory and Development Authority shall hold

- office for a term of _____ from the date on which he enters upon his office and should be eligible for reappointment.
- (A) 3 years
 - (B) 4 years
 - (C) 5 years
 - (D) 6 years
34. Corporate Governance is a blend of the Internal and External Corporate Governance
- (A) Techniques
 - (B) Mechanisms
 - (C) Systems
 - (D) Methods
35. Which of the following is the advantage of the family business over non-family business?
- (A) Staff recruitment
 - (B) Raising funds for growth
 - (C) Ownership vs. Management
 - (D) Deep industry insight
36. Matters not to be dealt with in a meeting through video conferencing or other audio-visual means:
- (A) The approval of annual financial statements
 - (B) The approval of the Board's report
 - (C) The approval of the prospectus
 - (D) All the above
37. Cost Records are to be maintained as per Companies Act, 2013:
- (A) U/s 146(1)
 - (B) U/s 147(1)
 - (C) U/s 148(1)
 - (D) None of the above
38. Types of penalties have been contemplated under the Companies Act, 2013 are of:
- (A) Three types
 - (B) Four types
 - (C) Five types
 - (D) Six types
39. Minimum Paid-up equity capital for any Health Insurance company to register in India is:
- (A) ₹100 Crore
 - (B) ₹200 Crore
 - (C) ₹300 Crore
 - (D) ₹500 Crore
40. Strategy to tackle black money under The Prevention of Money Laundering Act, 2002:
- (A) Preventing generation of black money
 - (B) Effective detection, investigation & adjudication of black money
 - (C) Both the above
 - (D) None of the above
41. SEBI specified Listing pursuant to public issue as:
- (A) Minimum application size ₹1 million
 - (B) Number of allottees shall be more than 200
 - (C) Both the above

- (D) None of the above
42. Filing a copy of winding up petition made with the registrar is to be made mandatorily within
- (A) 15 day's
 - (B) 30 day's
 - (C) 45 day's
 - (D) 60 day's
43. The Central Govt. may remove from office of the President, Chairperson or any other Member of the National Company Law Tribunal (NCLT) who:
- (A) Has been adjudged an insolvent
 - (B) Has been convicted as an offence and which involves moral turpitude
 - (C) Has become physically or mentally incapable to act on the same position
 - (D) All the above
44. Export under Foreign Exchange Management Act, 1999 means:
- (A) the taking out of India to a place outside India any goods
 - (B) provision of services from India to any person outside India
 - (C) both the above
 - (D) none of the above
45. Every listed Public Company shall have 'Independent Directors' of at least
- (A) 1/3 rd of the total number of Directors
 - (B) 2/3 rd of the total number of Directors
 - (C) 1/4 th of the total number of Directors
 - (D) 2/4 th of the total number of Directors
46. Export under Foreign Exchange Management Act, 1999 means:
- (A) the taking out of India to a place outside India any goods
 - (B) provision of services from India to any person outside India
 - (C) both the above
 - (D) none of the above
47. The Insolvency and Bankruptcy Code, 2016, does not cover
- (A) Financial Institutions
 - (B) Insurance Company
 - (C) Mutual Funds & Pension Funds
 - (D) None of the above
 - (e) All the above
48. The Companies Act, 2013 specified 'Small Shareholder' as a shareholder holding shares of nominal value of not more than:
- (A) ₹15,000
 - (B) ₹20,000
 - (C) ₹25,000
 - (D) ₹30,000
49. 'Small Company' means a Company of which:
- (A) Paid -up-share capital is ₹50 Lakhs to ₹5 Crores
 - (B) Turnover is ₹2Crores to ₹20 Crores
 - (C) None of the above
 - (D) Both the above
50. Any allotment of securities made on the basis of Prospectus should be void if permission of listing is not granted by the Stock Exchange before expiry of

- (A) 12 weeks from the closure of the issue
 - (B) 10 weeks from the closure of the issue
 - (C) 8 weeks from the closure of the issue
 - (D) 30 days from the closure of the issue
51. According to The Insolvency and Bankruptcy Code, 2016, corporate insolvency resolution process shall be completed within a period of:
- (A) 365 days from the date of admission of the application to initiate such process
 - (B) 270 days from the date of admission of the application to initiate such process
 - (C) 180 days from the date of admission of the application to initiate such process
 - (D) 90 days from the date of admission of the application to initiate such process
52. As per SEBI (ICDR) Regulations, 2009 in case of Initial Public Offer /IPO, the minimum Promoters' contribution should not be:
- (A) less than 15% of the post issue capital
 - (B) less than 20% of the post issue capital
 - (C) less than 25% of the post issue capital
 - (D) less than 30% of the post issue capital
53. Every Nidhi shall maintain Net Owned Funds (excluding the proceeds of any preference share capital) of not less than
- (A) ₹10,00,000
 - (B) ₹15,00,000
 - (C) ₹20,00,000
 - (D) ₹25,00,000
54. Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that companies shall appoint at least one woman director:
- (A) Where paid-up share capital is at least ₹100 crore
 - (B) Turnover of the company is at least ₹300 crore
 - (C) Both the above
 - (D) None of the above
55. As per The Securities Exchange Board of India Act, 1992 Revised Clause 49 (VI) is applicable to:
- (A) Top 100 companies by market capitalisation
 - (B) Top 200 companies by market capitalisation
 - (C) Only (A) above
 - (D) Only (B) above
56. No banking company shall create any charge upon its
- (A) Paid up Capital
 - (B) Unpaid Capital
 - (C) Paid up and unpaid capital
 - (D) None of these
57. Authorised person under the Foreign Exchange management Act means
- (A) An authorized dealer
 - (B) Money Changer
 - (C) Both of (A) and (B)
 - (D) None of these
58. As per Section 177 of the Companies Act, 2013 every public company having paid up capital of _____ shall constitute an Audit Committee.
- (A) Fifty lakh rupees
 - (B) twenty five crore rupees

- (C) Five crore rupees or more
(D) ten crore rupees or more
59. A company shall have its Registered Office from the date _____ of its incorporation.
(A) 7th day
(B) 15th day
(C) 30th day
(D) one month
60. During any financial year Corporate Social Responsibility Committees of the Board shall be constituted by every Company having
(A) Turnover of ₹5,000 crores or more
(B) A Net Profit of ₹2 crores or more
(C) Net Worth of ₹5 crores or more
(D) Authorized capital of ₹500 crores or more
61. Board of every Company shall ensure that the company spends in every financial year on account of CSR Policy at least
(A) 5% of average Net Profit
(B) 3% of average Net Profit
(C) 2.5% of average Net Profit
(D) 2% of average Net Profit
62. Under Insolvency Bankruptcy code 2016 where extension of time is requested, the Corporate Resolution process shall be completed within a period of _____ from the date of admission of the application to initiate such process.
(A) 60 days
(B) 90 days
(C) 180 days
(D) 240 days
63. According to Banking Regulation Act 1949, no Banking Company shall pay dividend on its shares until all its
(A) Depreciation is fully written off
(B) "Capitalized expenses" have been completely written off
(C) Bad debts are provided in full
(D) Contingent liability is settled
64. The Director prepared the annual accounts in Director Responsibility Statement on a/an
(A) Money measurement basis
(B) Going concern basis
(C) Accrual basis
(D) Business Entity basis
65. Accounts and Balance Sheet along with auditor's reports should be filed with Reserve Bank of India within _____ from the end of the period to which these relate.
(A) 3 months
(B) 6 months
(C) 9 months
(D) 12 months
66. A minor can be nominated as a nominee in Life Insurance Policy by its
(A) Drawer
(B) Agent

- (C) Holder
(D) Corporation
67. Which of the following is not the type of unfair competition?
(A) Collusive price fixing
(B) Creation of barriers to entry
(C) Tie in purchase
(D) Predatory pricing
68. Business should _____ the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
(A) Accept
(B) Respect
(C) Reject
(D) Object
69. The general principle of company law is that _____ with other members of the company in the same class.
(A) every member holds equal rights
(B) members may have differential rights
(C) members may or may not have differential rights
(D) None of the above
70. According to Sec 2(6) of Companies Act, 2013 an associate company, in relation to another company, means a company in which that other company has a significant influence. Here significant influence means _____
(A) Control of at least twenty per cent. of total voting power
(B) Control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement
(C) Control of at least twenty five per cent. of total voting power
(D) Control of at least twenty five per cent. of total voting power, or control of or participation in business decisions under an agreement
71. A copy of the Inspectors report under section 223 of Companies Act, 2013 may be obtained by _____
(A) By members, creditors or any other person whose interest is likely to be affected by making an application in this regard to the Central Government
(B) by making an application in this regard to the Central Government
(C) Option (A) or (B)
(D) None of the above
72. Which of the following would not constitute to be the 'Key managerial personnel' as per section 2(51) of Companies Act, 2013.
(A) the Chief Executive Officer or the managing director or the manager
(B) the company secretary
(C) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board
(D) the Chief Financial Officer
73. "Small Company" means a company, other than a public company, with a paid-up share capital of which does not exceed _____ rupees or such higher amount as may be prescribed which shall not be more than _____ rupees.
(A) five lakh; one crore
(B) fifty lakh; five crore
(C) fifty lakh; ten crore
(D) None of the above

74. A company registered under _____ shall amalgamate only with another company registered under this Section and having similar objects
- (A) Sec 7 of Companies Act, 2013
 - (B) Sec 8 of Companies Act, 2013
 - (C) Sec 9 of Companies Act, 2013
 - (D) Sec 10 of Companies Act, 2013
75. _____ means any director whose presence cannot count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.
- (A) Interested Director
 - (B) Related party
 - (C) Nominee Director
 - (D) None of the above
76. The _____ shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
- (A) Board of Directors
 - (B) Audit Committee
 - (C) Management Committee
 - (D) Any of the above
77. The provisions of Insolvency and Bankruptcy Code, 2016 applies, in relation to _____.
- (A) Insolvency, liquidation, voluntary liquidation or bankruptcy
 - (B) Insolvency, liquidation or bankruptcy
 - (C) Insolvency or bankruptcy
 - (D) None of the above
78. If any of the provisions of Sections 139 to 146 (both inclusive) is contravened, the company shall be punishable with fine which shall not be less _____ than but which may extend to _____
- (A) ₹1,00,000; ₹5,00,000
 - (B) ₹25,000; ₹1,00,000
 - (C) ₹25,000; ₹5,00,000
 - (D) ₹125,000; ₹5,00,000
79. The listing regulations have been sub-divided into _____.
- (A) Two parts; substantive provisions incorporated in the main body of Regulations and procedural requirements in the form of Schedules to the Regulations
 - (B) Two parts; substantive provisions incorporated in the main body of Regulations and juridical requirements in the form of Schedules to the Regulations
 - (C) Three parts; substantive provisions incorporated in the main body of Regulations, procedural requirements in the form of Schedules to the Regulations and Listing for Merger and amalgamation
 - (D) Three parts; substantive provisions incorporated in the main body of Regulations, juridical requirements in the form of Schedules to the Regulations and Listing for Merger and amalgamation
80. Unfair competition means adoption of practices such as _____.
- (A) collusive price fixing
 - (B) creation of barriers to entry
 - (C) tie-in sales
 - (D) all of the above

81. Foreign Currency Convertible Bond (FCCB) means _____
- (A) A bond convertible from Indian Currency to Foreign Currency
 - (B) A bond convertible from Foreign Currency to Indian Currency
 - (C) A bond issued by an Indian company expressed in foreign currency, the principal and interest of which is payable in foreign currency
 - (D) A bond issued by a foreign company expressed in Indian currency, the principal and interest of which is payable in Indian currency
82. Every _____ is a Predicate Offence
- (A) Scheduled Offence
 - (B) Recorded Offence
 - (C) Sentenced Offence
 - (D) Any of the above
83. In India the Memorandum of Understanding is a negotiated document between the Government, acting as the owner of Public Sector Enterprise (PSE) and a specific PSE with the objectives of __
- (A) Improve the performance of CPSEs through increased management autonomy
 - (B) Remove the haziness in goals and objectives
 - (C) either (A) or (B)
 - (D) Both (A) and (B)
84. Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith and
- (A) Gives rise to a reasonable ground of suspicion that it may involve the proceeds or crime
 - (B) Appears to be made in circumstances of unusual or unjustified complexity
 - (C) Appears to have no economic rationale or bonafide purpose
 - (D) Any of the above
85. At a general meeting of a company a matter was to be passed by a special resolution. Out of forty members of the company, twenty voted in favour of the resolution, five voted against it and five votes were cancelled. The remaining ten members abstained from voting. The chairman declared resolution as
- (A) Passed
 - (B) Invalid
 - (C) Cancelled
 - (D) Accepted
86. Payment of Commission on exports made towards equity investment in wholly owned subsidiary abroad of an Indian Company is
- (A) Permissible
 - (B) Prohibited
 - (C) Forwarded
 - (D) Restricted
87. All Board members and senior management personnel should affirm compliance with the Code on annual basis. The annual report of the Company shall contain a declaration to this effect signed by the
- (A) Auditor
 - (B) Director
 - (C) Managing Director
 - (D) CEO
88. The quality of something which enables one to understand the truth easily. In this

context of Corporate Governance, it implies an accurate, adequate and timely disclosure of relevant information about the operating result etc., of the corporate enterprise to the stakeholders. This principle is known as

- (A) Transparency
- (B) Accountability
- (C) Independence
- (D) Clarity

89. SEBI has to be responsive to the needs of the three groups which constitute the Market. Which of the following does not constitute the Market?
- (A) The issuers of securities
 - (B) The investors
 - (C) The brokers
 - (D) The market intermediaries
90. Which of the following listing provides arbitrage opportunities to the investors, whereby they can make profit based on the difference in the prices prevailing in the said exchanges?
- (A) Multiple listing
 - (B) Initial listing
 - (C) Listing for right issue
 - (D) Listing for public issue
91. Which of the following is not the objective of Competition Act, 2002?
- (A) To prevent practices having adverse effect on competition
 - (B) To prevent competition in market
 - (C) To protect the interest of the consumers
 - (D) To ensure freedom of trade carried on by the other participant in marketing India and for matter connected there with or incidental thereto
92. An association of producers, sellers or distributors, traders or service providers who, by agreement amongst themselves, limit, control or attempt to control the production, distribution, sale or price of or trade in goods or provision of services is known as
- (A) Acquisition
 - (B) Agreement
 - (C) Cartel
 - (D) Pool
93. An authorised dealer, money changer, offshore banking or any other persons for the time being authorized to deal in foreign exchange or foreign securities is known as
- (A) Authorised banker
 - (B) Authorised dealer
 - (C) Authorised person
 - (D) Authorised money changer
94. The process of money laundering generally involves three stages. Which is the second stage?
- (A) Placement
 - (B) Layering
 - (C) Integration
 - (D) Contribution
95. The asset in respect of which no default in repayment of principal or payment of interest has occurred is known as
- (A) Non-performing Asset
 - (B) Standard Asset

- (C) Sub-standard Asset
(D) Doubtful Asset
96. A person who fails to get appointed as a director in a general meeting cannot be appointed as
(A) Additional director
(B) Alternate director
(C) Independent director
(D) Nominee director
97. Which of the following is not the correct manner in the event of any change in his particulars as stated in Form DIR-3, an applicant intimate such change to the Central Government within a period of 30 days of such change in Form DIR-3?
(A) The applicant shall download Form DIR-6 from the portal
(B) The form shall be digitally signed by CA or CS or CMA
(C) The applicant shall submit the fees
(D) The applicant shall submit the form DIR-6
98. In which of the following principle, every member holds equal rights with other members of the company in the same class? The scale of rights of members of the same class must be held evenly for smooth functioning of the company.
(A) Interference
(B) Non-interference
(C) Indifference
(D) Difference
99. SEBI has three functions rolled into one body. Which of the following is not the function of SEBI?
(A) Quasi-legislative
(B) Quasi-judicial
(C) Quasi-executive
(D) Quasi-official
100. Which of the following is not the condition for issue of IDR?
(A) Issue size should not be more than Rs. 50 crores
(B) Minimum application amount should be Rs. 20,000
(C) At least 50% of the IDR issued should be allotted to qualified institutional buyers on proportionate basis
(D) There will be only denomination of IDR of the issuing company
101. Which of the following FDI in resident entities is not eligible as investee entities?
(A) FDI in an India company
(B) FDI in Partnership
(C) FDI in HUF
(D) FDI in LLP
102. For the appointment, reappointment, remuneration and removal of the director of a banking company, prior approval of _____ should be obtained.
(A) Chairman
(B) RBI
(C) Managing Director
(D) Finance Secretary
103. A Nidhi shall not accept deposit exceedingtimes of its net owned funds
(A) Ten times
(B) Fifteen times

- (C) Twenty times
(D) Twenty five times
104. Which of the following Committee was formed by SEBI for improving standards of Corporate Governance of Listed Companies in India?
(A) Naresh Chandra Committee
(B) N.R. Narayan Murthy Committee
(C) Kotak Committee
(D) Kumar Mangalam Birla Committee
105. The company shall furnish to the Registrar verification of its registered office within a period of _____ from the date of its incorporation.
(A) 30 days
(B) 45 days
(C) 60 days
(D) 90 days
106. Out of following which item cannot be exercised by the Board of Directors of ABC Ltd.?
(A) To diversify the business of the company
(B) To take over a company
(C) To approve amalgamation, merger or the reconstruction
(D) To sell of the whole or substantially the whole of the undertaking of the company
107. The board may fill any casual vacancy in the office of an auditor within 30 days but where such vacancy is caused by the resignation of an auditor, such appointment shall also be approved by the company at a general meeting concerned within _____ of the recommendation of the Board.
(A) one month
(B) two months
(C) three months
(D) six months
108. In case the Comptroller and Auditor General of India does not appoint first auditor within the stipulated date who will appoint such auditor within next 30 days?
(A) Shareholders
(B) Board of Directors
(C) Managing Directors
(D) Company Secretary
109. Under which principle of Corporate Governance, it implies the responsibility of the Chairman, the Board of Directors and the Chief Executive for the use of company's resources in the best interest of the company and its shareholders?
(A) Independence
(B) Accountability
(C) Transparency
(D) Ethics
110. Any person aggrieved by an order of NCLT may prefer an appeal to the Appellate Tribunal within a period of _____ from the date on which a copy of the order of the Tribunal is made available to the person aggrieved.
(A) 120 days
(B) 60 days
(C) 45 days
(D) 30 days

111. Which of the following is not the objective of The Prevention of Money Laundering Act, 2002?
- (A) To prevent and control money laundering
 - (B) To confiscate and seize the property obtained from the laundered money
 - (C) To generate profit for an individual or a group
 - (D) To deal with any other issue connected with money laundering in India
112. A promise whereby the assured undertakes that some particular thing shall or shall not be done or that some conditions shall be fulfilled or affirms or negatives the existence of a particular state of facts. This principle of Insurance is known as
- (A) Warranty
 - (B) Good faith
 - (C) Conditions
 - (D) Indemnity
113. Which of the following is not the benefits of CSR Programme?
- (A) Mutual trust
 - (B) Attracting and retaining employees
 - (C) Communities as suppliers
 - (D) Enhancing corporate reputation
114. An agreement or arrangement in writing for transfer of assets, or funds, goods or services, from or to the corporate debtor is known as
- (A) Transfer
 - (B) Transfer of property
 - (C) Transaction
 - (D) Transmission

Answer Key:

- (1) (A) Audit Committee
- (2) (B) National Company Law Tribunal
- (3) (C) Option (A) or (B)
- (4) (A) demand or within six months
- (5) (C) Registered office
- (6) (D) any of the above
- (7) (A) Any other Director
- (8) (B) Operational Creditor
- (9) (D) All of the above
- (10)(A) any financial sector regulator
- (11)(C) Listing for Sweat equity shares
- (12)(B) two years
- (13)(A) capital account transaction
- (14)(C) Promoting insurance business
- (15)(D) Both (A) and (B)
- (16)(C) Vice-President, Government of India
- (17)(B) 30 days of its incorporation

As per Sec . 173(1) the 1st Board Meeting shall be held within 30 days of the date of its incorporation

- (18)(B) 200

Number of members shall not be less than 200 (Nidhi Rules 2014 Rules 5)

- (19)(C) one-fourth of total membership

- (20)(A) 180 days after such seizure

Ref .Sec. 209 (2) of companies Act 2013 as soon as possible but not later than 180 only

- (21)(C) ₹50,00,000

Ref. Sec. 2 (85) of Companies Act. 2013

(22)(B) 60 days of determination of sickness

Sec. 254 of Company act. 2013

(23)(B) 5 types

5 Types i.e. (1) Fine (2) Imprisonment or fine (3) Imprisonment or fine or with both (4) imprisonment and fine and (5) imprisonment only

(24)(B) 60 days

Ref. Sec. 423. However Supreme Court if it is satisfied then SC may allow. Further time not more than 60 days

(25) (D) All of the above

SEC.40 collusive price fixing, creation of barriers to entry, allocation of market, tie in scales, predatory price, discriminating price etc.

(26)(B) Board Meeting

The power to appoint additional directors vests with the Board of Directors and it will be decided in the AGM of the company

(27)(B) 3

The total strength shall be 9-2=7 directors. Quorum shall be higher of 2 or 1/3rd of 7. 1/3rd of 7 comes to 2.33. As per Clause (i) of Explanation to section 174(4), any fraction of a number shall be rounded off as 1. Accordingly, the quorum shall be 3 directors (being higher of 2 or 3).

(28)(C) SEBI

Power to recognize Stock Exchange vests with Central Government. However, Central Government has delegated the powers to SEBI vide its notification No.F.No. 1/57/SE/93 dated 13.9.94. (Section 3 of Securities Contracts (Regulation) Act, 1956).

(29)(B) Enterprise

The given problem relates to Section 2(h) of the Competition Act, 2002. As per this section 2(h), enterprise means a person or a department of the Government, who or which is, or has been, engaged in any activity, relating to the production, storage, supply, distribution, acquisition or control of articles or goods.

(30)(B) Cartel

The term "cartel" has an inclusive meaning. Thus an association formed to control the production of apples is within the aforesaid definition of a cartel. Hence the association of apple producers of Shimla will be considered as a cartel under the provisions of the Act.

(31)(B) Accounting Year

According to Section 29 of the Banking Regulation Act 1949 every Banking Company incorporated in India, in respect of all business transacted by it and through its branches in India, shall prepare a balance sheet and profit & loss account as on the last working day of the Accounting year which is (1st April to 31st March.)

(32)(B) Abridged Prospectus

Abridged Prospectus is a shorter version of the prospectus that includes all the most key elements of the typical prospectus.

(33)(C) 5 years

The Chairman of the Insurance Regulatory and Development Authority shall hold office for a term of five years from the date on which he enters upon his office and should be eligible for reappointment. Maximum age of Chairman to be 65 year: [First Proviso to section 5(1)]. No person shall hold office as such Chairman after he has attained the age of 65 years.

(34)(B) Mechanisms

Corporate Governance is a blend of the internal and external corporate governance mechanisms. The external mechanisms include the managerial labour market, the capital market, takeover and legal systems. The internal governance mechanisms include the board of directors and most important is ownership

(35)(D) Deep industry insight

Deep Industry Insight. Family businesses gain significant experience and expertise as they typically work in one industry for longer durations. This gives them the added advantage of understanding and appreciating the challenges faced in that industry

much better than any non-family businesses.

(36)(D) All the above

As provided in Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014, all the said matters are not to be dealt with in a meeting through video conferencing or other audio-visual means.

(37)(C) U/s 148(1)

Central Govt. has specified maintenance of Cost Records u/s 148(1) of Companies Act, 2013.

(38)(C) Five types

Five types of Penalties have been contemplated under the Companies Act, 2013 of which three are compoundable and other two are not compoundable.

(39)(A) ₹100 Crore

The Insurance Act, 1938, has specified u/s 6 that no insurer [other than an insurer defined u/s 2(9)(D)] shall be registered for Health Insurance after the commencement of IRDA, 1999, unless he has minimum paid up capital of ₹100 Crore.

(40)(C) Both the above

The Prevention of Money Laundering Act, 2002, has identified all of the strategies mentioned here, are to be applied for tackling back money.

(41)(C) Both the above

As per SEBI Issue of Capital and Disclosure Requirements Regulations, 2009, both the conditions will apply for listing pursuant to public issue.

(42)(D) 60 day's

A copy of the petition of winding up made under the Companies Act, 2013, shall be filed with the Registrar without any prejudice to any other provisions to be submitted to the Tribunal within 60 day's of receipt of such petition.

(43)(D) All the above

Section 417 of the Companies Act, 2013, is dealing in National Company Law Tribunal where it has been stated that the Central Govt. may, after consultation with the Chief Justice of India may remove from the office the President, Chairperson or any Member on all the mentioned grounds.

(44)(C) both the above

Under Section 2(l) of FEMA, 1999 'export', with its grammatical variations and cognate expressions, means both (A) the taking out of India to a place outside India any goods. (B) provision of services from India to any person outside India.

(45)(A) 1/3 rd of the total number of Directors

Under Section 149(4) of the Companies Act, 2013 it has been stated that every listed public company shall have at least 1/3 rd of the total number of directors as independent directors, hence answer is (A).

(46)(A) the taking out of India to a place outside India any goods

Under Section 2(l) of FEMA, 1999 "export", with its grammatical variations and cognate expressions, means both (i) the taking out of India to a place outside India any goods, hence answer is (A).

(47)(D) None of the above

The Insolvency and Bankruptcy Code, 2016 does not cover Financial Institutions, Insurance Company, Mutual Funds, Pension Funds etc., hence, answer is (iv).

(48)(B) ₹20,000

According to Section 151 of the Companies Act, 2013, "small shareholder" means a shareholder holding shares of nominal value of not more than 20,000 or such other sum as may be prescribed, hence, answer is (ii).

(49)(D) Both the above

As per Section 2(85) of The Companies Act, 2013, "small company" means a company, other than a public company where both the mentioned conditions apply, hence, answer is (D).

(50)(B) 10 weeks from the closure of the issue

Under Sec. 40 of The Companies Act, 2013 any allotment of securities made on the basis of Prospectus should be void if permission of listing is not granted by the Stock

Exchange before the expiry of 10 weeks from the closure of the issue, hence, answer is (B).

(51)(C) 180 days from the date of admission of the application to initiate such process

According to the Insolvency and Bankruptcy Code, 2016 corporate insolvency resolution process shall be completed within a period of 180 day's from the date of admission of the application to initiate such process, hence, answer is (C).

(52)(B) less than 20% of the post issue capital

Under Regulation 32 of the SEBI Issue of Capital and Disclosure Requirements Regulations 2009, it has been stipulated that in case of an Initial Public Offer, the minimum contribution of the promoters" should not be less than 20% of the post issue capital, hence, answer is (B).

(53)(A) ₹10,00,000

Every Nidhi shall maintain Net Owned Funds (excluding the proceeds of any preference share capital) of not less than ten lakh rupees or as specified by the Central Government , from time to time, hence, (A).

(54)(C) Both the above

Rule 3 of the Companies (Appointment and qualification of Directors) Rules, 2014 provides that the following class of companies shall appoint at least one woman director: (1) every listed company. (2) every other public company having (A) paid-up share capital of one hundred crore rupees or more or (B) turnover of three hundred crore rupees or more ,hence, answer is (C).

(55)(A) Top 100 companies by market capitalization

As per Clause 49(VI) of the Revised Clause 49 of the Listing Agreement and Guidelines Issued Under Clause 49; risk management is applicable only to the top 100 companies by market capitalisation as at the closing of immediate previous financial year, hence, answer is (A).

(56)(B) Unpaid Capital

According to Section 14 of The Banking Regulation Act, 1949, no banking company shall create any charge upon its unpaid capital, and any such charge if created, shall be invalid,

(57)(C) Both of (A) and (B)

(58)(D) ten crore rupees or more

(59)(B) 15th day

(60)(A) Turnover of ` 5,000 crores or more

(61)(D) 2% of average Net Profit

(62)(C) 180 days

(63)(B) "Capitalized expenses" have been completely written off

(64)(B) Going concern basis

(65)(A) 3 months

(66)(C) Holder

(67)(C) Tie in purchase

(68)(B) Respect

(69)(A) every member holds equal rights

(70)(B) Control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement

(71)(A) By members, creditors or any other person whose interest is likely to be affected by making an application in this regard to the Central Government

(72)(D) the Chief Financial Officer

(73) (C) fifty lakh; ten crore

(74) (B) Sec 8 of Companies Act, 2013

(75) (A) Interested Director

(76) (B) Audit Committee

(77) (A) Insolvency, liquidation, voluntary liquidation or bankruptcy

(78) (C) ₹25,000; ₹5,00,000

(79) (A) Two parts; substantive provisions incorporated in the main body of Regulations and procedural requirements in the form of Schedules to the Regulations

- (80) **(D) all of the above**
- (81) **(C) A bond issued by an Indian company expressed in foreign currency, the principal and interest of which is payable in foreign currency**
- (82) **(A) Scheduled Offence**
- (83) **(D) Both (A) and (B)**
- (84) **(D) Any of the above**
- (85) **(A) Passed**
Section 114(2). For a valid special resolution, votes cast in favour should be at least three times the votes cast against the resolution, if any. Abstentions are not to be taken into account. Thus, 20 votes being in favour and only 5 votes against the resolution, the resolution is validity passed.
- (86) **(B) Prohibited**
According to the rules, drawal of foreign exchange for certain transactions are prohibited. In respect of certain transactions drawal of foreign exchange is permissible with the prior approval of Central Government. Payment of Commission on exports made towards equity investment in wholly owned subsidiary abroad of an Indian Company is prohibited.
- (87) **(D) CEO**
All Board members and senior management personnel shall affirm Compliance with the Code on annual basis. The annual Report of the Company shall contain a declaration to this effect signed by the CEO.
- (88) **(A) Transparency**
The quality of something which enables one to understand the truth easily. In this context of Corporate Governance, it implies an accurate adequate and timely disclosure of relevant information about the operating result etc. of the Corporate enterprise to the stakeholders.
- (89) **(C) The brokers**
In 1995, the SEBI was given additional statutory power by the Government of India through an amendment to the SEBI Act, 1992 SEBI has to be responsive to the needs of the three groups which constitute issuers of securities, investors and the market intermediaries.
- (90) **(A) Multiple listing**
Multiple listing provides arbitrage opportunities to the investors, whereby they can make profit based on the difference in the prices prevailing in the said exchanges.
- (91) **(B) To prevent competition in market**
Keeping in view the economic development of the country, the Competition Act, 2002 was laid down to provide for an establishment of a commission not to seek the objective of preventing competition in market.
- (92) **(C) Cartel**
Cartel is an association of producers, sellers or distributors, traders or service providers who, by agreement amongst themselves, limit control or attempt to control the production, distribution, sale or price of or trade in goods or provision of services.
- (93) **(C) Authorised person**
Authorised person is an authorized dealer, money changer, off shore banking or any other persons for the time being authorized to deal in foreign exchange or foreign securities.
- (94) **(B) Layering**
Layering is the second stage of money laundering
- (95) **(B) Standard Asset**
Standard Assets means asset In respect of which no default in repayment of principal or payment of Interest has occurred or is perceived and which has neither shown signs of any problem relating to re-payment of principal sum or interest nor does it carry more than normal risk attached to the business.
- (96) **(A) Additional director**
A person who falls to get appointed as a director in a general meeting cannot be appointed as Additional director.

- (97) (C) The applicant shall submit the fees**
While submitting form DIR-6, the applicant does not require to submit fees.
- (98) (B) Non-interference**
In the principle of non interference every members holds equal rights with other members of the company in the same class. The scale of rights of members of the same class must be held evenly for smooth functioning of the company.
- (99) (D) Quasi-official**
SEBI has three functions rolled into one body. Quasi-Legislative, Quasi-judicial and Quasi- executive.
- (100) (C) At least 50% of the IDR issued should be allotted to qualified institutional buyers on proportionate basis.**
Issue size should not be more than Rs. 50 crores. Issue size should not be less than Rs. 50 crores.
- (101) (C) FDI in HUF**
FDI in Indian Company, partnership and LLP are eligible as investee entities.
- (102) (B) RBI**
According to Section 35 (B) prior approval of RBI should, be obtained for the appointment, reappointment, remuneration and removal of the director of a banking company.
- (103) (C) Twenty times**
A Nidhi shall not accept deposit exceeding Twenty times of its Net owned funds as per its last audited financial statements.
- (104) (C) Kotak Committee**
SEBI had formed a committee for improving standards of Corporate Governance of listed Companies in India under the chairmanship of Uday Kotak.
- (105) (A) 30 days**
Section 12 of the Companies Act, 2013
- (106) (D) To sell of the whole or substantially the whole of the undertaking of the company.**
As per section 180(i) of the Companies Act, 2013 the Board of Directors has no power to sell / lease or otherwise dispose of the whole or substantially, the whole of undertaking of the Company.
- (107) (C) three months**
Such appointment shall also be approved by the company at a general meeting concerned within three months of the recommendations of the Board.
- (108) (B) Board of Directors**
In case the Comptroller and Auditor General of India does not appoint first auditor, Board of Directors appoint such auditor within next 30 days.
- (109) (B) Accountability**
Under Accountability principle of corporate governance it implies the responsibility of the chairman, the Board of Directors and the chief executive for the use of companies resources in the best interest of Company and its shareholders.
- (110) (C) 45 days**
(Sec. 421 of the Companies Act, 2013)
- (111) (C) To generate profit for an individual or a group**
To generate profit for an individual or a group is not the objective of the prevention of Money laundering Act 2002.
- (112) (A) Warranty**
Under the principle of warranty, promise whereby the assured undertakes that some particular thing shall or shall not be done or that some condition shall be fulfilled or affirms or negatives the existence of a particular state of facts.
- (113) (A) Mutual trust**
Mutual trust is not the benefits of CSR Programme.
- (114) (C) Transaction**
An agreement or arrangement in writing for transfer of assets, or funds, goods or services, from or to the corporate debtor is known as transaction.

Notes

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