

M.K.G CA EDUCATION

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TEST-4

CA INTERMEDIATE

CORPORATE AND OTHER LAWS

Topics Covered:

1. GENERAL MEETINGS
2. DIVIDEND

QUESTION PAPER BOOKLET NO. 4072022

(03-07-2022 3:00 P.M. TO 6:00 P.M)

Roll No112845.....

Time allowed: 3 hours

Total No. of Printed Pages: 6

Maximum Marks: 100

GENERAL INSTRUCTIONS TO CANDIDATES

1. The Question Paper comprises two parts, Division A & Division B
2. Division A comprises Multiple choice Questions
3. Division B comprises questions which require descriptive type answers
4. TIME ALLOWED 180 MINUTES
5. MAXIMUM MARKS 100

DIVISION A

Multiple Choice Questions

[2 Marks each]

(13 x 2= 26)

1. A general meeting of the company is to be held on 30th August, 2020. The company has not paid dividend in respect of its preference shares for the financial year 2018-19 as well as 2019-20. In such case preference shareholders:
 - (a) will not have the right to vote because preferential shareholders have no right to vote

- (b) will have the right to vote because dividend has not been paid for the last two years
 (c) will not have the right to vote because only equity shareholders can vote in general meetings
 (d) will have right to vote because preference shareholders have the right to vote in general meetings
2. Which one of the following transactions requires the passing of an ordinary resolution?
 (a) To change the name of the company
 (b) To alter the articles of association
 (c) To reduce the share capital
 (d) To declare dividends.
3. Dividend once declared, should be paid within _____ days from the date of declaration
 (a) 14 days
 (b) 21 days
 (c) 30 days
 (d) 45 days
4. Which of the following amount need not be credited to Investor Education and Protection Fund Account (IEPF)?
 (a) Amount in unpaid dividend account (UDA) of company
 (b) Amount of matured deposits with the company
 (c) Profit on sale of asset
 (d) Amount of matured debentures with the company.
5. Amount to be transferred to reserves out of profits before any declaration of dividend is
 (a) 5%
 (b) 7.5%
 (c) 10%
 (d) at the discretion of the company.
6. The authorised and paid-up share capital of Avantika Ayurvedic Products Limited is ₹ 50.00 lacs divided into 5,00,000 equity shares of 10 each. At its Annual General Meeting (AGM) held on 24th September, 2019, the company declared a dividend of 2 per share by passing an ordinary resolution. Mention the latest date by which the amount of dividend must be deposited in a separate account maintained with a scheduled bank
 (a) Latest by 29th September, 2019
 (b) Latest by 4th October, 2019
 (c) Latest by 9th October, 2019
 (d) Latest by 24th October, 2019
7. The Directors of Silver tongue Solutions Limited proposed dividend at 18% on equity shares for the financial year 2018-2019. The same was approved at the Annual general body meeting held on 30th September 2019. Mr. Jagan was the holder of 2000 equity of shares on 31st March, 2019, but he transferred the shares to Mr. Rajiv on 8th August 2019. Mr. Rajiv has sent the shares together with the instrument of transfer to the company for registration of the shares in his favour only on 25th September 2019. The registration of the transfer of shares is pending on 30th September 2019. With respect to the dividend declared the correct action to be taken by the company is:
 (a) Pay the dividend to Mr. Jagan
 (b) Pay the dividend to Mr. Rajiv
 (c) Transfer the dividend in relation to such shares to the Unpaid Dividend Account
 (d) Transfer the dividend in relation to such shares to the Investor Education and Protection Fund.

8. The Board of Directors of Jip Rise Pharmaceuticals Limited wish to declare interim dividend in the last week of July, 2018. The company has incurred a loss during the current financial year up to the end of June, 2018. However, it is noted that during the previous five financial years i.e., 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18, the company had declared dividend at the rate of 8%, 9%, 12%, 11% and 10% respectively. Advise the Board as to the maximum rate at which they can declare interim dividend despite incurring loss during the current financial year.
- 10%.
 - 11%.
 - 10.5%.
 - 11.5%.
9. Mr. Kumar Arijit is a renowned finance professional with wide experience in banking operations. Due to his experience, he has been appointed as director on the Board of various companies. He is working as the Executive Director - Finance of Doon Carbonates Limited (DCL) for the past 4-5 years and heading the finance department there. As per the object clause of the Memorandum of Association of DCL, it can raise funds by way of loans for the advancement of its business. Articles of Association of DCL authorizes the directors to borrow up to 50 lakhs on behalf of the company after passing a valid board resolution and any loans for amounts exceeding the above limit can be raised only after prior approval at a duly convened general meeting.

Board of Directors of DCL raised ₹ 80 lakhs from Srikant Finance Services after passing a board resolution and out of this amount, 60 lakhs was used to pay a legitimate liability of DCL by the directors. Such an act was ratified by the members in an EGM conducted thereafter. DCL is a widely held company with around 5600 members as per the members register. The 21st AGM of DCL was convened on 1st September 2021. A total of 34 members attended the meeting out of which 7 members attending through proxy. 6 of such members were represented by single proxy, Mr. Das. The articles of DCL is silent about the quorum. The voting at such meeting was conducted through means of postal ballot for all the items of business on the agenda. Mr. Kumar is also director of Padmani Silk Limited (PSL). PSL was established around 25 years back as a private company operating as a micro business with 10 employees in a three-room building. During those years, the company grew exceptionally and went public and was also listed on SME exchange. PSL declares the interim dividend out of the previous year's undistributed profit, on 31st August 2021, on the occasion of the 25th anniversary of the company. PSL deposited the amount of said dividend in a separate bank account with an NBFC on 4th of September, 2021. The company has not incurred any loss during current F.Y. 2021-22 in any quarter.

Mr. Kumar hails from a farming family and carries on the business of cultivation and milling of paddy. He is also the sole member of Fair-Deal Limited (FDL), a one person company. FDL is operated as rice sheller and also deals in trading of high quality basmati rice. Mr. Kumar's father is operating as a nominee for the purposes of this OPC. The accounts department of FDL prepared and published only Profit and Loss Account and Balance Sheet as a financial statement and did not prepare cash flow statements and explanatory notes to accounts. A statement of changes in equity is not required in the case of FDL.

Regarding compliance for declaration and distribution of interim dividend by PSL, which of the following statements is correct?

- (1.) There is a violation of the provisions because interim dividend can only be declared out of current year's profits.
- (2.) There is no violation at all, and all the provisions prescribed by law have been complied with.
- (3.) There is a violation because the bank account shall be designated and shall be one of existing

banks account of company.

- (4.) There is a violation because the bank account shall be opened with scheduled banks only.
10. In the above case, which of the following statements is correct, with reference to the requirement for financial Statements of 'Fair Deal Limited'
- FDL fails to meet the requirement because its financial statement do not include explanatory notes to accounts.
 - FDL fails to meet the requirement because its financial statements do not include cash flow statement
 - FDL fails to meet the requirement because its financial statements do not include explanatory notes to account and cash flow statement
 - FDL has complied with the requirements related to financial statements
11. The borrowing of the sum of 80 lakhs by the directors of DCL is
- Void-ab-initio
 - Void
 - Voidable
 - Valid
12. Regarding the validity of the 21st Annual General Meeting of DCL, which of the following statements is correct?
- The meeting doesn't have a quorum, because 30 members need to be personally present at the meeting.
 - The meeting is valid and has a quorum because 30 members are present at meeting either personally or through a proxy.
 - The meeting is valid and has a quorum, because only 5 members are required to be present, either personally or through a proxy, if the number of members as on the date of the meeting is more than five thousand but not more than ten thousand
 - The meeting is valid and has a quorum, because only 15 members are required to be present, either personally or through a proxy, if the number of members as on the date of the meeting is more than five thousand but not more than ten thousand
13. Due to the management disputes, Flow Writing Industries Limited could not hold its current Annual General Meeting by the latest due date. Even after lapse of the due date, it seemed rather impossible to convene the AGM. In such a grim situation, one option available was to approach National Company Law Tribunal (NCLT) and seek direction for the calling of AGM. Out of the following four options, which one is applicable in the given case:
- Any member of the company can make an application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.
 - A member of the company holding at least 1% of the total paid-up share capital must make an application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.
 - Minimum two members of the company holding at least 1% of the total paid-up share capital must make a joint application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.
 - Minimum five members of the company holding at least 1% of the total paid-up share capital must make a joint application to the National Company Law Tribunal (NCLT) and seek direction for the calling of AGM.

DIVISON B

SUBJECTIVE QUESTIONS

- 14.** Differences between the following
- AGM & EGM **(10 Marks)**
 - OR & SR **(4 Marks)**
 - Ordinary Business & Special Business **(5 Marks)**
 - Fixed & Interim Dividend **(5 Marks)**
- 15.** Comment on the following: **(7 Marks each)**
- Members Resolution by Circulation
 - Demand of poll
 - Quorum
 - Proxy
 - Notice of the Meeting
 - Special Notice
- 16.** State all the rules regarding Postal Ballot. **(8 Marks)**

SPACE FOR ROUGH WORK