

# M.K.G CA EDUCATION

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## TEST-2

### CA INTERMEDIATE

### CORPORATE AND OTHER LAWS

#### Topics Covered:

- 1- Audit and Auditors
- 2- Declaration and Payment of Dividend
- 3- Acceptance of Deposit
- 4- Registration of Charges
- 5- Accounts of Companies

**QUESTION PAPER BOOKLET NO. 2102023**

**(15-10-2023 01:00 P.M. TO 4:00 P.M.)**

Roll No .....298745.....

Time allowed: 3 hours

Total No. of Printed Pages: 12

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**

Bharat Sanskar Limited having its registered office at Haridwar, is a listed public company. It is registered with an authorized share capital of ₹ 300 crore divided into 30 crore equity shares of ₹ 10/- each. The paid-up share capital of the company is ₹ 200 crore divided into 20 crore equity share of ₹ 10/- each. The company is very renowned in manufacturing and supplying devotional items such as high-quantity worship materials, fragrances, various types of decorative goods, idols etc.

The Board of Directors of the company constituted of Sagar as the Managing Director and Hari, Rahi, Sansar & Nabh as directors of the company. In the company Raju was holding the post of Company Secretary, Sonu designated as Chief Financial Officer and Moti as Assistant Accountant. The company prepared its Financial Statement for the year 2022-23, the Board of Directors approved the same and it was signed by the concerned authorities and thereafter submitted to the auditors on 10<sup>th</sup> May, 2023 for their report. The turnover of the company was ₹ 100 crore during the year 2022-23. The auditor's report was duly received and the annual accounts with Board's report and all necessary annexures were ready on 15<sup>th</sup> July 2023 after complying with all the formalities as per company law.

The Board Meeting was called on 25<sup>th</sup> July, 2023 and the Annual General Meeting was fixed on 20<sup>th</sup> August, 2023. At the Annual General Meeting the Financial Statement along with all annexures was duly received and adopted by the members present. However, the company could not file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting, with the Registrar.

It is also informed that in April, 2023, the company had destroyed all the books of account together with relevant vouchers up to financial year ending on 31<sup>st</sup> March, 2018.

On the basis of above facts and by applying applicable provisions of the Companies Act, 2013 and the applicable Rules therein, choose the correct answer (one out of four) of the following queries given herein under:-

**Based on the above facts, answer the following 1 to 4 MCQs**

1. The Companies Act, 2013 provided that the financial statement should be approved by the Board of Directors, signed by the prescribed authorities and submitted to the auditors for their report. Accordingly the financial statements of Bharat Sanskar Limited shall be signed by:
  - (a) Sagar, Raju and Sonu
  - (b) Sansar, Hari, Raju and Sonu
  - (c) Sagar, Snasar, Raju and Moti
  - (d) Sagar, Sansar, Raju and Sonu

**(2 Marks)**
2. As per provisions of company law, the Board's report with annexures thereto of the above company is required to be duly signed by -
  - (a) Sagar only
  - (b) Sagar and Hari
  - (c) Sagar and Raju
  - (d) Sagar and Sonu

**(2 Marks)**

3. In the above case scenario, the company failed to file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting with the Registrar. In this context, which of the following statements is correct?
- (a) Sagar, Raju and Sonu shall be liable to a penalty.
  - (b) The company, Sagar and Raju shall be liable to a penalty.
  - (c) The company, Sagar and Sonu shall be liable to a penalty.
  - (d) Sagar, Raju and Sonu shall be liable to a penalty. **(2 Marks)**
4. As per provisions of the Companies Act, 2013, the act of the company in destruction of all books of account together with relevant vouchers was not correct because –
- (a) The books of accounts etc. relating to a period not less than 6 preceding financial years are required to be kept in good order.
  - (b) The books of accounts etc. relating to a period not less than 8 preceding financial years are required to be kept in good order.
  - (c) The books of accounts etc. relating to a period not less than 10 preceding financial years are required to be kept in good order.
  - (d) The books of accounts etc. relating to a period not less than 12 preceding financial years are required to be kept in good order. **(2 Marks)**

Pristine Limited, a listed entity, passed a resolution in its Board meeting for appointment of Arora & Associates, a Chartered Accountants firm, as Statutory Auditor of the company. The company obtained the consent in writing from Arora & Associates and also placed this recommendation before the general meeting of the shareholder and got it approved.

The company thereafter informed the CA Firm about their appointment and also filed a notice of appointment with the Registrar of Companies within the prescribed time.

Arora & Associates, Chartered Accountants firm is having 3 partners namely, A Arora, B Arora, C Arora. In this firm D Arora and M Arora were associates and were being paid on case-to-case basis and not on fixed salary.

Prior to the appointment of Arora & Associates, the previous auditor was Agrawal Arora & Associates. In this CA firm there were 6 partners namely, Priya Agrawal, Mia Agrawal, Vishal Agrawal, Vyom Agrawal, D Arora and M Arora.

D Arora and M Arora were common persons in both the firms.

While working with Pristine Limited, Arora & Associates started facing a lot of issues with the management of the company. After some time, due to these disputes with the management, Arora & Associates resigned from the company.

**Based on the above facts, answer the following 5 to 7 MCQs**

5. The newly appointed CA Firm (Arora & Associates) and retiring CA Firm (Agrawal Arora & Associates) have common persons i.e., D Arora and M Arora. Whether the appointment of Arora & Associates in Pristine Limited. is valid as per the provisions of the Companies Act, 2013:
- (a) It not valid since both the CA Firms (New and Old) have common persons
  - (b) D Arora and M Arora are the associates in Arora & Associates and not the partners, hence appointment of Arora & Associates, is valid
  - (c) Arora & Associates should expel D Arora and M Arora in order to retain its appointment
  - (d) Agrawal Arora & Associates should expel D Arora and M Arora **(2 Marks)**

6. What would have been the position if, D Arora and M Arora are partners in Arora & Associates:
- The position will remain same as MCQ 1 above
  - There shall be no change and the Arora & Associates may continue as audit firm
  - The appointment of Arora & Associates would not have been in terms of the provisions of the Companies Act, 2013
  - The company may obtain permission from the shareholders in the general meeting by way of Special Resolution for continuation of appointment of Arora & Associates **(2 Marks)**
7. In the given case, Arora & Associates due to some dispute with the management on some issues resigned from the company. Choose the correct option in respect to filling of this vacancy:
- Arora & Associates cannot resign and has to hold the office till the conclusion of the next annual general meeting
  - The resignation is tendered by the auditor, the Board of Directors shall appoint new auditor within 30 days and such appointment shall also be approved by the shareholders in the general meeting within 3 months of the recommendation of the Board
  - This vacancy of auditor can be filled by the shareholders in consultation of the Central Government
  - This vacancy of auditor can be filled by the Board of Directors in consultation of the Comptroller and Auditor-General of India **(2 Marks)**
8. During the half year ended September 2022, 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 ending on March 2020. Further during the year ended March 2023, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2022. You are required to state the validity of the acts of the Board of directors.
- 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.
  - The act of the BOD is valid as application made for revision in the accounts and board's report pertains to two different financial year.
  - 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.
  - 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 2023. The application made for revision in the Board report is however valid in law. **(1 Mark)**
9. A reserve account that shall not be used by the company for any purpose other than repayment of deposits is called:
- Debenture redemption reserve account
  - Deposit repayment reserve account
  - Capital redemption reserve account
  - Free reserve account **(1 Mark)**
10. Raj Limited purchased a property from ABC Limited which was mortgaged to DEF Bank against a loan of ₹ 50 lakh. Raj Limited settled the dues to DEF Bank and the same was registered with the sub-registrar. However, neither the ABC Limited nor DEF Bank has filed particulars of satisfaction of charge with the Registrar of Companies. In this particular case what will Raj Limited do to file particulars of satisfaction of charge with the Registrar of Companies?
- Raj Limited needs to approach DEF Bank or ABC Limited to file a memorandum of satisfaction as they were the party to mortgage.

- (b) Raj Limited can directly request the Registrar to file a particulars of satisfaction noting the release of charge.
- (c) Raj Limited needs to approach DEF Bank (mortgagee) to file particulars of satisfaction of charge with the Registrar of Companies.
- (d) Raj Limited needs to approach ABC Limited (mortgagor) to file particulars of satisfaction of charge with the Registrar of Companies. **(1 Mark)**

Super Fabrics Limited is a listed entity. It finalised its annual accounts for the year ended on 31st March, 2023. The Audit Committee recommended it and subsequently the Board approved the same.

Annual General meeting of the shareholders was convened on 25th August, 2023, in which the annual accounts of the company were presented before the shareholders. The shareholders have approved dividend @ 10%.

A report of the Board of Directors was attached with the annual accounts of the company.

During the said meeting, a shareholder pointed out that during the year of 2022-23 there was a big news in the media and newspaper that a fraud has happened in the company of an amount of ₹ 75 lakh, with the involvement of a senior management official of the company, who is absconding since the news came into media. However, there was no mention about the fraud in the Auditor's Report as well as no comment in the Board's Report. The auditor, who was also present in the General Meeting of the shareholders, informed that fraud was detected during the course of audit but no further action was taken by him (auditor).

**Based on the above facts, answer the following 11 to 14 MCQs**

11. Going by the facts of the case, by what date should the amount be deposited in a separate account maintained with the scheduled bank for dividend purposes?
  - (a) By 30th August 2023
  - (b) By 1st September 2023
  - (c) By 7th September 2023
  - (d) By 24th September 2023 **(2 Marks)**
12. By what date should the dividend declared in the meeting, be paid to the members of the company?
  - (a) By 30th August 2023
  - (b) By 1st September 2023
  - (c) By 7th September 2023
  - (d) By 24th September 2023 **(2 Marks)**
13. With regard to preservation of the books of Super Fabrics Limited, the books of accounts for the Financial Year (FY) 2022-23 needs to be kept in good order until at least which of the following years?
  - (a) FY 2027-28
  - (b) FY 2028-29
  - (c) FY 2029-30
  - (d) FY 2030-31 **(2 Marks)**
14. The auditor had noticed that a fraud was committed by the senior management. Which is the correct statement in this respect:
  - (a) The auditor shall report the matter to the Central Government immediately.
  - (b) It is not necessary to disclose the details of fraud in the Board's Report
  - (c) The auditor shall report the matter to the audit committee constituted under section 177 or to the Board.
  - (d) Since the Senior Management Personnel is absconding, the auditor is not required to take any action. **(2 Marks)**

15. Wood Apple Limited accepts deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office, is complete. State the minimum period for which it should mandatorily be preserved in good order.
- (a) Four years from the financial year in which the latest entry is made in the Register.
  - (b) Six years from the financial year in which the latest entry is made in the Register.
  - (c) Eight years from the financial year in which the latest entry is made in the Register.
  - (d) Ten years from the latest date of entry.
- (1 Mark)**
16. One Person Company shall file a copy of the duly adopted financial statements to the Registrar in:
- (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 year.
  - (d) 180 days from the closure of the financial year.
- (1 Mark)**
17. The Registrar shall keep a register of charges which shall be open to inspection by \_\_\_\_\_ on payment of fee:
- (a) the company
  - (b) the charge holder
  - (c) holder
  - (d) any person
- (1 Mark)**
18. ABC Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2023, 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 accounts of the Company. You, as an expert, are called upon by SEBI to advise with which last financial year for reopening of books of accounts an application can be made?
- (a) 2016-2017
  - (b) 2014-2015
  - (c) 2011-2012
  - (d) 2012-2013
- (1 Mark)**
19. The auditor of a Government Company shall be appointed or re-appointed by:
- (a) The Central Government
  - (b) Comptroller and Auditor General of India (CAG)
  - (c) Central Government on the advice of Comptroller and Auditor General of India
  - (d) Chairman of the Board of Directors
- (1 Mark)**

**DIVISON B****(70 Marks)****SUBJECTIVE QUESTIONS***Note: Question no. 1 is compulsory. Answer any three questions from the rest.***Question 1(a)**

The dividend amounts received or receivable on equity shares held by Mr. Vaibhav for the financial year 2021-22 was as follows:

Name of the Company	Dividend Declaration Date	Dividend Amount (₹)	Remarks
Suvaas Limited	25.08.2022	800	Dividend was paid on 23.10.2022.
Bhandol Nidhi Limited	04.09.2022	100	Dividend was not paid within the stipulated time period.

Also, Mr. Vaibhav holds 100 cumulative preference shares of face value ₹ 1,00,000, in aggregate, of Jipanti Limited on which dividend payable is at the rate of 8% p.a. However, during financial year 2021-22, Jipanti Limited did not earn any profits.

In the context of aforesaid case-scenario, please answer to the following question(s): -

- (a) What could be the punishment to the company(ies) aforesaid in the table, with respect to delayed payment of dividend amount(s)?
- (b) Whether Jipanti Ltd. is required to pay dividend on cumulative preference shares for financial year 2021-22? **(6 Marks)**

**Question 1(b)**

Yellow Private Limited is engaged in the business of manufacturing premium quality rattle toys. They have a huge market for their toys all over India. The company has appointed its statutory auditors for the financial year 2022-2023. The engagement letter of the auditors was signed with a clause that fee to be mutually decided. Directors of the company have approached you to seek your advice for provisions related to remuneration of auditors as per the provisions of the Companies Act, 2013. **(4 Marks)**

**Question 1(c)**

A Limited Company raised the secured deposit of ₹ 80 crore on 30th June, 2023 from the public on interest @ 12% p.a. repayable after 3 years. The charges have been created within prescribed time in favour of trustee of depositors against the deposit taking following assets of the company as security:

Land & Building	₹ 55 crore
Plant & machinery	₹ 15 crore
Factory Shed	₹ 10 crore
Trade Mark	₹ 10 crore
Goodwill	₹ 15 crore

Decide on the validity of the charges created with reference to the provisions of the Companies Act, 2013.

**(4 Marks)**

**Question 1(d)**

Hello Limited received share application money of ₹ 50 Lakh on 01.06.2023 but failed to allot shares within the prescribed time limit.

The share application money of ₹ 5 Lakh received from Diwas, a customer of the Company, was refunded by way of book adjustment towards the dues payable by him to the company on 30.07.2023. The Company Secretary of Hello Limited reported to the Board that the entire amount of ₹ 50 Lakh shall be deemed to be 'Deposits' as on 31.07.2023 and the Company is required to comply with the provisions of the Companies Act, 2013 applicable to acceptance of deposits in relation to this amount.

You are required to examine the validity of the reporting of the Company Secretary in the light of the relevant provisions of the Companies Act, 2013. **(5 Marks)**

**Question 2(a)**

17. Mr. Sanjeev is dealing in high quality timber. Mr. Amit wants to purchase the timber from him on credit which is to be used in renovation of his house. Mr. Pramod gives a guarantee to Mr. Sanjeev for timber to be supplied by Mr. Sanjeev to Mr. Amit. Mr. Sanjeev supplied the required timber to Mr. Amit. Afterwards, Mr. Amit embarrassed and contracts with his creditors (including Mr. Sanjeev) to assign to them his property in consideration of their releasing him from their demands. On due date, Mr. Sanjeev filed the suit against Mr. Pramod for recovery of the payment of timber due to Mr. Amit. Explain, with reference to Indian Contract Act 1872, whether Mr. Sanjeev can claim the payment from Mr. Pramod? **(4 Marks)**

**Question 2(b)**

New Limited is a listed company having a paid-up share capital of ₹ 25 crore as at 31st March, 2023 and turnover of ₹ 100 crore during the financial year 2022-23. The Company Secretary has advised the Board of Directors that New Limited is not required to appoint 'Internal Auditor' as the company's paid up share capital and turnover are less than the threshold limit prescribed under the Companies Act, 2013. Do you agree with the advice of the Company Secretary? Explain your view referring to the provisions of the Companies Act, 2013. **(5 Marks)**

**Question 2(c)**

L Ltd. having 2,000 members with paid-up capital of ₹ 1 crore, decided to hold its Annual General Meeting (AGM) on 21st August, 2022. On 2nd July, 2022, 50 members holding paid-up capital of ₹ 6 lakh in aggregate, has given notice of their intention for a resolution to be passed at the Annual General Meeting for appointing Dawar & Co., as its Statutory auditor from Financial Year 2022-23 onwards, instead of its existing Statutory auditor, SNS & Co. which was originally appointed for 5 years term and had completed only 3 years term.

When such notice was received by existing auditors, they sent a representation in writing to the company along with a request for its notification to the members of the company.

In the context of aforesaid facts, answer the following question(s) according to provisions of the Companies Act, 2013:

- (i) Whether the said notice was given by adequate number of members and within the prescribed time limit to L Ltd.?
- (ii) Whether the company was bound to send such representation to its members made by SNS & Co?

**(4 Marks)**

**Question 2(d)**

VM & Associates, a firm of Chartered Accountants was re-appointed as auditors at the Annual General Meeting of X Limited held on 30th September, 2022. However, the Board of Directors recommended to remove them before expiry of their term by passing a resolution in the Board Meeting held on 31st March, 2023. Subsequently, having given consideration to the Board recommendation, VM & Associates were



removed at the general meeting held on 25th May, 2023 by passing a special resolution but without obtaining approval of the Central Government. Examine the validity of removal of VM & Associates by X Limited under the provisions of the Companies Act, 2013. **(4 Marks)**

**Question 3(a)**

Mr. Ambrish, holder of 1000 equity shares of ₹ 10 each of AB Ltd. approached the Company in the last week of September, 2022 with a claim for the payment of dividend of ₹ 2000 declared @ 20% by the Company at its Annual General Meeting held on 31.08.2014 with respect to the financial year 2013-14. The Company refused to accept the request of R and informed him that his shares on which dividend has not been claimed till date, have also been transferred to the Investor Education and Protection Fund.

Examine, in the light of the provisions of the Companies Act, 2013, the validity of the decision of the Company and suggest the remedy, if available, to him for obtaining the unclaimed amount of dividend and re-transfer of corresponding shares in his name. **(5 Marks)**

**Question 3(b)**

ESPN Heavy Engineering Ltd. is a listed entity engaged in the business of providing engineering solutions to clients across the country. The company followed consistent growth over the years. Rate of Declaration of dividend in immediately preceding three financial years were 15%, 20%, and 25%.

Unfortunately, due to obsolescence of a special part of machinery, company incurred losses in current financial year.

Even though, during the financial year 2021-22, the company declared interim dividend of 10% on the equity shares.

The Board of Directors of the company approved the financial result for the financial year 2021-22 in its meeting held on 5th August, 2022, and recommended a final dividend of @15% in this board meeting.

The general meeting of the shareholders was convened on 31st August, 2022. The shareholders of the company demanded that since interim dividend @10% was declared by the company, so the final dividend should not be less than 20%. It was also submitted that Rate of Declaration of dividend in immediately preceding three years were 15%, 20% and 25%, but the Company Secretary emphasised that final dividend cannot be increased.

- (i) Whether company can declare interim dividend, if company incurred losses during the current financial year? What should be correct rate interim dividend?
- (ii) Do you think decision of Company Secretary is correct? What should be correct rate of final dividend?

Justify your answer with reference to provisions of the Companies Act, 2013.

**(6 Marks)**

**Question 3(c)**

- (i) A fraud was reported to SFIO by Statutory Auditors of PQ Ltd. in the current financial year 2021-22. A Competent Authority during the investigation observed that there is a need to re-open the accounts of PQ Ltd. for the financial year 2015- 16 and therefore, they filed an application before the National Company Law Tribunal (NCLT) to issue the order against PQ Ltd. for re-opening of its accounts and recasting the financial statements for the financial year 2015-16. Examine the validity of the application filed by the Competent Authority to NCLT. **(3 Marks)**

- (ii) SSR & Co. (Statutory Auditors) while conducting audit for financial year 2021-22, find out some manipulative entries in books of accounts of ASR Ltd. Auditors told the MD that internal control system of company is not reliable. The Board of Directors of ASR Ltd them to accept the assignment of designing and implementation of suitable financial information system to strengthen the internal control mechanism of the Company. The Company offered them a fee of ₹10 lakh plus taxes for this assignment for

betterment of company. But Statutory Auditor refused to take the assignment. What are the consequences if they accept this assignment? **(3 Marks)**

**Question 4(a)**

The aggregate value of the paid-up share capital of ABC Security Services, was ₹ 200 crore divided into 20 crore equity shares of ₹ 10/- each at the end of the Financial Year 2021-22 having its registered office at Mumbai. This company had been registered with an authorized share capital of ₹ 300 crore divided into 30 crore equity shares of ₹ 10/- each. The extract of Balance Sheet of the company as on 31st March, 2022 showed the following figures:

Particulars	Amount (₹ in crore)
Authorized share capital	300
Paid-up share capital	200
Free reserves created out of profits	200
Securities Premium account	80
Credit balance of Profit & Loss account	50
Reserves created out of revaluation of assets	25
Miscellaneous expenditure not written off	10

Turnover of the company during the Financial Year 2021-22 was ₹ 800 crore and the net profit calculated in accordance with section 198 of the Companies Act, 2013 with other adjustments as per CSR Rules was ₹ 4 crore only.

Praveen, Company Secretary of the company advised that the company attracts the provisions of section 135 of the Companies Act, 2013 and all the formalities have to be complied with accordingly.

Thereafter, on 30th April, 2022 a CSR committee was formed to comply with the provisions of Corporate Social Responsibility.

The Board of Directors of the company constituted of the following persons as its directors:

Mohan Singh	Managing Director
Rohit and Bhavana	Independent Directors
Venkatesh, Isha, Mohit and Muskaan	Directors

On the basis of above facts and by applying applicable provisions of Companies Act, 2013, answer the following:

- Is the contention of Praveen, Company Secretary of the company that the company attracts the provisions of section 135 of the Companies Act, 2013 and is required to form a CSR committee is correct? Support your answer with the applicable provision and the required calculation.
- It was decided that Mohan Singh, Venkatesh, Isha and Bhavna will be the members of CSR committee. Is this decision correct in the light of provisions of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014? **(6 Marks)**

**Question 4(b)**

Mr. Raj is an employee of DSP Trading Pvt Ltd. As per his contract of employment, his annual salary is ₹5,00,000. Mr. Raj paid to the company ₹ 5,30,000 in the nature of noninterest bearing security deposit. Referring to the provisions of the Companies Act, 2013, define deposit and decide whether this amount received from Mr. Raj will be considered as deposit as per rule 2(1)(c)? **(5 Marks)**

**Question 4(c)**

The information extracted from the audited Financial Statement of Pacific Solutions Private Limited as on 31st March, 2023 is as below:

- (1) Paid-up equity share capital ₹ 50,00,000 divided into 5,00,000 equity shares (carrying voting rights) of ₹10 each. There is no change in the paid-up share capital thereafter.
- (2) The turnover is ₹ 2,00,00,000.

It is further understood that Smart Software Limited is holding 2,00,000 equity shares, fully paid-up, of Pacific Solutions Private Limited. Pacific Solutions Private Limited has filed its Financial Statement for the said year with the Registrar of Companies (ROC) excluding the Cash Flow Statement within the prescribed time line during the financial year 2023-24. The ROC has issued a notice to Pacific Solutions Private Limited as it has failed to file the Cash Flow Statement along with the Balance Sheet and Profit and Loss Account. You are to advise on the following points explaining the provisions of the Companies Act, 2013:

- (i) Whether Pacific Solutions Private Limited shall be deemed to be a small company whose significant equity shares are held by a public company?
- (ii) Whether Pacific Solutions Private Limited has defaulted in filing its financial statement? **(6 Marks)**

**Question 5(a)**

A Limited having a net worth of ₹ 200 crore wants to accept deposits from its members. It has approached you to advise whether it falls within the category of an eligible company? What special care has to be taken while accepting such deposits from members? Give your answer in terms of the provisions of the Companies Act, 2013. **(6 Marks)**

**Question 5(b)**

- (i) The balances extracted from the financial statement of Swastik Limited are as below:

S.No.	Particulars	Balances as on 31-03-2023 as per Audited Financial Statement (₹ in crore)	Balance as on 30-09-2023 (Provisional ₹ in crore)
1.	Net Worth	100.00	100.00
2.	Turnover	500.00	1000.00
3.	Net Profit	1.00	5.00

Explaining the provisions of the Companies Act, 2013, you are requested to examine whether Swastik Limited is required to constitute 'Corporate Social Responsibility Committee' (CSR Committee) during the second half of the financial year 2023-24. **(3 Marks)**

- (ii) Richlook Limited declared dividend at its Annual General Meeting held on 31-07-2023. The dividend warrant to Mr. A, a shareholder was posted on 22nd August, 2023. Due to postal delay Mr. A received the warrant on 5th September, 2023 and encashed it subsequently. Can Mr. A initiate action against the company for failure to distribute the dividend within 30 days of declaration under the provisions of the Companies Act, 2013? **(4 Marks)**

**Question 5(c)**

The Companies Act, 2013 has prescribed an additional duty on the Board of directors to include in the Board's Report a 'Directors' Responsibility Statement'. Briefly explain any four matters to be furnished in the said statement. **(4 Marks)**

<b>SPACE FOR ROUGH WORK</b>
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