

CORPORATE LAWS (MCQ TEST)
CHAPTER VIII – DECLARATION & PAYMENT OF DIVIDEND

Total Marks: 25 Marks
(25 Questions of 1 mark each)

Maximum Time: 30 Minutes

1. Section _____ of the Companies Act, 2013 provides that the term 'Dividend' includes any Interim Dividend.
2. As per Sec 123, company may declare dividend out of certain profits as prescribed, now decide which out of following is incorrect-
 - (a) Out of the profits of the company for that year arrived at after providing for depreciation
 - (b) Out of the profits of the company for any previous financial year arrived at after providing for depreciation
 - (c) Out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government
 - (d) Out of the profits of the company for that year arrived at after providing for depreciation but before taxation
3. While computing profit for purpose of dividend, following shall be excluded-
 - (a) Amount representing unrealized gains
 - (b) Revaluation of assets
 - (c) Change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value
 - (d) All of above
4. A company can declare dividend, only after providing the depreciation on all the depreciable assets, according to the rates of depreciation specified in _____ to the Companies Act, 2013.
5. Which out of the following statement is correct-
 - (a) A company may, before the declaration of any dividend, transfer such percentage of its profits as it may consider appropriate to the reserves of the company.
 - (b) A company shall, before the declaration of any dividend, transfer such percentage of its profits as it may consider appropriate to the reserves of the company.
 - (c) Any transfer to reserve is mandatory and the percentage to be transferred to reserves is to be decided at the discretion of the company
 - (d) Any transfer to reserve is mandatory and it shall be as per Rule 3

6. Section _____ of the Companies Act, 2013 contains the provisions relating to ‘Unpaid and Unclaimed Dividend and its Payment’.
7. In terms of Section 123(4), the amount of the dividend, including interim dividend, shall be deposited in a scheduled bank in a separate account-
- (a) Within 3 days from the date of declaration of such dividend
 - (b) Within 5 days from the date of declaration of such dividend
 - (c) Within 7 days from the date of declaration of such dividend
 - (d) Within 30 days from the date of declaration of such dividend
8. No company shall declare dividend, which has committed a default in-
- (a) Repayment of Debentures
 - (b) Repayment of Term Loan
 - (c) Repayment of Deposit
 - (d) Payment of dividend to Preference share holders
9. As per Sec 123(3), in case the company has incurred loss during the current financial year up to end of the quarter immediately preceding the date of declaration of interim dividend-
- (a) Such interim dividend shall not be declared at a rate lower than the average dividends declared by the company during the immediately preceding three financial years
 - (b) Such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years
 - (c) Such interim dividend shall not be declared at a rate equal to average dividends declared by the company during the immediately preceding three financial years
 - (d) None of above
10. As per Sec 124, where a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the payment of the dividend, the company shall
- (a) Within 7 days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account
 - (b) Within 5 days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account
 - (c) Transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf to Investor Education and Protection Fund
 - (d) Company may transfer this amount to its general reserve

11. Within how many days, a company making any transfer to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the web-site of the company
- (a) Within 90 days of declaration of dividend
 - (b) Within 60 days of declaration of dividend
 - (c) Within 90 days of making any transfer to the Unpaid Dividend Account
 - (d) Within 7 days of declaration of dividend
12. If any default is made in transferring the total amount to the Unpaid Dividend Account of the company, it shall pay, interest on so much of the amount as has not been transferred to the said account at the rate of _____ from the date of such default.
13. Any person claiming to be entitled to any money transferred to the Unpaid Dividend Account of the company may apply to the
- (a) Central Government
 - (b) Investor Education and Protection Fund Authority
 - (c) Company
 - (d) Tribunal
14. As per Sec 124, if any dividend is paid or claimed for any year during the period of seven consecutive years
- (a) Neither Dividend nor shares shall be transferred to Investor Education and Protection Fund
 - (b) Dividend shall not be transferred to Investor Education and Protection Fund
 - (c) Share shall not be transferred to Investor Education and Protection Fund
 - (d) No restriction on any transfer
15. Any money transferred to the Unpaid Dividend Account of a company which remains unpaid or unclaimed for a period of seven years shall be transferred by the company to _____.
16. As per Sec 125, IEPF shall be utilized for certain purpose, which shall not include the following purpose-
- (a) The refund in respect of unclaimed dividends, matured deposits, matured debentures, the application money due for refund and interest thereon
 - (b) Promotion of investors' education, awareness and protection
 - (c) Distribution of any disgorged amount towards betterment of economy
 - (d) Reimbursement of legal expenses incurred in pursuing class action suits under sections 37 and 245 by members, debenture-holders or depositors as may be sanctioned by the Tribunal

17. As per Sec 127, where a dividend has been declared by a company but has not been paid to any shareholder entitled to the payment of the dividend, every director of the company shall, if he is knowingly a party to the default, be punishable with-
- (a) Imprisonment which may extend to two years.
 - (b) Fine which shall not be less than 1,000 rupees for every day during which such default continues
 - (c) Company shall also be liable to pay simple interest at rate of 18% p.a. during the period for which such default continues
 - (d) All of above
18. There certain scenario as specified as exception to Sec 127, where no penalty shall be levied, any such scenario shall not include the following
- (a) Where the dividend could not be paid by reason of the operation of any law
 - (b) Where a shareholder has given directions to the company regarding the payment of the dividend and those directions cannot be complied with and the same has been communicated to him
 - (c) Where there is a dispute regarding the right to receive the dividend
 - (d) None of above
19. Any dividend payable in cash may be paid by cheque or warrant or in any _____ to the shareholder entitled to the payment of dividend.
20. Following amounts shall be credited to IEPF:
- (a) Unpaid Dividends
 - (b) Unpaid Matured Deposits
 - (c) Unpaid Matured Debentures
 - (d) All of the above
21. Where any instrument of transfer of shares has been delivered to any company for registration and the transfer of such shares has not been registered by the company, then the dividend is required to be paid to the _____, in case the transferor has given a mandate to that effect.
22. The _____ has established a Fund to be known as 'Investor Education & Protection Fund' under Section 125 of the Companies Act, 2013.
23. In case the company has incurred any losses during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, then the rate of such interim dividend shall not be higher than the average rate of dividends declared by the company during the immediately preceding _____.

24. Accounts of IEPF is audited by _____.
- (a) C&AG
 - (b) Auditor
 - (c) Statutory auditor
 - (d) Inspector of Central Government
25. For the purpose of declaration of dividend out of reserve, company need to withdraw profits from the reserves. After withdrawal, the balance of reserves should not be lower than _____ of its paid-up share capital as appearing in the latest audited financial statement.
- (a) 5%
 - (b) 10%
 - (c) 15%
 - (d) 25%

ANSWERS (CHAPTER 8)

1. 2(35)
2. (d)
3. (d)
4. Schedule II
5. (a)
6. 124
7. (b)
8. (c)
9. (b)
10. (a)
11. (c)
12. 12% p. a.
13. (c)
14. (c)
15. Investor Education and Protection Fund (IEPF)
16. (c)
17. (d)
18. (d)
19. Electronic Mode
20. (d)
21. Transferee
22. Central Government
23. Three Financial Years
24. (a)
25. (c)