

National management college-Perundurai

CA-Intermediate Batch 2023-24

Gr-1 Paper 2:Corporate and other laws

Time allowed: 50Minutes

I. Choose the most suitable answers

1. Roma along with her six friends has incorporated Roma Trading Ltd. In May 2019. The paid-up share capital of the company is '30 lacs. Further, in April 2020, she noticed that in the last financial year; the turnover of the company was well below '20 crores. Advise whether the company can be treated as a 'small company'.

(a) Roma Trading Ltd. Is definitely a 'small company' since its paid-up capital is much below ' 2 crores and also its turnover has not exceeded the threshold limit of 20 crores.

(b) The concept of 'small company' is applicable only in case of a private limited company/OPC and therefore, despite meeting the criteria of 'small company' it being a public limited company it cannot enjoy benefits of 'small company',.

(c) Unlike a private limited company/OPC which automatically becomes s 'small company' as soon as it meets the criteria of 'small company' Roma Trading Ltd. Being a public limited company has to maintain the norms applicable to a 'small company' continuously for two years so that, thereafter, it will be treated as a 'small company'.

(d) If all the shareholders of Roma Trading Ltd. Give an undertaking to the ROC stating that they will not let the paid-up share capital and also turnover exceed the limits applicable to a 'small company' in the next two years. Then it can be treated as a 'small company'.

2. Abhilasha and Amirta have incorporated a 'not for profit' private limited company which is registered under Section 8 of the Companies Act,2013. One of their friends has informed them that company can be categorized as a 'small company' because as per the last profit and loss account for the year ending 31st March, 2019, its turnover was less than '20 crores and its paid up share capital was less than '2 crores. Advise,

(a) A section 8 company, which meets the criteria of 'turnover' and paid-up share capital' in the last financial year, can avail the status of 'small company' only if it acquires at least 5% stake in another 'small company' within the immediately following financial year.

(b) If the acquisition of minimum 5% stake in another 'small company' materializes in the second financial year (and not in the immediately following financial year) after meeting the criteria of 'turnover' and 'paid-up share capital' then with the written permission of concerned ROC, it can acquire the status of 'small company'.

(c) The status of 'small company' cannot be bestowed upon a 'not for profit' company which is registered under Section 8 of the Companies Act, 2013.

(d) A section 8 company, if incorporated as a private limited company (and not as public limited company) can avail the status of 'small company' with the permission of concerned ROC, after it meets the criteria of 'turnover, and 'paid-up share capita'.

3. Anupam incorporated a 'One Person Company' (OPC) with his sister Alpana as the nominee and about three years have passed satisfactorily. Anupam does a number of charitable works and is associated with three NGOS. His business under his OPC has also flourished. Now he is planning to convert the OPC into a Section 8 company (i.e. a company formed with charitable objects). Choose the correct option.

(a) Since the company belongs to Anupam, he has full discretion to convert the OPC either as a Section 8 company or as a private or public company

(b) Since the company was formed as a private company, the only option available with Anupam is to convert it into a public limited company.

(c) There is specific prohibition on converting OPC into a Section 8 company; otherwise it can be converted into a private or public company without any hindrance. (d) Since Anupam does a lot of charitable works there is no prohibition on converting his OPC into a section 8 company.

4. Under the Companies Act, 2013, "Significant influence" constitutes how much % of total share capital or of business decisions under an agreement?

(a) At least 2%

(b) At least 2.5%

(c) At least 10%

(d) At least 20%

5. A Private Company which is subsidiary of a Public Company is treated as-

(a) Public Company (b) Private Company

(c) Holding Company

(d) Dormant Company

6. Which one of the following is not the content of the Memorandum of Association?

(a) Name clause
Directors clause

(b) Registered office clause

(c) Object clause

(d) Board of

7. An Act is said to be ultra vires a company when it is beyond the powers.

(a) Of the Company (b) Of the Directors (c) Of the Directors but not the company

(d) Conferred on the company by the Articles of Association.

8. Turquand Rule is related to:

(a) Doctrine of ultra vires

(b) Doctrine of constructive notice

(c) Doctrine of indoor management

(d) None of the above

9. The minimum number of members in a private company and public company are

(a) Three and seven respectively

(b) Two and seven respectively

(c) Two and nine respectively

(d) None of the above

10. Only a natural person who is an Indian citizen and who has stayed in India for a period of at least ----- days during the immediately preceding financial year shall be eligible to incorporate an OPC.

