



MULTIPLE CHOICE QUESTIONS- CA INTER

(Companies Act- Prospectus, Allotment of shares, Shares and Share Capital, Bailment & Pledge)

Q1) A had to travel to a different town for a week. He left his dog in the custody of his neighbour B so that she can be taken care of. After two days the dog delivers 5 puppies.

Now, B has to return to A:

- (a) Only the dog
- (b) Only the puppies
- (c) Both the dog and the puppies
- (d) Either the dog or the puppies

Q2) ABC Ltd. wants to issue redeemable preference shares for a period of 35 years. Advise whether it can do so.

- (a) Yes, ABC Ltd. can issue redeemable preference shares
- (b) Yes, ABC Ltd. can issue redeemable preference shares but for only 30 years
- (c) Instead of issuing of shares for 35 years, ABC Ltd. should issue irredeemable preference shares.
- (d) Yes, ABC Ltd. can issue redeemable preference shares for a period not extending 20 years.

Q3) Spice Limited is contemplating to raise funds through issue of prospectus in which, according to the directors, a sum of ₹50 crores should be stated as the minimum amount that needs to be subscribed by the prospective subscribers. The funds shall be raised in four instalments consisting of application, allotment, first call and second & final call. Advise the company by which instalment it should receive the minimum subscription stated in the prospectus.

- (a) Along with amount subscribed as application money.
- (b) Along with amount subscribed as final call money.
- (c) Along with amount subscribed as first call money.
- (d) Along with amount subscribed as second and final call money

Q4) A Company limited by shares can issue equity shares with differential voting rights. Which of the following is not a necessary condition to be fulfilled before issue of such shares:

- (a) The articles of association of the company shall authorize issue of shares with differential rights;

- (b) The issue of shares shall be authorized by an ordinary resolution passed at a general meeting of the shareholders;
- (c) The company has not defaulted in filing financial statements and annual returns for the last 3 financial years
- (d) The company shall have consistent track record of distributable profits for the last three years;

Q5) A company can give loans to persons in the employment for the purchase or subscription of its shares-

- (a) Yes, it can give loan up to a limit of Rs. 5,00,000
- (b) Yes, it can give loan up to an amount not exceeding 6 months salaries and wages of employees
- (c) Yes, it can give loan up to an amount not exceeding 4 months salaries and wages of employees
- (d) Yes, it can give loan only if authorized by the Articles of Association.

Q6) In case of allotment of shares, company need to deliver certificates of the securities allotted within a period of-

- (a) 2 months from the date of allotment
- (b) 6 months from the date of allotment
- (c) 2 months from the date of application
- (d) 1 month from the date of receiving the application form

Q7) In the case of rights to sell the goods of Pawnee, if the Pawnor fails to pay the money due under the pledge, and the Pawnee sells the good. If proceeds of sale is greater than amount due, what will be the effect of such sale?

- (a) the Pawnee can retain the money
- (b) the Pawnee can retain half of the money
- (c) the Pawnee shall pay the surplus to the Pawnor
- (d) none of the above

Q8) Shelf prospectus remains valid up to –

- (a) Six months
- (b) One year
- (c) Two years
- (d) Five years

Q9) The delivery of goods from one person to another as security for the payment of a debt is called

- (a) Bailment
- (b) Pledge

- (c) Mortgage
- (d) Hypothecation

Q10) X Private Limited made private placement offer to identified people. It was clearly stated that such people have no right of renunciation. Company received share application money within given period of time however could not allot shares within 60 days from receipt. Now it is duty of X Private Limited to repay the share application money. Company will be liable to pay interest if they fail to do so. Within how many days Company has to repay the share application money to avoid interest payment?

- (a) 15 days
- (b) 30 days
- (c) 60 days
- (d) 90 days

Answer Key

1. c (Bailor's right to demand accretions- Section 63 of The Indian Contract Act, 1872)
2. d (As per Section 55, no company limited by shares, shall issue any preference shares which is irredeemable or is redeemable after a period of 20 years from the date of issue)
- 3.a
- 4.d (No longer a requirement-Companies Amendment Act, 2019)
(<https://www.youtube.com/watch?v=oQUX5UgmGes>)
5. b (Section 67 of the Companies Act, 2013)
6. a
7. c (if the Pawnor fails to pay the debt or perform his promise, Pawnee can sell the goods after giving reasonable notice to the Pawnor of his intention to sell the goods. If the proceeds of sale is less than the amount due, the Pawnee may recover the deficit from Pawnor. But if the Proceeds of sale is greater than the amount due, the Pawnee shall pay the surplus to the Pawnor who is the true owner of goods)
8. b
9. b
10. a (If the minimum amount of subscription as stated in the prospectus is not subscribed and the sum payable on application is not received within 30 days from the date of issue of prospectus, or such other period as may be specified by SEBI, the amount received shall be returned within 15 days from the closure of issue and if any such money is not so repaid within such period, the directors and the officers who are in default shall jointly and severally be liable to repay that money with interest at 15% p.a.)