SECTION – A CHAPTER WISE MCQ

CHAPTER – 1 PRELIMINARY

1. Green Ltd. is incorporated on 3rd January, 2022. As per the Companies Act, 2013, what will be the financial year for the company:

a) 31st March, 2022	b) 31st December,2022
c) 31st March, 2023	d) 30th September, 2023

2. Roma along with her six friends has incorporated Roma Trading Ltd. in May 2021. The paid-up share capital of the company is ` 2 crore. Further, in April 2022, she noticed that in the last financial year, the turnover of the company was well below ` 100 crore. 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 ` 10 crore and also its turnover has not exceeded the threshold limit of ` 100 crore.	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 a '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'.

3. Abhilasha and Amrita 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 their company can be categorized as a 'small company' because as per the last profit and loss account for the year ending 31st March, 2022, its turnover was less than ` 40 crore and its paid up share capital was less than ` 4 crore. 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	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

following financial year.	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 capital'.

4. Kaveri Goods Carriers Private Limited (KGCPL) issued 9% Non-convertible Debentures worth ` 10 lakhs and thereafter, the directors contemplated to get them listed. After due formalities, these privately placed non-convertible debentures of ` 10 lakhs were listed. Which of the following options is applicable in the given situation:

a) KGCPL shall be considered as a listed company.	b) KGCPL shall not be considered as a listed company.
c) KGCPL shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is ` 15 lakhs.	d) KGCPL shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is minimum ` 20 lakhs.

5. "Associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Here, the words 'significant influence' means:

a) Control of at least 10% of total voting power	b) Control of at least 15% of total voting power
c) Control of at least 20% of total voting power	d) Control of at least 25% of total voting power

ANSWER:	
1)	(c) 31st March, 2023
2)	(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 cannot enjoy benefits of 'small company'.
3)	(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.
4)	(b) KGCPL shall not be considered as a listed company.
5)	(c) Control of at least 20% of total voting power