

Insolvency Professional Agency of Institute of Cost Accountants of India

Mock Test 5 - Limited Insolvency Examination

1. The committee of creditors shall comprise
- A. All Financial Creditors of the Corporate Debtor only
 - B. All Financial Creditors excluding related parties
 - C. All Financial and operational creditors
 - D. All Financial Creditors, operational creditors, workmen representative and employee representative

Ans B

2. meeting of the committee of creditors shall be conducted by
- A. resolution professional
 - B. interim resolution professional
 - C. The CEO of the Corporate Debtor
 - D. representative of the largest financial Creditor

Ans A

3. duties of resolution professional does not include
- A. Maintenance of updated list of claims
 - B. Prepare Information Memorandum
 - C. Present resolution plan to Creditors
 - D. Raising interim finance on a suomoto basis without COC consent

Ans D

4. The resolution plan can be implemented by
- A. Approval by the Resolution professional
 - B. Approval of Committee of creditors
 - C. Approval of Committee of creditors and Adjudicating authority
 - D. Approval of Adjudicating authority

Ans C

5. the Insolvency and Bankruptcy Board of India is appointed by
- A. Central Government
 - B. High Court
 - C. Supreme Court
 - D. National Company Law Tribunal

Ans A

6. **Moratorium under the Corporate Insolvency resolution process enables**
- A. Dissolution of the Board of Directors**
 - B. Supply of essential goods and services**
 - C. Appointment of the resolution profession to manage the company**
 - D. Complete termination of all legal proceedings without any exception**

Ans B

7. **The cost of proving the debt shall be borne by**
- A. the creditor**

- B. the debtor**
 - C. all creditors jointly**
 - D. All Financial Creditors**
- Ans A**

- 8. The resolution plan is considered to be final provided it is approved by the**
- A. Resolution professional**
 - B. Committee of Creditors**
 - C. Committee of Creditors & Adjudicating Authority**
 - D. Board of Directors**
- Ans B**

- 9. A registered valuer in a corporate liquidation process cannot be an auditor of the Corporate debtor in the past years**
- A. 2**
 - B. 3**
 - C. 5**
 - D. 7**
- Ans C**

- 10. The adjudicating authority under the Corporate Insolvency resolution process shall appoint an interim resolution professional within ___ days from the Insolvency commencement date**
- A. 7**
 - B. 14**
 - C. 21**
 - D. 28**
- Ans B**

- 11. Appeal against rejections or part acceptance of claims may be filed with**
- A. NCLT**
 - B. NCLAT**
 - C. THE INSOLVENCY BOARD**
 - D. OFFICIAL LIQUIDATOR**
- Ans A**

- 12. The liquidator shall apply to ___ for securing orders in respect of preferential transactions**
- a. NCLAT**
 - b. IBBI**
 - c. NCLT**
 - d. IPA**
- Ans C**

- 13. Appeals against rejections or part acceptance of claims may be filed with NCLT within**
- A. 7**
 - B. 14**

- C. 15
 - D. 21
- Ans B

14. Application to NCLT for orders for avoidance of undervalued transactions can be preferred by

- A. Resolution professional
- B. Liquidator
- C. Resolution professional or Liquidator
- D. Resolution professional or Liquidator, creditor, member, partner of a corporate Debtor

Ans D

15. The liquidation fee charged by the liquidator shall be

- A. Paid from the proceeds of the liquidation estate
- B. Paid upfront by the Corporate Debtor
- C. Funded by the Financial Creditors
- D. Funded by the Committee of Creditors

Ans A

16. The liquidator shall aggregate all assets of the entity in liquidation under a

- A. Insolvency estate
- B. Resolution estate
- C. Liquidation estate
- D. Not required to aggregate at all

Ans C

17. A creditor can apply under the resolution process in respect of a partnership debt

- A. Only single against a partner
- B. Only single against the firm
- C. Jointly with other creditors against any of the partners or the firm
- D. Jointly with other creditors against any of the partners

Ans C

18. Interim moratorium under the resolution process for The non corporates

- A. Is not an order to cease business operations
- B. Does not stay pending legal
- C. Does not prevent initiation of fresh legal action
- D. Is valid for 180 days

Ans A

19. The moratorium under the individuals and partnerships insolvency resolution process shall have effect from the from the date of admission of application till

- A. Compulsory period of 90 days

- B. Compulsory period of 60 days
- C. Period of 180 days or the date of passing of an order on the repayment plan
- D. Compulsory period of 180 days

Ans C

20. The public announcement of claims under the individuals and partnerships insolvency resolution process need not contain details of
- A. Total debt due by the debtor
 - B. Details of the order admitting the application
 - C. last date of submission of claims
 - D. Particulars of the resolution professional
- Ans A

21. The repayment plan shall be prepared by
- A. Debtors
 - B. Debtors and creditors
 - C. Debtors in consultation with the resolution professional
 - D. Resolution professional by himself
- Ans C

22. Creditors of a non corporate person
- A. Cannot amend, modify the repayment
 - B. Can vote even if is an associate of the Debtor
 - C. Is not entitled to receive notice of the meeting unless he is a financial creditors
 - D. Can appoint a proxy
- Ans D

23. The application for resolution process by debtor who is a partner in a firm maybe made
- A. Only if all the partners apply jointly
 - B. Only if all the partners consent by an affidavit
 - C. By the person singly
 - D. Only if all the partners witness the application
- Ans A

24. The Application for a resolution process by non corporate debtor (but under fresh start process) cannot be made if
- A. He is an undischarged bankrupt
 - B. his annual income exceeds rupees 60000
 - C. His debts are in excess of rupees 35000
 - D. He has a dwelling residential unit
- Ans A

25. Interim moratorium under the resolution process for non corporates

- A. Is valid for 180 days
- B. Is valid for 90 days
- C. Commences on date of application and ceases on date of admission
- D. Commences on date of application and ceases on 90 days there from

Ans C

26. If a meeting of the creditors is held, then the following creditors of The non corporate person entitled to receive notice
- A. Financial creditors only
 - B. All creditors present in the list compiled by the resolution professional
 - C. Operational creditor
 - D. Top creditor accounting for 80% by value of date

Ans B

27. The resolution plan submitted to the adjudicating authority
- A. Is final and cannot be amended by the authority
 - B. can be modified by the adjudicating authority but no further directions
 - C. Can be rejected or modified by the adjudicating authority with further directions for implementation
 - D. Cannot be rejected at all

Ans C

28. Adjudicating authority in relation to insolvency matters of individuals and firms Shall be

- A. National company law tribunal
- B. Debt recovery tribunal
- C. Insolvency and bankruptcy board of India
- D. High Courts

Ans B

29. Which of the following authorities has power to grant injunction against the action taken by DRT or DRAT?

- A. National company law tribunal
- B. Insolvency and bankruptcy board of India
- C. No Court, tribunal or authority
- D. High Court

Ans C

30 Time limit to file an appeal before the debt recovery appellate tribunal is ___ days from order of the debt recovery tribunal

- A. 15
- B. 30
- C. 45
- D. 21

Ans B

31. Debt recovery appellate tribunal may allow the appeal to be filed within a further period not exceeding__ days, if there is sufficient cause not filing within 30 days

- A.15
- B. 10
- C.7
- D. 5

Ans A

32. An Appeal for an order of the debt recovery appellate tribunal on a question of law under this code shall be filed within___ days before the supreme court

- A. 35
- B. 45
- C. 60
- D. 90

Ans B

33. Appeal from an order of the debt recovery appellate tribunal question on a question of law under this code shall be before

- A. High Court
- B. National company law tribunal
- C. Supreme Court
- D. Insolvency and bankruptcy board of India

Ans C

34. The supreme Court may allow the appeal to be filed within a further period not exceeding ___ days, if there is sufficient cause for not filing within 45 days

- A.10
- B.15
- C 7
- D. 5

Ans B

35. Penalty for providing false information in any material particulars the resolution professional under the individual insolvency is

- A. 1 year imprisonment and/or RS. 500000
- B. 2 year imprisonment and/or RS. 500000
- C. 1 year imprisonment and/or RS. 200000
- D. 3 year imprisonment and/or RS. 500000

Ans A

37. Where loss incurred due to fraudulent misapplication breach of duty of the bankruptcy trustee is not quantifiable, amount of fine imposed shall not exceed

- A, RS. 2 lakh
- B. RS. 1 lakh
- C. RS. 3 lakh
- D. RS. 5 lakh

Ans D

38. When can a bankruptcy order not be issued by the adjudicating authority

- A. Application preferred by Debtor to defraud creditors
 - B. When repayment plan has been accomplished fully
 - C. When repayment plan has a premature closure and some creditors have not been paid
 - D. When repayment plan is rejected by the adjudicating authority
- B

39. An application for bankruptcy of a Debtor by a secured creditor shall be made for

- A. All debts
- B. Only unsecured portion of the Debt along with estimated value of the unsecured portion
- C. Only secured debts
- D. All unsecured portion of the Debt

Ans B

40. The insolvency professional appointed as the trustee in case of bankruptcy is called as

- A. Liquidator
- B. Bankruptcy trustee
- C. Insolvency trustee
- D. Interim trustee

Ans B

41. Interim order moratorium under the bankruptcy process non corporate

- A. Is valid for 180 days from application date
- B. is valid from date of application to bankruptcy commencement date
- C. Is valid for 90 days from application date
- D. Is valid for 60 days from application date

Ans B

42. After the bankruptcy order is passed, the assets of The non corporate debtor person shall vest in

- A. Liquidation estate
- B. Bankruptcy estate
- C. Resolution estate
- D. Creditors estate

Ans B

43. The public notice calling claims from creditors under the bankruptcy process shall be given by

- A. IBBI
- B. Adjudicating authority
- C. Bankruptcy trustee
- D. Bankrupt person

Ans B

44. A Bankrupt can

- A. Function as an employee of a private limited company
- B. Being appointed or acting as a public servant
- C. Being elected to any public office where the appointment to such office is taken by election
- D. Being elected or sitting or voting as a member of any local authority

Ans A

45. A Bankrupt, from the bankruptcy commencement date

- A. Cannot travel abroad
- B. Can travel abroad at any time without any restrictions
- C. Can travel abroad with the consent of the adjudicating authority
- D. can travel abroad with the consent of the IBBI

Ans C

46. the fee charged by the bankruptcy trustee shall be

- A. Slab rates based on share capital
- B. Slab rates based on net asset value
- C. Success + flat fee
- D. Proportion based on value of the estate of the bankrupt

Ans D

The Negotiable Instruments Act, 1881

47. A cheque is a _____ drawn upon a specified banker and payable on demand:

- A. bill of exchange
- B. promissory note
- C. Hundi
- D. none of the above

Ans (A)

48. The maker of a bill of exchange or cheque is called:

- A. the payee
- B. the drawer
- C. The drawee
- D. The banker

Ans (B)

50. A promissory note, bill of exchange or cheque payable to order is negotiable:

- A. by the holder by endorsement
- B. by delivery thereof
- C. by endorsement and delivery thereof
- D. by indorsement

Ans (C)

The Recovery of Debts And Bankruptcy Act, 1993

51. Section 2 (g) defines 'debt' which does not include the following:

- A. secured, unsecured or assigned
- B. payable under a decree
- C. payable under an order of any civil Court or any arbitration award
- D. legally enforceable on the date of the application

Ans (D)

52. A debt recovery tribunal (DRT) consists of:

- A. one person
- B. two persons
- C. three persons
- D. four persons

Ans (A)

53. No person shall hold office as the presiding officer of tribunal after he has attained the age of
a 58 years
b 60 years
c 62 years
d 65 years

Ans (D)

54. the presiding officer of a tribunal shall not be removed from his office except by an order made by the central government on the ground of proved misbehaviour or incapacity after inquiry made by:

- A. a judge of a district court
- B a chairpersons of DRAT
- C a judge of a High Court
- D A judge of supreme Court

Ans (C)

55. the application under section 19 of the RDB act 1993 may be presented as nearly as possible in:

- A. Form I
- B form II
- C form III
- D form IV

Ans (A)

56. what is the fee payable for the application for review including review application in respect of the counter claim against an interim order:

- A100
- B125
- C 150
- D 175

Ans (B)

57. where an appeal is preferred by a person referred to in section 21 of the RDB Act, such appeal shall not be entertained by the appellate tribunal unless such person has deposited with the appellate tribunal ___ of the amount of debt so due from him as determined by the tribunal under section 19 of the act

- A 20%
- B 30%
- C 40%
- D 50%

Ans (D)

The SARFAESI Act. 2002

58. Classification of advance as non performing advance is not necessary in the

following case:

- A. Borrower Who has raised non-funds based facility
- B borrower who has raised funds cash credit limit
- C Borrower Who has raised funds bills discounting
- D Borrower who has raised funds through issue of debt securities

Ans (D)

59. Any borrower residing in the state of Jammu and Kashmir and order made by the court of district judge under section 17A may prefer an appeal, to the high court having jurisdiction over such court, ____ from the date of receipt of the order of the court of district judge:

- A within 10 days
- B within 20 days
- C within 30 days
- D within 40 days

Ans (C)

60. After taking possession of immovable secured asset and in any case before sale, the authorised officer shall obtain the estimated value of the movable secured assets and thereafter, if considered necessary, fix in consultation with the secured creditor, the ____ of the assets to be sold in realisation of the dues of the secured creditor.

- A free price
- B minimum price
- C reserve price
- D un- reserve price

Ans (C)

61. the sale of immovable property under the SARFAESI rules, in first instance shall take place before the expiry of ____ from the date on which the public notice of sale is published in newspapers.

- A 10 days
- B 20 days
- C 30 days
- D 40 days

Ans (C)

The Arbitration and Conciliation Act, 1996

62. The arbitration and conciliation act 1966 is based on

- A. The provisions of the Constitution of India
- B UNCITRAL's model law on international commercial arbitration
- C the model of the English act of 1899
- D. schedule II of the code of civil procedure of 1908

Ans (B)

63 an oral arbitration agreement

A is not recognised as an arbitration agreement

B May be recognised at the discretion of the parties

C. may be recognised at the discretions of the arbitrators

D may be recognised depending upon the facts and circumstances of case to case

Ans (A)

64. The mandate of an arbitrator shall terminate :

A where he withdraws from office for any reason

B. by or pursuant to agreement of the parties

C the arbitrator once appointed cannot be terminated

D. both A and B are correct

Ans (D)

65. Conciliation the decision is known as:

A settlement

B arbitral award

C decision

D opinion

Ans (A)

66. An arbitral award shall be :

A. need not be in writing

B made in writing and may be signed the any one of the members of the arbitral tribunal

C. made in writing and shall be signed by the members of the arbitral tribunal

D. made in writing and shall be signed by the registrar

Ans (C)

67. An application for setting aside may not be made ____ have elapsed from the date on which the party making that application had received the arbitral award :

A. before one month

B after one month

C before three months

D after 3 months

Ans (D)

The limitation act, 1963

68. which of the following includes in the meaning of the word "application":

A a claim

B a petition

C a dispute

D a compromise

Ans (B)

69. Any claim by way of a set off or a counter claim can be:

A treated as same suit

B treated as a separate suit

C treated as a suit, but simply a representation

D treated as a suit, but be termed as an obstacle in legal proceedings

Ans (B)

70 which among the following has the power to extend the period as per section 5?

A Labour Court

B income Tax tribunal

c GST tribunal

D High Court

Ans (D)

71 Computation of time mentioned in instrument all instrument shall for purposes of the limitation act, be deemed to be made with reference to:

A The gregorian calender

B Hindu calendar

C The Vikramsamvat calendar

D The hijri calendar

Ans (A)

72. If the property mention in section 25 of the limitation act, 1963 relating to the acquisition of easement by prescription belongs to the government, what shall be the period:

A ten years

B twenty years

C thirty years

D forty years

Ans (C)

General awareness

73. Who made, by law, regulate the procedure for the appointment of Chief Justice of India and other judges of the supreme court:

A staff selection commission

B Parliament

C Niti aayog

D judicial appointments commission

Ans (B)

74. the appointment of comptroller and Auditor general of India, shall be made by:

A the President

B the prime Minister

C the council of Ministers

D the parliament

Ans (A)

75..The occupier of the of the factory shall make appointment of welfare officer/s wherein_____ are ordinary employed

- A 100 or more workers
- B 300 or more workers
- C 500 or more workers
- D 700 or more workers

Ans (C)

76. To whom an appeals can be made if the chief inspector does not grant a license to a factory:

- A state government
- B Central government
- B State licensing Appellate
- D factories commissioner

Ans (A)

77.Claims arising out of payment of less than the minimum rate of wages shall be presented _____from the date on which the minimum wages for other amount become payable

- A within 2 months
- B within 4 months
- C within 6 months
- D within 8 months

Ans (C)

78. Commercial paper (CP) is issued by:

- A banks
- B financial institutions
- C companies
- D trusts

Ans (C)

79. forensic audit uses:

- A statistical sampling method
- B random sampling method
- C risk based sampling method
- D no sampling, it analysis 100% data sets

Ans (D)

80. the fraud in question involves public interest, the term of imprisonment :

- A shall not be less than 1 year
- B shall not be less than 2 years
- C shall not be less than 3 years

D shall not be less than 4 years
Ans (C)

Corporate finance, analysis, liquidity management, tax planning and GST

81. From income statement, one cannot see
A the net worth of the business
B cost of goods sold
C Net profit before tax
D Net profit after tax
Ans (B)

82. Net profit ratio is calculated by
A net profit/net sales
B net profit/gross sales
C net profit/net purchases
D net profit/credit sales
Ans (A)

83. The line of demarcation between ____ is very thin and blurred
A tax evasion and tax planning
B tax planning and tax Management
C tax planning and tax avoidance
D tax avoidance and tax management
Ans (D)

84. How many schedules of CGST act have
A 1 schedule
B 2 schedule
C 3 schedules
D 4 schedules
Ans (C)

85. Assessment does do not include:
A self assessment/ re-assessment
B provisional assessment / summary assessment
C best judgement assessment
D assessment by the appellate authority
Ans (D)

86. which of the following shall be treated neither as a supply of goods nor a supply of services:
A actionable claims
B lottery
C betting
D gambling
Ans (A)

87. A registered person supplying exempted goods or services or both or paying tax

under the provisions of section 10 shall issue:

- A a tax invoice
- B bill of supply
- C A delivery challan
- D an order form

Ans (B)

88. what is the maximum ceiling prescribed for the tax rate under the IGST :

- A 10%
- B 20%
- C 30%
- D 40%

Ans (D)

SEBI

89. no promoter or promoter group shall proposed delisting of equity shares of a company, if an entity belonging to the promoter or promoter group has sold equity shares of the company during a period of ____ prior to the date of the board meeting in which the delisting proposal was approved:

- A 3 months
- B 6 months
- C 9 months
- D 12 months

Ans B

90..maximum number of shares which can be held by promoters in a listed company is

- A 50% of share capital
- B 60% of share capital
- C 70% of share capital
- D 75% of share capital

Ans D

91. no person ____ shall make a public announcement of an open offer for acquiring shares:

- A who is a defaulter
- B who is not a defaulter
- C who is a wilful defaulter
- D who is not a wilful defaulter

Ans C

92. The minimum subscription to be received in the issue shall be ____ of the offer through the offer document, except in case of an offer for sale of specified securities:

- A 90%
- B at least 90%
- C 95%
- d at least 95%

Ans B

93. The promoters' holding in excess of minimum promoters contribution shall be locked-in for a period of:

- A one year
- B two years
- C three years
- D four years

Ans A

94. the tenure of the convertible securities of the issuer shall ____ from the date of their allotment:

- A not exceed 6 months
- B not exceed 12 months
- C not exceed 18 months
- D not exceed 24 months

Ans C

95. the minimum application amount of an IDR shall be:

- A 10000 rupees
- B 20000 rupees
- C 30000 rupees
- D 40000 rupees

Ans B

96. the lead manager(s) shall submit a final post-issue report along with a due diligence certificate ____ of the date of finalisation of basis of allotment:

- A within 3 days
- B within 5 days
- C within 7 days
- D within 9 days

Ans C

97. the allocation in the net offer category to qualified institutional buyer shall be not more than:

- A 40%
- B 45%
- C 50%
- D 55%

Ans C

98. the number of allottees in the initial public offer shall at least be:

- A 50
- B 100
- C 150
- D 200

Ans A

99.in case of a company under going under the CIRP, who will take care of compliance part:

- A resolution professional
- B board of directors of the company
- C committee of creditors
- D IBBI

Ans A

100.how many members of audit committee shall be independent directors:

- A three members
- B one third of the members
- C two third of the members
- D One fourth of the members

Ans C

101.no person shall be appointed or continue as an alternate director for ____of a listed entity with effect from October 1, 2018

- A director
- B an additional director
- C an executive Director
- D an independent director

Ans D

102.The Listed entity shall submit annual audited standalone financial results to the stock exchange(s) for the financial year,___ from the end of the financial year:

- A within 30 days
- B within 45 days
- C within 60 days
- D within 75 days

Ans C

SC & HC

103.Who is the authority to analyse or evaluate the commercial decisions taken by the CoC about its justness:

- A The NCLAT
- B The NCLT
- C The IBBI
- D None of the above

Ans D

104.The provisions contained in section section 9(3)(c) in respect of operational debt is directory and not mandatory. Evaluate this statement:

- A it is mandatory
- B it is the statutory provision
- C the statement is correct
- D the statement is not correct

Ans C

105. company Court while dealing with winding up petitions shall _____ to stay proceedings before NCLT in respect of revival or resolution issue:

A have jurisdiction

B have no jurisdiction

C have overriding effect

D none of the above

Ans B

106. who is the competent authority to take action against the IRP/RP:

A nclt

B NCLAT

C IBBI

D IPE

Ans C