

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 7

NOTE : 1. Answer SIX questions including Question No.1 which is compulsory.

2. All references to sections relate to the Companies Act, 1956 unless stated otherwise.

1. Comment on the following. Attempt **any four** :

- (i) Prospectus is an invitation to the public to subscribe for shares of the company.
- (ii) All charges created by a company are not required to be registered with the Registrar of Companies.
- (iii) Nominee directors in a company are in the same position as that of any other director.
- (iv) A company going for public issue of shares must issue such shares to its existing shareholders.
- (v) Promoters of a company are not prohibited to make profits at the expense of the company.

(5 marks each)

2. (a) State, with reasons in brief, whether the following statements are true or false :

- (i) In a private company, which is neither a subsidiary nor a holding company of a subsidiary, interested director cannot vote in the meeting of the company's Board dealing with the matters in which such director is interested.
- (ii) On conversion of a private company into a public company, the Managing Director of the erstwhile private company for his engagement and remuneration in the public company requires approval of the Central Government.
- (iii) A non-executive director may or may not be an independent director in a listed company.
- (iv) A company cannot ratify a pre-incorporation contract though it is open to it to enter into a fresh contract.
- (v) An individual aspiring to become a director in a company may hold more than one DIN (director's identification number).

(2 marks each)

- (b) Write the most appropriate answer from the given options in respect of the following :
- (i) Under section 198(1), the overall ceiling of remuneration that can be paid by a company to its managerial personnel is —
 - (a) 5% of the net profits
 - (b) 7% of the net profits
 - (c) 11% of the net profits
 - (d) 15% of the net profits.
 - (ii) Every public company incorporated under the Companies Act, 1956, having the following paid-up share capital must have a Whole-time Company Secretary —
 - (a) ₹2 crore
 - (b) ₹2.5 crore
 - (c) ₹3 crore
 - (d) ₹5 crore.
 - (iii) For holding a Board meeting by a company, a notice is to be given of —
 - (a) 21 Days
 - (b) 15 Days
 - (c) 7 Days
 - (d) No minimum number of days are required.
 - (iv) Which of the following is not a non-statutory register kept by a company —
 - (a) Directors' attendance book
 - (b) Shareholders'/proxies' attendance register
 - (c) Register of documents executed under common seal
 - (d) None of the above.
 - (v) Who among the following are empowered under the Companies Act, 1956 to prevent oppression and mismanagement —
 - (a) Company Law Board and Central Government
 - (b) Neither Company Law Board nor Central Government
 - (c) Only Company Law Board
 - (d) Only Central Government.

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- (vi) Persons who form a company, or to whom the company belongs, are called —
- (a) Members
 - (b) Directors
 - (c) Promoters
 - (d) None of the above.

(1 mark each)

3. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) A company whose name has been struck-off from the register of companies by the Registrar of Companies under section 560 can be restored on an application by any member or creditor of the company within a period of _____.
 - (ii) Dividend declared by a company must be paid to respective shareholders of the company within a period of _____ days.
 - (iii) The money collected against rights issue of shares can be utilised by the issuer company only after satisfying the designated stock exchange that minimum _____ subscription has been received.
 - (iv) In case the proposed dividend exceeds 20% of the paid-up share capital of the company, amount to be transferred to reserves shall be not less than _____ of the current profits of the company for the year.
 - (v) _____ is a combination of performance audit and efficiency audit.
 - (vi) _____ is an order by the company to its bankers to pay the amount of dividend specified therein to the shareholders whose names are written therein.
 - (vii) In case _____ exceed the total liabilities, the company is said to be solvent.
 - (viii) Limited liability partnership agreement should be filed with the Registrar within _____ of incorporation in Form 3.

(1 mark each)

: 4 :

- (b) The audited balance sheet of XYZ Ltd. for the year ended 31st March, 2014 states the following :

	₹ (In crores)
Authorised share capital	20
Subscribed share capital	15
Capital reserve	20
Revaluation reserve	5
General reserve	10
Securities premium account	2
Calls received in advance	1
Loan paid to ABC Ltd.	12

Books of the company have the following further information —

- (i) XYZ Ltd. gave guarantee for loan of ₹3 lakh taken by MNO Ltd.
- (ii) The directors of XYZ Ltd. propose to give further loan (in addition to ABC Ltd.) to PQR Ltd. to the extent of ₹10 crore.

You being the Secretary of the company, advise the directors whether they can go ahead with the proposal for giving further loan.

(4 marks)

- (c) X and Y jointly hold 5,00,000 equity shares of ₹10 each in PQR Ltd. Articles of the company provide that the survivor shall be the only person to be recognised by the company as having any title to the shares held jointly. Later on, X, one of the joint holders died suddenly and Z, his only son made a claim for the joint holdings held by his father. Z also obtained a valid succession certificate from the court.

Advise whether he can succeed in his claim.

(4 marks)

4. Distinguish between the following : Attempt **any four** :

- (i) 'Memorandum of association' and 'articles of association'.
- (ii) 'Shareholder' and 'member'.
- (iii) 'Statutory capital reserve' and 'non-statutory capital reserve'.
- (iv) 'Cumulative preference shares' and 'non-cumulative preference shares'.
- (v) 'Partnership' and 'limited liability partnership'.

(4 marks each)

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5. (a) Board of directors of ABC Ltd. passes a resolution to issue bonus shares to the shareholders. Board of directors seeks your advice on the amount that can be used out of reserves for this purpose. The balance sheet of the company as on 31st March, 2014 shows the following position under the head 'reserves and surplus' :

	₹
Capital reserve	2,15,650
Capital revaluation reserve	12,30,000
General reserve	18,20,000
Development reserve	6,40,000
Debenture redemption reserve	15,15,000
	54,20,650
	54,20,650

(4 marks)

- (b) The Company Secretary of ABC Ltd. has given a notice calling the general meeting of the company without the sanction of the Board of directors of the company. Examine the validity of the notice given by the Company Secretary.

(4 marks)

- (c) DJA Ltd., a newly incorporated company under the Companies Act, 1956, intends to practice as Company Secretary in India. Referring to the relevant provisions of the law, examine whether the company can do so. What would be your answer in case the said company is incorporated outside India ? Also state whether anyone other than a Company Secretary can sign any document on behalf of the Company Secretary in Practice.

(4 marks)

- (d) X, a Chennai based auditor of ABC Ltd. based at New Delhi, is also the auditor of the company's two branch offices located in Mumbai and Kolkata. X has decided to conduct the audit of the branch offices from registered office of the company situated at New Delhi. State whether it is possible to do so.

(4 marks)

6. Write short notes on the following. Attempt *any four* :

- (i) Executive directors
- (ii) Minimum subscription
- (iii) Effective capital under Schedule XIII of the Companies Act, 1956
- (iv) Information memorandum
- (v) Valuation of intellectual property.

(4 marks each)

7. (a) To what extent are the statutory auditors of a company required under the provisions of the Companies Act, 1956 to report to the members of the company about any disqualification(s) of a director ? Explain.

(4 marks)

(b) Examining the provisions of the Companies Act, 1956, state the extent to which it is obligatory for a company to send complete balance sheet and profit and loss account to all the members of the company.

(4 marks)

(c) Examining the provisions of the Companies Act, 1956, state whether the 'liability clause' of the memorandum of association of a company can be altered.

(4 marks)

(d) Before obtaining approval of shareholders in general meeting, Board of directors by a resolution passed at its meeting, appointed X as the company's sole selling agent. The agreement was entered into with the sole selling agent without mentioning that the appointment was subject to the approval of the shareholders. Referring to the provisions of the Companies Act, 1956, examine the validity of the resolution and the appointment of X as the company's sole selling agent.

(4 marks)

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8. (a) The articles of association of a private company provide for a maximum of ten directors on the Board. The actual number of directors on the Board is six. Four posts of directors are lying vacant. Examining the provisions of the Companies Act, 1956, decide what should be the quorum for holding a valid meeting of the Board of directors. Further, what shall be your answer, if in any of the meeting of the Board, only two directors are present, out of which one is an interested director.
- (4 marks)
- (b) Explain the rationale of introduction of e-governance.
- (4 marks)
- (c) Explain the doctrine of *cy pres*.
- (4 marks)
- (d) Health Care Indian Society is a society formed under the Multi-State Co-operative Societies Act, 2002. The society intends to expel some of its members for certain detrimental acts. Examining the provisions of the Act, state the formalities to be complied with in this regard.
- (4 marks)

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