

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 7  
Total number of printed pages : 7

## PART—A

(Answer ANY TWO questions from this part.)

1. State, with reasons in brief, whether the following statements are correct or incorrect. Attempt *any eight* :
  - (i) A company with limited liability can be registered as Practising Company Secretaries to have more strength and to cover more geographical area.
  - (ii) A private limited company has to file its profit and loss account separately apart from its balance sheet and the said profit and loss account will not be available for public inspection.
  - (iii) Where a member of the Institute of Company Secretaries of India (ICSI) is found guilty of misconduct as enumerated in the First Schedule to the Company Secretaries Act, 1980, as amended, the Council is empowered to make orders for removing the name of the member from the register of members permanently.
  - (iv) The Central Government may place on its website

the names of directors disqualified to act as such directors under the Companies Act, 1956.

- (v) A member of the Institute of Company Secretaries of India (ICSI) already in employment can apply for certificate of practice by producing 'no objection certificate' from his employer.
- (vi) A company is required to give full details of past and present members in the annual return filed with the Registrar of Companies once in every six years.
- (vii) A company manufacturing bulk drugs can appoint a sole-selling agent only after passing a special resolution.
- (viii) A company having a managing director cannot appoint a manager with managerial powers under the Companies Act, 1956.
- (ix) Where a share certificate bears 'full paid sticker' the share transfer agent should not impound such certificate when shares are lodged for transfer on the pretext that allotment/call money was not received.
- (x) Sitting fees for directors in respect of companies with a paid-up capital and free reserves upto Rs.10 crore and turnover of Rs.50 crore can be paid upto Rs.25,000 per Board meeting.

*(2½ marks each)*

2. As a Company Secretary, give your advice on *any four* of the following :
- (i) The managing director of a public limited company is of the opinion that with coming into effect e-filing and MCA-21 regime, there is no longer any need for pre-certification by a Practising Company Secretary.
  - (ii) The shifting of registered office of an unlisted company out of the city limits but within the same State was approved by an ordinary resolution through postal ballot.
  - (iii) In a matter relating to merger and amalgamation with another company, meetings of the creditors of the two companies were not held on the ground that major creditors have agreed and both the companies would stand to benefit by reason of merger.
  - (iv) On two occasions, the meetings of the Board of directors were held through video conferencing to enable the company to complete certain urgent pending issues.
  - (v) Introduction of depositories after enactment of the Depositories Act, 1996 has made the transfer of shares and debentures free from hazards that were previously being faced.

*(5 marks each)*

3. (a) Referring to the powers of the Securities and

Exchange Board of India (SEBI) to issue guidelines, state the salient features for issue of the Indian Depository Receipts (IDRs) by a company registered in India.

*(5 marks)*

(b) Enumerate the points to be checked by a Practising Company Secretary in respect of utilisation of monies advanced.

*(5 marks)*

(c) State the restrictions imposed on composition of the Board of directors of a listed company to which Clause 49 of the listing agreement is applicable.

*(5 marks)*

(d) Mention the circumstances in which a company is required to file shelf prospectus, information memorandum and red-herring prospectus before issue of securities to the public.

*(5 marks)*

#### **PART—B**

*(Answer Question No.7 which is compulsory and any two of the rest from this part.)*

4. (a) Distinguish between 'management audit' and 'compliance audit' and state the role of the management auditor in relation to the success of a business enterprise.

*(10 marks)*

- (b) Superfine Ltd. manufactures good quality electronic components with substantial market share. However, of late, it has earned a reputation that the working conditions for managers and employees are deteriorating and there is a high turnover of experienced and trained employees. Many key personnel are seeking greener pastures or becoming easy targets for snatching by rival firms.

Managing director of Superfine Ltd. has requested you to conduct an audit of the relevant area(s) and suggest remedial measures to stem the trend and restore employees' confidence and improve production, productivity and profitability.

As a Practising Company Secretary, suggest the course of action needed to remedy the situation after conducting a study/audit.

*(10 marks)*

5. (a) Whether internal audit is compulsory in the case of a small sized public company having a paid-up capital of Rs.1 crore, contributed by a single family consisting of 10 shareholders ? The company has not set-up any internal audit system. State the role of statutory auditor in this regard.

*(4 marks)*

- (b) Comment on the following observations made by the internal auditor in his report to the

management of Dynamic Ltd. :

- (i) Full payments were made to the supplier for computer tables received in damaged condition and for UPS system which works for 15 minutes only as against the assured stand-by time of 90 minutes.
- (ii) Funds specifically made available for Project–A were utilised for Project–B without proper authorisation and no action was contemplated to set right the wrong drawals.
- (iii) Penal interest was not charged for payments received from customers much later than the agreed credit period.
- (iv) There were inordinate delays in preparation and certification of stores received vouchers and in forwarding documents to the bills payment section of the accounts department even though specific time limits are laid down in this regard.

*(4 marks each)*

6. (a) State the procedure to be followed by the Company Secretary for the appointment of a cost auditor.

*(7 marks)*

- (b) Explain the role of cost audit in achieving cost reduction and cost control while increasing the profitability of a business organisation.

(7 marks)

- (c) 'Propriety audit' has to ensure the observance of canons of financial propriety. Critically examine.

(6 marks)

7. (a) Discuss *any two* tasks to be performed by the information systems auditor in respect of the following :
- (i) Purviewing the environment
  - (ii) Systems framework
  - (iii) Operational control.

(5 marks each)

- (b) Write short notes on *any two* of the following :
- (i) Factors to be considered in deciding whether information system should be developed in-house or bought as a readymade package.
  - (ii) Phases in the in-house development of a system after identifying and defining system requirements.
  - (iii) Identifying the audit risks by the information systems auditor.

(5 marks each)