

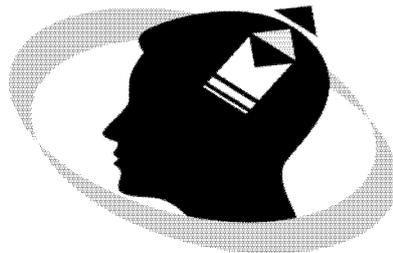
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WE HAVE INCLUDED THE PAST EXAM QUESTION PAPERS COVERING COMPANIES ACT 2013 UPDATED
UPTO MAY 2019 EXAMS

1. PRELIMINARY**PART 1: OBJECTIVE QUESTIONS**

1. A Subsidiary company cannot hold shares of its holding company (T/F) [M16 (O) – 1.5M]

2. CLASSES OF COMPANIES**PART 1: DESCRIPTIVE QUESTIONS**

2. "Company means a company incorporated under the Companies Act, 2013 or, under any previous company Law". [M19 (N) – 2M]
3. "Person" includes, under the Consumer Protection Act, 1986. [M19 (N) – 2M]
4. What does the term Financial Statements include in relation to a company under the Companies Act, 2013? Which companies need not prepare a cash flow statement? [N18 (N) – 4M]
5. Define the term 'Small Company' as defined in Companies Act, 2013. [N18 (O) - 4M, M15 (O) – 4M]
6. State the condition of restrictions with which a private company is incorporated under the companies Act, 2013. [M18 (O) – 1M]
7. Explain the concept of "Dormant Company" as envisaged in the Companies Act, 2013. [M16 (O) – 4M]
8. State the documents and information for registration of one person company (OPC) required to be filed with the registrar of companies [M16 (O) – 5M]

PART 2: PRACTICAL QUESTIONS

9. A group of individual intends to form a club namely 'Budding Pilots Flying Club' as limited liability company to impart class room teaching and aircraft flight training to trainee pilots. It was decided to form a limited liability company for charitable purpose under Section 8 of the Companies Act, 2013 for a period of ten years and thereafter the club will be dissolved and the surplus of assets over the liabilities, if any, will be distributed amongst the members as a usual procedure allowed under the Companies Act. Examine the feasibility of the proposal and advise the promoters considering the provisions of the Companies Act, 2013. [M19 (N) – 5M]
10. XYZ a One-Person Company (OPC) was incorporated during the year 2014-15 with an authorized capital of Rs.45.00 lakhs (4.5 lakh shares of Rs.10 each). The capital was fully subscribed and paid up. Turnover of the company during 2014-15 and 2015-16 was Rs.2.00 crores and Rs.2.5 crores respectively. Promoter of the company seeks your advice in following circumstances, whether XYZ (OPC) can convert into any other kind of company during 2016-17, Please, advise with reference to relevant provisions of the Companies Act, 2013 in the below mentioned circumstances: [N18 (N) – 4M]
- i) If promoter increases the paid up capital of the company by Rs.10.00 lakhs during 2016-17.
- ii) If turnover of the company during 2016-17 was Rs.3.00 crores.
11. Teresa Ltd. is a company registered in New York (U.S.A.). The company has no place of business established in India, but it is doing online business through data interchange in India. Explain with reference to relevant provisions of the Companies Act, 2013 whether Teresa Ltd. will be treated as Foreign Company. [N18 (N) – 6M]
12. MNP Private Ltd. is a company registered under the Companies Act, 2013 with a Paid Up Share capital of Rs. 45 lakh and turnover of Rs. 3 crores. Explain the meaning of the "Small company" and examine the following in accordance with the provisions of the Companies Act, 2013: [M18 (N) – 6M]
- i) Whether the MNP Private Ltd. can avail the status of small company?
- ii) What will be your answer if the turnover of the company is Rs. 1.50 crore?

13. The paid-up share capital of SAB Private Limited is Rs 1 crore consisting of 8 lakhs Equity Shares of Rs 10 each. Fully paid -up and 2 lakhs Cumulative Preference Share of Rs 10 each. Fully paid-up. JVN Private Limited and SARA Private Limited are holding 3 lakhs Equity Shares and 50,000 Equity Shares respectively in SAB Private Limited. JVN and SARA Private limited are the subsidiaries of PQR Private Limited. With reference to the provisions of the Companies Act, 2013 examine whether SAB Private Limited is a subsidiary of PQR Limited? Would your answer be different if PQR Private Limited has 8 out of 9 Directors on the Board of SAB Private Limited? [N17 (O) – 4M]

PART 3: OBJECTIVE QUESTIONS

14. Only one person can form a company under the provisions of Companies Act 2013. (T/F) [M18 (O) – 1M]
 15. A subsidiary company cannot hold shares of its Holding Company. (T/F) [M16 (O) – 1.5M]

3. PROMOTION & INCORPORATION OF COMPANY

PART 1: DESCRIPTIVE QUESTIONS

1. Explain the procedure for conversion of a Public Company into a Private Company. [M18 (O) – 4M]
 2. State the documents and information for registration of One Person Company (OPC) required to be filed with the Registrar of Companies. [M16 (O) – 4M]
 3. Who shall be considered as promoter according to the definition given in the Companies Act, 2013? Explain. [N14 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

4. Rashi Computers Limited was incorporated in the year 2018 having paid up share capital of Rs. 10 crores. Now the company wants to convert its share capital into stock. Can the company do so? State whether the company may create stock as its capital at the time of incorporation [M19 (O) – 3M]
 5. Mr. A and B are partners in a firm AB & Co. since the last 10 years. Now their business has crossed 20 crores and they want to form a private limited company to take over the firms business and to expand it at large scale. They approached their auditor to assist to incorporate a company in the name of AB Trading Private Ltd Explain in brief what documents are required to be filed with the Registrar of Companies? [M18 (O) – 5M]

4. MEMORANDUM & ARTICLES OF ASSOCIATION

PART 1: DESCRIPTIVE QUESTIONS

1. The persons (not being members) dealing with the company are always protected by the doctrine of Indoor management. Explain. Also, explain when doctrine of Constructive Notice will apply. [N18 (N) – 6M]
 2. The Board of Directors of PV Limited wants to make some changes and to alter some Clauses of the Articles of Association which are to be urgently carried out, which include the increase in Authorized Capital of the company, issue of shares, increase in borrowing limits and increase in the number of directors. Please advise the company about the procedure to be followed for alteration of Articles of Association. [M18 (O) – 4M]
 3. Explain the provisions of law and procedure relating to “Alteration of Objects clause” of MOA of a company under the companies Act, 2013. [M16 (O) – 5M]
 4. Explain the procedure for shifting of registered office from one state to another state [N15 (O) – 6M]
 5. What is the importance of registered office of the Company? [N15 (O) – 2M]
 6. Briefly explain the doctrine of “Indoor Management” and its exceptions under the Companies Act, 2013. Or TURQUAND’S Rule (or) Explain the doctrine of indoor management as applicable in case of companies. Explain also the circumstances in which an outsider dealing with the company cannot claim any relief on the basis of doctrine of ‘Indoor Management’. [M15 (O) – 5M]

PART 2: PRACTICAL QUESTIONS

7. Modern Jewellery Ltd. decides to pay 5% of the issue price gap of shares as underwriting commission to the underwriters, but the Articles of the company authorize only 4% underwriting commission on shares. Examine the validity of the above decision under the provision of the Companies Act, 2013. [M19 (N) – 2M]

8. The directors of Smart Computers limited borrowed a sum of money from Mr. Tridev. The company's articles provided that the directors may borrow on bonds such sums as may, from time to time, be authorized .by resolution passed at a general meeting of the company. The shareholders claimed that there had been no such resolution authorizing the loan, and therefore, it was taken without their authority. hence the company is not bound to repay, the loan to Tridev. In the light of the contention of shareholders, decide whether the company is bound to pay the loan. [M19 (O) – 3M]
9. The Object Clause of the Memorandum of Vardhman Industries Ltd. empowers it to carry on real Estate Business and any other business that is allied to it. Due to a Downward trend in real-estate business the management of the company has decided to take up the business of Food Processing activity. The company wants to alter its Memorandum, So as to include the Food Processing Business in its object Clause. State whether the company can make such changes as per provisions of the companies Act, 2013? [M17 (O) – 4M]
10. Articles of Association of XYZ Ltd. provides the Board of Directors has authority to issue bonds provided such issue is authorised by shareholders by a necessary resolution in the General Meeting of the company. The company was in dire need of such of funds and therefore, it issued the bonds to Mr. X without passing any such resolution in General Meeting. Can Mr. X recover the money from the company? Decide referring the relevant provisions of the Companies Act, 2013. [N16 (O) – 4M]
11. Rishi Pharmacy Ltd. Decided to take up the business of food Processing because of the downward trend in Pharmacy business. There is no provision in the Object clause of the Memorandum of Association to enable the company to carry on such business. State Whether its object clause can be amended? Mention briefly the Procedure to be adopted for change in object clause. [M16 (O) – 5M]
12. The XYZ Traders Association was constituted by four joint Hindu families consisting of 60 major and 10 minor members. The Association was carrying on the business of trading as retailers with the object for acquisition of gains. The Association was not registered as a company under the Company under the Companies Act, 2013 or any other law.
- State whether the XYZ Traders Association is having any legal status?
- Will there be any change in the status of this Association if the members of the XYZ Traders Association subsequently were reduced to 18? [N14 (O) – 5M]

PART 3: OBJECTIVE QUESTIONS

13. A Limited Company can become a partner in a partnership firm. (T/F) [N15 (O) – 1M]

5. PROSPECTUS

PART 1: DESCRIPTIVE QUESTIONS

- Discuss the provisions relating to private placement of shares under the Companies Act, 2013. [N18 (N) – 5M]
- What is a Shelf-Prospectus? State the important provisions relating to the issuance of Shelf-Prospectus under the provisions of Companies Act, 2013. [N18 (N) – 6M]
- State whether television advertisements and visual clips giving all required details can be treated as a prospectus? [M17 (O) – 1M]
- Explain the concept of “Shelf Prospectus” in the light of Companies Act, 2013. What is the law relating to issuing and filing of such prospectus? [N16 (O) - 4M]
- State the remedies available to a person who has been deceived by a false and misleading prospectus. [M16 (O) – 4M]
- Document containing offer of securities for sale to be deemed prospectus. Comment. [N15 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

7. Sudarshan Exports Ltd. was dealing in export of rubber to specified foreign countries. The company was willing to purchase rubber trees in A.P state. The prospectus issued by the company contained some important extracts of the expert report and number of trees in A.P state. The report was found untrue. Mr. Alok purchased the shares of sudharshan exports ltd. on the basis of the expert report published in the prospectus. Will Mr. Alok have any remedy against the company? [M19 (O) – 3M]

State also the circumstances where an expert is not liable under the companies act, 2013.

8. ACE Builders Ltd. issued a prospectus which contained mis-statements about the prospectus of the company from a project to be undertaken with an intent to defraud the applicants for securities. Discuss the provisions of law relating to criminal liability for mis-statement in the prospectus under the section. 34 of the companies Act, 2013. [N18 (O) – 5M]
9. With a view to issue shares to the general public a prospectus containing some false information was issued by a Company. Mr. X received a copy of the prospectus from the Company, but did not apply for allotment of any shares. The allotment of shares to the general public was completed by the Company within the stipulated period. A few months later, Mr. X bought 2000 shares through the stock exchange at a higher price which later on fell sharply, X sold these shares at a heavy loss. Mr. X claims damages from the Company for the loss suffered on the ground the prospectus issued by the Company contained a false statement. Referring to the provisions of the Companies Act, 2013 examine whether X's claim for damages is justified. [M17 (O) – 4M]
10. Peek Ltd. Company issued and published its prospectus to invite the investors to purchase its shares. The said prospectus contained false statement. Mr. X purchased some partly paid shares of the Company in good faith on the stock exchange. Subsequently, the Company was wound up and the name of Mr. X was in the list of contributors. Decide: [M16 (O) – 4M]
- Whether Mr. X is liable to pay the unpaid amount?
 - Can Mr. X sue the directors of the Company to recover damages?

6. ALLOTMENT OF SECURITIES & UNDERWRITING

PART 1: DESCRIPTIVE QUESTIONS

- Explain various instances which make the allotment of securities irregular allotment under the Companies Act, 2013. [M19 (N) – 4M]
- Explain the conditions and the manner in which a company may issue Global Depository Receipts in a foreign country. [N18 (N) – 6M]
- TDL Ltd., a public company is planning to bring a public issue of equity shares in June, 2018. The company has appointed underwriters for getting its shares subscribed. As a Chartered Accountant of the company appraise the Board of TDL Ltd. about the provisions of payment of underwriter's commission as per Companies Act, 2013. [M18 (N) – 6M]
- MPN Limited wants to issue the Global depository receipt. What are the conditions to be followed for issue of such receipts? [M18 (O) – 8M]
- When is an allotment of Shares treated as an irregular allotment? Briefly state the effects of an irregular allotment. [N15 (O) – 4M]
- In what way does the Companies Act, 2013 regulate the payment of 'underwriting commission'? Explain the provisions of the Act, state the conditions to be complied with before payment of such commission can be made to underwriters of the Company. [N15 (O) – 4M]
- Explain the conditions and the manner in which a Company may issue Depository Receipts in a foreign country under the companies (issue of GDR) rules, 2014? [M15 (O) – 8M]
- Define the term underwriting and state the circumstances in which underwriting commission can be paid as per provisions of sec 40 of Companies Act, 2013. [N14 (O) – 8M]

PART 2: PRACTICAL QUESTIONS

- MPN Limited allotted shares to the public without issuing a prospectus. Discuss the validity of such allotment and list out any five circumstances when allotment can be deemed to be irregular. [N18 (O) – 4M]
- The AOA of MSW Ltd. contained a provision that up to 4% of issue price of the shares may be paid as underwriting commission to the underwriters. The BOD decided to pay 5% underwriting commission. Can the BOD do so? State the provisions of law in this regard as stated under the Companies Act, 2013. [N15 (O) – 4M]

7. SHARE CAPITAL

PART 1: DESCRIPTIVE QUESTIONS

- A company cannot issue shares at discount as per section 53 of Companies Act, 2013. Explain the exception to this provision, if any, with reference to Companies Act, 2013. [N18 (O) – 4M]

2. Can equity shares with differential voting rights be issued? If yes, state the conditions under which such shares may be issued? [M18 (N) – 6M]
3. What are the Requirements to be Complied with before and after the Shares are so Purchased. [N16 (O) – 4M]
4. When a company give loan or financial assistance to purchase its own shares? [N15 (O) – 5M]
5. Can a company purchases its own shares? [N15 (O) – 5M]
6. Diminution of share capital does not constitute a reduction within the meaning of companies Act, 2013. State in what respects they differ from each other. [N15 (O) – 4M]
7. Elucidate the circumstances in which a company cannot buy back its own shares as per the provisions of the Companies Act, 2013. M/s Grow more Pharma Limited is planning to buyback of its shares during the current year but the company has defaulted in the payment of term loan & interest thereon to its bankers. The company seeks your advice as to how and when the company can buy back its shares under the provisions of the Companies Act, 2013. [N14 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

8. which fund may be utilized by a public company for purchasing (buy back) its own shares ? Also explain the provisions of the companies Act, 2013 regarding the circumstances in which a company is prohibited to buy back its own shares. [M19 (N) – 5M]
9. ABC Ltd. has following balances in their balance sheet as on 31st March. 2018 [N18 (N) – 2M]

	Rs.
a) Equity shares capital (3.00 Lakhs equity shares of Rs.10 each)	30.00 lacs
b) Free reserves	5.00 lacs
c) Securities Premium Account	3.00 lacs
d) Capital redemption reserve account	4.00 lacs
e) Revaluation Reserve	3.00 lacs

Directors of the company seeks your advice in following cases:

 - i) Whether company can give bonus shares in the ratio of 1:3?
 - ii) What if company decides to give bonus shares in the ratio of 1:2?
10. Xgen Limited has a paid-up capital and free reserves to the extent of Rs.50,00,000. The Company is planning to buy-back shares to the extent of Rs.4,50,000. The Company approaches you for advice with regard to the following: [M18 (N) – 3M]
 - i) Is special resolution required to be passed?
 - ii) What is the time limit for completion of buy-back?
 - iii) What should be ratio of Aggregate debts to the paid-up capital and free reserves after buy-back?
11. WW Limited has an authorized share capital of 1,00,000 equity shares of Rs.100 per share and an amount of Rs.3 crores in its share premium Account as on 31-03-2017. The Board Of Directors seeks your advice about the application of share premium account for its business purposes. Please give your advice. [M18 (O) – 4M]
12. MN Ltd. Is engaged in the manufacture of consumer goods and has got a good brand value Over the years, it has a built a good reputation and its Balance Sheet as at March 31,2007 shows the following position: [N17 (O) – 5M]

Authorized Share Capital (25,00,000 equity shares of face value of Rs 10/- each)	Rs.2,50,000
Issued, subscribed and paid-up capital (10,00,000 equity shares of face value of Rs.10/- each)	Rs.1,00,00,000
Free Reserves	Rs.3,00,00,000

The Board of Directors are proposing to declare a bonus issue of 1 share for every 2 shares held by the existing shareholders. The Board wants to know the conditions and the manner of issuing bonus shares under the provisions of the Companies Act.2013. Advise.

13. A Limited has an Authorized Capital of 10,00,000 equity shares of the Face Value of 100/- each. Some of the shareholders expressed their opinion in the Annual General Meeting that it is very difficult for them to trade in the shares of Company in the share market and requested the company to reduce the face value of each share to Rs 10/- and increase the number of shares to 1,00,00,000. Examine whether the request of the Shareholders is possible and if so, how the Company can alter its share capital as per provisions of the companies Act, 2013. [N17 (O) – 4M]
14. Shyam Dairy Ltd., a dairy products manufacturing company wants to set-up a new processing unit at Jaipur. Due to paucity of funds, the existing shareholders are not willing to fund for expansion. Hence, the Company approached XYZ Ltd. For subscribing to the shares of the Company for expansion purposes. Can Shyam Dairy Ltd. issue shares only to XYZ Ltd. Under the provisions of the Companies Act, 2013? If so. State the conditions. [N17 (O) – 4M]
15. VRS Company Ltd. is holding 45% of total equity shares in SV Company Ltd. The BOD of SV Company Ltd. (incorporated on January 1, 2014) decided to raise the share capital by issuing further Equity shares. The BOD resolved not to offer any shares to VRS Company Ltd., on the ground that it was already holding a high % of the total number of shares already issued, in SV Company Ltd. The Articles of Association of SV Company Ltd. provides that the new shares be offered to the existing shareholders of the company. On March 1, 2014 new shares were offered to all the shareholders except VRS Company Ltd. Referring to the provisions of the Co Act, 2013 examine the validity of the decision of the BOD of SV Company Limited of not offering any further shares to VRS Company Limited. [M17 (O) – 5M]
16. 'V' the transferee acquired 300 equity shares of ABC Ltd from S the transferor. But the signature of S the transferor on transfer deed was forged. V after the getting the shares registered by the company in his name and subsequently sold 250 shares to X on the basis of the share certificate issued by ABC Ltd. V and X are not aware of forgery. Explain the rights of S, V and X against the company with reference to the a foreside equity share under the provisions of companies Act, 2013. [N17 (O) – 5M]
17. XYZ Company Ltd, at general meeting of members of the company pass an ordinary resolution to buy-back 30% of its equity share capital. The Articles of the company empower the company for buy-back of equity shares. The company further decides that the payment for buy-back be made out of the proceeds of the company's earlier issue of equity shares. Explaining the provisions of the Companies Act, 2013, and stating the sources through which the buy-back of companies own shares be executed. Examine. [N17 (O) – 4M]
- Whether company's proposal is in order?
 - Would your answer be still the same in case the company instead of 30% decide to buy-back only 20% of its equity share capital?
18. MNO Private Limited, a subsidiary of PQR Limited, decides to give a loan of Rs. 4,00,000 to the HR (Human Resource) Manager, who is not a KMP of MNO Private Limited, drawing salary of Rs. 30,000 per month, to buy 500 partly paid-up Equity Shares of Rs. 1000 each in MNO Private Limited. Examine the validity of company's decision under the provisions of the Companies Act, 2013. [N15 (O) – 5M]

PART 3: OBJECTIVE QUESTIONS

19. Right shares are those shares which are issued by newly formed company. (T/F) [M17 (O) – 1M]
20. Deferred shares are also call founders shares (T/F) [M15 (O) – 1M]

8. CALLS AND FORFEITURE OF SHARES

PART 1: PRACTICAL QUESTIONS

1. PQR Ltd. had issued 10,000 shares of Rs. 10 each, on which company called up Rs. 7.50 per share. However, Mr. C, a shareholder of PQR Ltd., deposited in advance the remaining amount due on his shares without any calls made by PQR Ltd. [N18 (O) – 4M]
- Referring the provisions of the companies Act, 2013, State the rights and Liabilities of Mr. C, which will arise by the payment of calls made in advance.

9. TRANSFER AND TRANSMISSION OF SHARES

PART 1: DESCRIPTIVE QUESTIONS

1. A Company refuses to register transfer of shares made by X to Y. The Company does not even send a notice of refusal to X or Y within the prescribed period. Has the aggrieved party any right(s) against the Company for such a refusal? Advice. [M18 (N) – 4M, N15 (O) – 4M]
2. In what ways is "transmission of shares" different from "Transfer of Shares"? [M18 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

3. Mr. A was having 500 equity shares of Open Sky Aircrafts Limited. Mr. B acquired these shares of the company from Mr. A but the signature of Mr. A transferor on the transfer deed was forged. The company registered the shares in the name of Mr. B, by issuing share certificate. Mr. B sold 100 equity shares to Mr. C on the basis of share certificate issued by Open Sky Aircrafts Ltd. Mr. B and Mr. C are not having the knowledge of forgery. State the rights of Mr. A, Mr. B and Mr. C under the Companies Act, 2013. [M19 (O) – 3M]
4. As at 31ST March, 2018, the paid-up share capital of S Ltd. is Rs. 1,00,00,000 divided into 10,00,000 equity shares of Rs.10 each. Of this, H Ltd. is holding 6,00,000 equity shares and 4,00,000 equity shares are held by others. Simultaneously, S Ltd. is holding 5% equity shares of H Ltd. out of which 1% shares are held as a legal representative of a deceased member of H Ltd. on the basis of the given information, examine and answer the following queries with reference to the provisions of the Companies Act, 2013 : [M19 (N) – 4M]
- (i) Can S Ltd. make further investment in equity shares of H Ltd. during 2018-19?
- (ii) Can S Ltd. exercise voting rights at Annual general meeting of H Ltd. ?
- (iii) Can H Ltd. allot or transfer some of its shares to S Ltd.?

PART 3: OBJECTIVE QUESTIONS

5. 'Transfer of shares' and 'Transmission of shares' are synonymous. (T/F) [N18 (O) – 1M]

10. MEMBERSHIP**PART 1: OBJECTIVE QUESTIONS**

1. Explain the circumstances under which a subsidiary Company can become a member of its holding Company. [M16 (O)– 1M]

11. REGISTRATION OF CHARGE**PART 1: DESCRIPTIVE QUESTIONS**

1. What is the time limit for registration of charge with the registrar? Where should the company's Register of charges be kept? State the persons who have the right to inspect the Company's Register of charges. [N18 (N) – 6M]
2. Explain the term charge. State the circumstances under which necessity to create a charge arises. What is the time limit for registration of a charge with the registrar? [M18 (N) – 6M]
3. A Company made a default in providing particulars of a charge created on the assets of the Company filing with the ROC. Explain the provisions with regard to the condonation of such delay by ROC. [N14 (O) – 5M]
4. Define the term the charge and also explain what is punishment for default with respect to registration of charge as per the provisions of the Companies Act, 2013? [N14 (O) – 5M]

PART 2: PRACTICAL QUESTIONS

5. MNC Limited realised on 2nd May, 2016 that particulars of charge created on 12th March, 2016 in favour of a Bank were not filled with Registrar of Companies for Registration what procedure should the company follow to get the charge registered with the Registrar of Companies? Would the procedure be different if the charge was created on 12th February, 2016 instead of 12th March 2016? Explain with reference to the relevant provisions of the Companies Act, 2013. [N16 (O) – 4M]
6. A charge requiring registration with Registrar of Companies was created on 1st February, 2017 by XYZ Limited. The Secretary of the Company realised on 15th March, 2017 that the charge was not filed with the Registrar. State the steps to be taken by the Secretary to get the charge registered with the Registrar. [N16 (O) – 4M]

PART 3: OBJECTIVE QUESTIONS

7. The Registrar of Companies is not bound to issue notice to the holder of charge, if the company gives intimation of satisfaction of charge in the specified form and signed by the holder of charge. (T/F) [M19 (N) – 1M]

8. The Registrar of companies may allow the company or holder of charge to file intimation within a period of 300 days of the satisfaction of charge on. Payment of fee and additional fees as may be prescribed.(T/F) [M19 (N) – 1M]

12. DEBENTURES

PART 1: DESCRIPTIVE QUESTIONS

1. State the differences between the 'shares' and 'debentures'. [N18 (O) – 4M]
2. Explain the meaning and significance of the 'Pari Passu' clause in a Debenture. State the particulars to be filed with the Registrar of Companies in case of such debentures secured by a charge on certain assets of the Company. [N17 (O) – 4M]
3. What are the provisions of the Companies Act, 2013 relating to 'Debenture Trustee' by a Company? [N16 (O) – 4M]
4. Board of directors of PQR Ltd., want to create a 'Debenture Redemption Reserve' (DRR) for the redemption of debentures issued by the Company under the provision of Companies (Share capital and Debenture) Rule, 2014 in this regard. [M15 (O) – 8M]

PART 2: OBJECTIVE QUESTIONS

5. Debentures with voting rights can be issued, only if permitted by the AOA. (T/F) [M15 (O) – 1M]

13. DEPOSITS

PART 1: DESCRIPTIVE QUESTIONS

1. Explain provision for 'Appointment of Trustee for Depositors' under the Companies Act, 2013. [M18 (N) – 6M]
2. Atul Ltd. has passed a resolution in its GM regarding accepting deposits from its members. Can this Company accept deposit from its members under the companies Act, 2013? If yes, State the conditions to be fulfilled regarding this? [M16 (O) – 8M]

PART 2: PRACTICAL QUESTIONS

3. State the procedure to be followed by companies to accept deposits from its members according to the Companies Act, 2013. What are the exemptions available to the Private Limited Companies? [N18 (N) – 6M]
4. ABC Ltd. having a net worth of Rs. 80 crores and turnover of Rs. 30 crores wants to accept deposits from public other than its members. Referring to the provisions of the Companies Act, 2013, state the conditions and the procedures to be followed by ABC Ltd. for accepting deposits from public other than its members. [N17 (O) – 8M]

PART 3: OBJECTIVE QUESTIONS

5. ABC Private Limited may accept the deposits from its members to the extent of Rs. 50.00 Lakh, if the aggregate of its paid-up capital, free reserves and security premium account is 50.00 Lakh.(T/F) [M19 (N) – 1M]
6. A Government company, which is eligible to accept deposits under section 76 of the companies Act, 2013 cannot accept deposits from public exceeding 25% of the aggregate of its paid up capital, free reserves and security premium account. .(T/F) [M19 (N) – 1M]

14. MANAGEMENT & ADMINISTRATION - I

PART 1: DESCRIPTIVE QUESTIONS

1. State the matters to be considered as 'Ordinary business' and 'Special business' for various types of meetings under the companies Act, 2013 and what kind of resolution is required to be passed for such businesses in an AGM under the Act? [N14 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

2. Explain the provisions of the Companies Act, 2013 relating to quorum for general. meeting of a public company having total 30 members. of which, two members are bodies corporate and one member is the President of India. Whether the representatives appointed by body corporate and President of India to participate in the general meeting shall be counted for quorum and can such representatives cast vote at that general meeting. [M19 (N) – 3M]

3. Ashok, a director of Gama electrical Ltd. gave in writing to the company that the notice for any general meeting and of the board of directors meeting be sent to him only by registered post at his residential address at Kanpur for which he deposited sufficient money. The company sent notice to him by ordinary mail under certificate of posting. Ashok did not receive this notice and could not attend the meeting and contended that the notice was improper. [M19 (O) – 3M]

Decide:

- i) whether the contention of ashok is valid
- ii) will your answer be the same if ashok remains in U S A for one month during the notice of the meeting and the meeting held?
4. Due to heavy rains and floods Chennai Handloom Limited was unable to convene annual general meeting upto 30th September. 2017. The company has not filed the annual financial statements, or the annual return as the directors of the company are of the view that since the annual general meeting did not take place. The period of 60 days for filing of annual return is not applicable and thus, there is no contravention of Section 92 of the Companies Act. 2013. Discuss whether the contention of directors is correct. [N18 (N) – 3M]
5. To remove the MD, 40% members of Global Ltd. submitted requisition for holding EGM. The Company failed to call the said meeting and hence the requisitionists held the meeting. Since the MD did not allow the holding of meeting at the registered office of the Company, the said meeting was held at some other place and a resolution for removal of the MD was passed. Examine the validity of the said meeting and resolution passed therein in light of companies Act, 2013. [N17 (O) - 4M, M13 (O) – 4M]
6. Mr. DP, Secretary, of City Handicrafts Ltd. called an EGM of the Company on the requisition of some members. Mr. DP, Secretary of the Company, issued notice of the meeting without the authority of the BOD. Discuss on the validity of the notice issued by Mr. DP, Secretary of the City Handicrafts Ltd. [N12 (O) – 4M]

PART 3: OBJECTIVE QUESTIONS

7. Extraordinary Meeting of a company could be held only four times in a year. (T/F) [N18 (O) – 1M]

15. MANAGEMENT & ADMINISTRATION - II**PART 1: DESCRIPTIVE QUESTIONS**

1. If a member of a listed company has casted his vote through electronic voting can attend general meeting of the company and change his .vote subsequently and can he appoint a proxy? [M19 (N) – 2M]
2. Give the points of distinction between ordinary resolution and special resolution. [M19 (N) – 5M]
3. What do you mean by proxy? Explain the provisions relating to appointment of proxy under Companies Act, 2013. [M18 (O) – 4M]
4. As per the provisions of the Companies Act. 2013. Every company is required to file with the Registrar of Companies, the Annual Return as prescribed in section 92, in Form MGT-7. Explain the particulars required to be contained in it. [M18 (N) – 6M]
5. Write about “Resolution requiring special notice”. Discuss the rules relating to serving of special notice to the Company by members. [M17 (O) – 4M]
6. SV Technologies limited is proposing to convene a GM of its members. Explain briefly the provisions of the Companies Act, 2013 relating to procedure to be followed for ansacting a business of the GM through “postal ballot”. [N16 (O) – 8M]
7. Briefly explain the law relating to “Resolution requiring special notice” under the Companies Act, 2013. Mention the resolutions that require “special notice” under the Act. [M16 (O) – 4M]
8. What are the statutory provisions as regards to quorum for calling general meetings? [M16 (O) – 2M]
9. A ‘SR’ is one to pass, where the votes cast in favor must be twice votes cast against it. [N15 (O) – 1M]
10. Explain the concept of “electronic voting system” as provided under Companies Act, 2013? [M15 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

11. Madurai Ltd. issued a notice for holding of its Annual general meeting G on 7th November 2018. The notice was posted to the members on 16th October 2018. Some members of the company allege that the company had not complied with the provisions of the Companies Act, 2013 with regard to the period of notice and as such the meeting was valid. Referring to the provisions of the Act, decide: **[M19 (N) – 6M]**
- Whether the meeting has been validly called ?
 - If there is a shortfall, state and explain by how many days does the notice fall short of the statutory requirement ?
 - Can the delay in giving notice be condoned?
12. 'X' a member of LKM Ltd. is holding 250 shares, which are partly paid. The company held its general meeting where voting right was denied to 'X' claiming he has not paid the calls on the shares held by him. Examine the validity of company's denial to 'X' with reference to the relevant provisions of the Companies Act, 2013, assuming that Articles of association of the Company do not restrict the voting right of such members. **[N18 (N) – 4M]**
13. KMN Ltd. scheduled its annual general meeting to be held on 11th March, 2018 at 11:00 A.M. The company has 900 members. On 11th March, 2018 following persons were present by 11:30 A.M.
- P1, P2 & P3 shareholders **[N18 (N) – 4M]**
 - P4 representing ABC Ltd.
 - P5 representing DEF Ltd.
 - P6 & P7 as proxies of the shareholders
 - Examine with reference to relevant provisions of the Companies Act, 2013, whether quorum was present in the meeting.
 - What will be your answer if P4 representing ABC Ltd., reached in the meeting after 11:30 A.M.?
 - In case lack of Quorum, discuss the provisions as applicable for an adjourned meeting in terms of dare, time & place.
 - What happens if there is no Quorum in the Adjourned meeting?
14. Members of ZA Ltd. holding less than 1% of total voting power want the company to give a special notice to move a resolution for appointment of an auditor other than retiring auditor. Explain whether members have complied with relevant provisions of the Companies Act, 2013 in making their request. **[N18 (N) – 3M]**
15. XYZ energy Ltd., set up with the object of setting up a windmill project, raised money from public through prospectus and still has unutilized amount out of the money raised. XYZ Energy Ltd. proposes to change its objects for this purpose consent of shareholders has to be obtained by passing a special resolution by Postal ballot. Explain the procedure to be followed for transacting the business of the general meeting of members of a company through postal ballot for passing special resolution. **[N18 (O) – 8M]**
16. In the annual general meeting of Black Mango Limited, the notice contained the agenda for 8 special businesses to be transacted. The Chairman decided to move all the resolutions at one time in order to save time of the members present at the meeting. Discuss whether two or more resolutions can be moved together as per the provisions of the Companies Act, 2013. **[M18 (N) – 4M]**
17. At a GM of a Company a matter was to be passed by a 'SR'. Out of 40 members of the Company 20 voted in favour of the resolution, 5 voted against it and 5 votes are cancelled. The remaining 10 members abstained from voting. The chairman declared the 'SR' as passed. Is the decision valid? **[M18 (O) – 5M]**
18. Bazaar Limited called its AGM in order to lay down the financial statements for Shareholders' approval. Due to want of Quorum, the meeting was cancelled. The directors did not file the annual returns with the Registrar. The directors were of the idea that the time for filing of returns within 60 days from the date of AGM would not apply, as AGM was cancelled. Has the company contravened the provisions of Companies Act, 2013? If the company has contravened the provisions of the Act, how will it be penalized? **[M18 (N) – 4M]**

19. The fifth AGM of Happy Homes Ltd to be held on 15th Oct at 4.00 P.M. As per the Notice, the Members who are unable to attend the meeting in person can appoint a Proxy and the Proxy forms duly filled should be sent so as to reach, atleast 48 hours before the meeting. [M17 (O) – 8M]

Mr. A, a Member of the Company appoints Mr. P as his proxy and the proxy form dated 10th Oct was deposited by Mr. P with the Company at its registered office on 11th Oct. However, A changes his mind and on 12th Oct gives another Proxy to Q and it was deposited on the same day with the Company.

Similarly another Member B also gives two separate Proxies to 2 Individuals named R and S. In the case of Mr. R, the proxy dated 12th Oct was deposited with the Company on the same day and the proxy in favour of S was deposited on 14th Oct.

All the proxies viz., Mr. P, Q, R and S were present in the Meeting. State with reasons the persons who would be allowed to represent as Proxies for Mr. A and Mr. B respectively.

20. The Minutes of the Meeting must contain fair and correct summary of the proceedings thereat. Can the chairman direct exclusion of any matter from the Minutes? Some of the shareholders insist on inclusion of certain matters which are regarded as defamatory of a director of the Company. The Chairman declines to do so. State how the matter can be resolved. [M17 (O) – 4M]

(Or)

In a GM of PQR Limited, the Chairman directed to exclude certain matters detrimental to the interest of the Company from the minutes. M, a shareholder contended that the minutes of the meeting must contain fair and correct summary of the proceedings thereat. Decide, whether the contention of the M is maintainable under the provisions of the Companies Act, 2013?

21. The AGM of KMP Limited was held on 30-06-2017. The AOA of the Company is silent regarding the quorum of the GM. Only 10 members were personally present in the above meeting, out of the total 2,750 members of the Company. The chairman adjourned the meeting for want of quorum. Referring to the provisions of the companies Act, 2013, examine validity of chairman's decision. [M15 (O) – 4M]

PART 3: OBJECTIVE QUESTIONS

22. If the GM is adjourned for want of Quorum, then in case of change in the day, time, place of the adjourned meeting, the Company is required to give not less than 7 days of notice to the members individually or by press announcement. (T/F) [N14 (O) – 1M]
23. Under the companies Act,2013 is the general meeting is adjourned for want of quorum then in case of change in the day time, place of adjourned meeting the companies required to give not less than days' notice to the members individually or by press announcement (T/F) [N14 (O) – 1M]
24. A special resolution is one ,to pass ,requires the votes cast in favour be twice the votes cast against it (T/F) [N15 (O) – 1M]
25. Quorum for general meetings for a public company, Where members are not more than 1000, is 5 members personally present (T/F) [M16 (O) – 1.5M]
26. The shareholders of the company on general meeting cannot decrease the rate of dividend recommended by board of directors(T/F) [N16 (O) – 1M]

16. DECLARATION AND PAYMENT OF DIVIDEND

PART 1: DESCRIPTIVE QUESTIONS

1. GK Associate Public Limited has earned a total profit of ` 85 lakhs during the past six years. It has not declared any dividend during these years. Now, the company proposes to appropriate a part of this amount for making payment of dividend for the current year in which it has earned a profit of ` 8 lakhs. The Board of Directors proposes a payment of dividend of ` 25 lakhs i.e. 25% on paid up capital. Can GK Associate Public Limited declare dividend out of its past accumulated profits and reserves? Explain the provisions of the Companies Act, 2013, in this regard. [CA FINAL N18 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

2. PQ Ltd. declared and paid 107o dividend to all its shareholders except Mr. Kumar, holding 500 equity shares, who instructed the company to deposit the dividend amount directly in his bank account. The company accordingly remitted the dividend, but the bank returned the payment on the ground that the account number as given by Mr.Kumar doesn't tally with the records of the bank. The company, however, did not inform Mr. Kumar about this discrepancy. comment on this issue with reference to the provisions of the Companies Act,2013 regarding failure to distribute dividend. [M19 (N) – 2M]

3. Alex limited is facing loss in business during the financial year 2018-2019. In the immediate preceding three financial years, the company had declared dividend at the rate of 7%, 11% and 12% respectively. The Board of Directors has decided to declare 12% interim dividend for the current financial year atleast to be in par with the immediate preceding year. Is the Act of the Board of Directors valid ? **[M19 (N) – 3M]**

4. The Directors of East west Limited proposed dividend at 15% on equity shares for the financial year 2017-2018. The same was approved in the Annual general body meeting held on 24th October 2018. The Directors declared the approved dividends. **[M19 (N) – 2M]**

Mr. Binoy was the holder of 2000 equity of shares on 31st March, 2018, but he transferred the shares to Mr. Mohan, whose name has been registered on 18th June, 2018. Who will be entitled to the above dividend ?

5. XYZ Ltd., having made 81,12% profits, proposes to declare 10% equity dividend out of its current profits and its free reserves. following are the data drawn from the latest audited financial statements as at 31st March 2019 : **[CA FINAL M19 (O) – 6M]**

17,500 Preference Shares of Rs.100 each fully paid; (Dividend @ 9%)
7,00,000 Equity Shares of Rs. 10 each
General Reserves Rs.21,00,000/-
Capital Reserves Rs.50,000/-
Securities Premium Rs.3,50,000/
Surplus (P&L) Rs.63,000/- (Excluding Current year's profit given below)
Net Profit for the Year Rs. 3,57,000/uo
Average Rate of Return for the last three years - 15%
Average Rate of Dividend during the last three years - 15%.
The company has declared dividends in each of the 3 preceding financial years.

In the light of the information given above, analysing and applying the provisions of the Companies Act, 2013 and the applicable Rules made thereunder, calculate the minimum amount that is required to be withdrawn from free reserves by XYZ Ltd. for declaring 10% dividend to the equity shareholders.

6. Karan was holding 5000 equity shares of Rs. 100 each of M/s. Future Ltd. A final call of Rs.10 per share was not paid by Karan. M/s. Future Ltd. declared dividend of 10%, Examine with reference to relevant provisions of the Companies Act, 2013, the amount of dividend Karan should receive. **[N18 (N) – 3M]**

7. YZ Ltd is a manufacturing company has proposed a dividend @ 10% for the year 2017-18 out of the current year profits The company has earned a profit of Rs.910 crores during 2017-18. YZ Ltd. does not intend to transfer any amount to the general reserves of the company out of current year profit. Is YZ Ltd. allowed to do so? Comment. **[N18 (N) – 3M]**

8. TAT Ltd. incurred loss in business up to current quarter of financial year 2017-18. The company has declared dividend at the rate of 12%, 15% and 18% respectively in the immediate preceding three years. In spite of the loss, the Board of Directors of the company have decided to declare interim dividend @ 15% for the current financial year. Examine the decision of TAT Ltd. stating the provisions of declaration of interim dividend under the Companies Act, 2013. **[M18 (N) – 4M, MTP1 M19 (N) – 4M, MTP N18 – 6M]**

9. Alpha Ltd., A Section 8 Company is planning to declare dividend in the Annual General Meeting for the Financial Year ended 31-03-2018. Mr. Chopra is holding 800 equity shares as on date. State whether the act of the Company is according to the provisions of the Companies Act, 2013. **[M18 (N) – 2M]**

10. M/s Growmore Plantations Limited, a listed company has unpaid/unclaimed dividend in respect of 150000 Equity Shares for the past continuous 7 years. This period of 7 years ended on 30th June, 2017. Mr. Prasad the CFO of the company is of the opinion that these 150000 Equity Shares should have been transferred to the DEMAT Account of the Investor Education & Protection Fund (IEPF) Authority within 30 days from the end of the 7 years period i.e. by 30th July, 2017 respectively. Is the opinion of the CFO correct as per the provisions of the Companies Act, 2013 read with rules framed there under? What would be your answer had this continuous period of 7 years expired on 30th November, 2017. Also state the condition under which these equity shares will not be transferred to the IEPF Authority by the company. **[CA FINAL M18 (O) – 4M]**

11. During the financial year 2016-17, Universal Limited declared an interim dividend for the second time. After declaration, the Board of Directors decided to revoke the second interim dividend as its financial position was poor, to accommodate the said interim dividend. [CA FINAL N17 (O) – 4M]
- Examine the validity of the Board's decision under the provisions of the Companies Act, 2013.
 - What will be your answer, if the Board proposes to transfer more than 10% of the profits of the company to the reserves for the current year before the declaration of any dividend?
12. Supreme Ltd. declared dividend @ 10 on its 10 lakh equity shares of Rs.10 each on 30th September 2016. The dividend warrants were dispatched to all the shareholders except three shareholders, holding in total 50,000 shares, due to dispute regarding title over the shares pending in court. On ascertaining the position on 30th October 2016, it was observed that dividend warrants for Rs. 1.50 lakh were not encashed by the remaining shareholders. Explain, with reference to provisions of the Companies Act, 2013, the actions to be taken by the company to deal with the unpaid/unclaimed amount of dividend. Also state the consequences if default is done in this matter. [CA FINAL M17 (O) – 8M]
13. The Director of Som Limited proposed dividend at 12% on equity shares for the financial year 2015-16. The same was approved in the annual general meeting of the company held on 20th September, 2016. The Directors declared the approved dividends. They seek your opinion on the following matters: [CA FINAL M16 (O) – 4M]
- Mr. Ashok, holding equity shares of face value of Rs. 10 lakhs has not paid an amount of Rs. 1 lakh towards call money on shares. Can the same be adjusted against the dividend amount payable to him?
 - Ms. Nini was the holder of 1,000 equity shares on 31st March, 2016, but she has transferred the shares to Mr. Raj, whose name has been registered on 20th May, 2016. Who will be entitled to the above dividend?
14. RST Ltd. declared dividend at the rate of 20% for the financial year 2017-2018 in the AGM scheduled on 15th June 2018. As RST Ltd. is left with certain unpaid and unclaimed dividend, it transferred amount of unpaid and unclaimed dividend to UDA (unpaid dividend account). After remaining unpaid and claimed for more than 2 years in the UDA, some of the entitled shareholders made liable RST Ltd. for noncompliance of section 124, and claimed for their unpaid dividend amount. RST Ltd. denies saying that there were certain legal issues on the entitlement of the dividend amount to the respective shareholders. [RTP – M19 (N)]
15. During the financial year 2016-17, Perfect Limited declared an interim dividend for the second time. [MTP M18 (N) – 6M]
- After declaration, the Board of Directors decided to revoke the second interim dividend as its financial position was poor, to accommodate the said interim dividend.
- Examine the validity of the Board's decision under the provisions of the Companies Act, 2013.
 - Examine what will be your answer, if the Board proposes to transfer more than 10% of the profits of the company to the reserves for the current year before the declaration of any dividend?

17. ACCOUNTS OF COMPANIES

PART 1: DESCRIPTIVE QUESTIONS

- State any four contents of a Directors Responsibility Statement as required under Section 134 of the Companies Act, 2013. [M18 (N) – 4M]
- Draft the minutes of above referred meeting containing the matter regarding appointment of Managing Director in addition to the usual items. [CA FINAL M17 (O) – 8M]
- Sunshine Limited proposes to hold its board meeting at a shorter notice through video conferencing. [CA FINAL M17 (O) – 2M]
- Explain what is meant by "Financial Statement" as per the companies Act, 2013. [N14 (O) – 4M]

PART 2: PRACTICAL QUESTIONS

- In relation to filing of financial statements of a company in XBRL mode and by using the XBRL taxonomy, decide whether the following companies are required to file the financial statements in the said mode as per the provisions of Section 137 of the Companies Act, 2013 read with rules framed in this regard: [CA FINAL N18 (O) – 4M]

- (i) Lucky dhan Ltd., a non-banking financial company.
- (ii) M/s Pine Limited which is required to prepare its financial statements in accordance with Companies (Indian Accounting Standards) Rules , 2015 .
6. A Housing Finance Ltd. is a housing finance company having a paid up Share Capital of Rs.11 crores and a turnover of Rs.145 crores during the Financial Year 2017-18. Explain with reference to the relevant provisions and rules, whether it is necessary for A Housing Finance Ltd. to file its financial statements in XBRL mode. **[N18 (N) – 3M]**
7. Rera Ltd. a Company incorporated under the Companies Act, 2013 having turnover of Rs. 100 crore, net profit Rs. 3 crore, accumulated loss of Rs. 50 crore and securities premium Rs. 300 crore as per the audited accounts of the Company for the Financial Year 2016 - 17. **[M18 (N) – 6M]**
- The CFO of the Company informed the directors of the Company that the Corporate Social Responsibility (CSR) committee is required to be constituted as per the Companies Act, 2013. The directors seek your advice as a professional regarding the criteria required to constitute CSR committee and whether it is applicable to Rera Ltd. or not.
8. Mr. Vikram, a director of M/s Tube light Limited has made default in filing of annual accounts and annual returns with Registrar of Companies for a continuous period of 3 financial years ending on 31st March 2016. Examine the validity of the following under the Companies Act,2013: **[CA FINAL N17 (O) – 4M]**
- (i) Whether Mr. Vikram can continue to be a director of M/s Tube light Limited (defaulting company) and also M/s Green Light Limited, where he is also a director? Also state whether he can be re-appointed as director in these two companies.
- (ii) What would your answer be in case Mr. Vikram is a nominee director of a Public Financial Institution?
- (iii) What would be your answer in case the defaulting company (i.e. M/s. Tube light Limited) is a private limited company?
- 9.
- i) An allegation was levelled against Drone Limited that the funds of the company are being misused. Mr. Ram, one of the directors of the company wants to inspect the books of accounts of the company in order to ascertain whether the allegation was true. But since Mr. Ram does not have the knowledge of accounting, appoints Mr. Joe his friend and a practicing Chartered Accountant to go through the books of accounts of the company on his behalf and report him the true status. The company has challenged the appointment of Mr. Joe to inspect in books of accounts of the company as invalid. Advise Mr. Ram keeping in view the provisions of the Companies Act, 2013. What would be your answer, if Mr. Ram had been a shareholder holding 76% of shares and not a director in Drone Limited? **[CA FINAL N17 (O) – 4M]**
10. Mr. Shukla is working as General Manager (Finance and Accounts) in Target Limited. The Board of directors of the said company propose to entrust him with the duty of ensuring compliance with the provisions of the Companies Act, 2013 so that the books of accounts , balance sheet statement of profit and loss and the cash flow statements can be prepared and maintained in accordance with law. **[CA FINAL N17 (O) – 4M]**
- Draft a Board Resolution for the said purpose. Also point out the consequences in case of default when such a resolution is passé
11. Shoki Internl Ltd. has a network of six branches scattered all over the world out of which two are in India. The net-worth of the company is ` 650 crores. Since the net profits of the company were in downward trends, Mr. Nikunj a retired General Manager of a Bank was appointed by the company to analyse the financial health of the company. Among the other points having been reported by Mr. Nikunj, the CEO of the company seeks your advice, particularly on the application of the provisions of CSR under the Companies Act, 2013 based on the following: **[CA FINAL M17 (O) – 4M]**
- (i) The Net profit of the company in the financial year 2012-13 was ` 18 crores which was contributed by the branches located in India and outside in the ratio of 35 : 65.
- (ii) Since 2013-14 onwards, all the branches located in India have not earned any profit .
- (iii) The Financial Statements for the year 2015-16 revealed that there was net profit of ` 7 crore to the company and the total expenses on travelling abroad were ` 2.5 crore.
- (iv) The company has borrowed loan at a very high rate of interest which needs to be swapped with low financing cost.

- (v) During the year 2016-17, the company has so far spent CSR expenses to the tune of 1.10 percent of the average net profits of the company made during the three preceding immediately financial years which in his view need special attention.

18. AUDIT AND AUDITORS

PART 1: DESCRIPTIVE QUESTIONS

1. The 18th annual general meeting of Ramya Ltd was held on 29th September 2018 at its registered office at Chennai. 65 shareholders in person and 5 shareholders in proxy attended the meeting.
[M19 (O) – 4M]

Draft a specimen of minutes of annual general meeting covering the agenda of passing ordinary resolution for declaration of dividend by a company in the meeting
2. Mr. Ram brother of CA. Shyam, a practicing chartered accountant, acquired securities of M/s. Cool Ltd. having market value of Rs.1,20,000 (face value Rs.95,000). State whether CA. Shyam is qualified to be appointed as a statutory auditor of M/s. Cool Ltd.
[N18 (N) – 2M]
3. CA. M is a partner in SM & Company (Chartered Accountants) and ML & Company (Chartered Accountants). SM & Company are statutory auditors of M/s. Global Ltd. (listed) for past seven years as on 1-04-2018. Advise under relevant provisions of the Companies Act. 2013:
[N18 (N) – 4M]
 - a) For how many more years SM & Company can continue as statutory auditors of M/s. Global Ltd. (listed)?
 - b) Can ML & Company be appointed as statutory auditor of M/s. Global Ltd. during cooling off period for SM & Company?
4. PKC Ltd. wants to appoint Mr. Praveen Kumar, a practicing Chartered Accountant as the statutory auditor of the company and asked the proposed auditor to give a certificate in this regard. What are the contents of the certificates to be issued in accordance with the Companies(Audit & Auditors Rules, 2014)
[M18 (N) – 3M]

PART 2: PRACTICAL QUESTIONS

5. The Government of India holding 51% of the paid-up equity share capital of Sun Ltd. The Audited financial statements of Sun Ltd. for the financial year 2017-18 were placed at its annual general meeting held on 31st August, 2018. However, pending the comments of the Comptroller and Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts. On receipt of CAG comments on the accounts, the adjourned annual general meeting was held on 15th October, 2018 whereat the accounts were adopted. Thereafter, Sun Ltd. filed its financial statements relevant to the financial year 2017-18 with the Registrar of Companies on 12th November, 2018. Examine, with reference to the applicable provisions of the Companies Act, 2013, whether Sun Ltd. Has complied with the statutory requirement regarding filing of accounts with the Registrar?
[M19 (N) – 4M]
6. The Board of Directors of A Ltd. requested its Statutory Auditor to accept the assignment of designing and implementation of suitable financial information system to strengthen the internal control mechanism of the Company. How will you approach to this proposal, as an statutory Auditor of A Ltd., taking into account the consequences, if any, of accepting this proposal?
[M19 (N) – 3M]
7.
 - i) LMN & Company, Chartered Accountants a Limited Liability Partnership firm with CA. L, CA. M and CA. N as partners, is the statutory auditor of a listed company M/s Bright Limited for past 6 years as on 01.04.2014.
[CA FINAL M18 (O) – 6M]
 - ii) CA.M is also a partner in other Chartered Accountant firm M/s DMC & Company, Chartered Accountants. Advise under the provisions of the Companies Act, 2013 :
 - 1) Upto how many years can LMN & Company continue as statutory auditors of M/s Bright Limited?
 - 2) What shall be the cooling-off period for M/s LMN & Company with respect to M/s Bright Limited?
 - 3) Can M/s DMC & Company; be appointed as statutory auditors of M/s Bright Limited and it's another listed subsidiary M/s Dark Limited during such cooling- off period?
 - 4) Can M/s LMN & Company be appointed as internal auditors of M/s Bright Limited and it's another listed subsidiary M/s Dark Limited, during such cooling-off period?

- iii) ABC and Company, Chartered Accountants a partnership firm; is the statutory auditor of M/s Wood Work (P) Ltd. since last 6 financial years as on 01.04.2014. The company has a loan outstanding towards Dena Bank Limited for `25 Crores and the, paid-up share capital is `25 Crores, as per the audited balance sheet for the year ended on 31.03.2014 respectively. Advise the audit firm upto the year upto which they can continue as statutory auditors of M/s Wood Work (P) Limited as per the provisions of the Companies Act, 2013.
8. Mrs. Geeta, wife of CA. 'Deepak' the statutory auditor of M/s Avon Builders Limited, acquired shares in the company for a face value of Rs.75000/- on 15th March, 2018. CA. 'Deepak', issued his audit report on 25th April, 2018. Examine the validity of this transaction under the Companies Act, 2013. Would your answer be different if face value of the shares have been Rs. 150000/- (market value Rs. 95000/-)? **[CA FINAL M18 (O) – 2M]**
9. Mr. Dheeraj, a Chartered Accountant in practice is liable (indebted) to M/s Voice Data Ltd. (a company engaged in telecommunications) for a sum of Rs. 2,00,000 and a sum of Rs.3,00,000 to Apollo Hospitals Ltd. For the treatment of his parents. Mrs. Rhea (wife of Mr. Dheeraj) is also liable (indebted) for a sum of Rs. 3,00,000 to M/s Aircel Ltd. (the subsidiary of M/s Voice Data Ltd.). Mr. Dheeraj is proposed to be appointed as the statutory auditor of M/s. Voice Data Ltd, M/s Aircel Ltd. and Apollo Hospitals Ltd. for the current financial year 2017-18. Decide as per the provisions of the Companies Act, 2013, whether the proposed appointments are legally valid. **[CA FINAL N17 (O) – 4M]**
- 10.
- (i) Agriculture Instruments Limited is a subsidiary of Hindustan Agro Limited, a Government company. The Comptroller and Auditor General of India (C&AG) appointed Yes & Co, a firm of Chartered Accountants to conduct a supplementary audit of Agriculture Instruments Limited. Discuss under the provisions of the Companies Act, 2013 whether the C&AG's power to authorize such audit for the said subsidiary company is in order. **[CA FINAL N17 (O) – 6M]**
- (ii) In respect of a Government company within the meaning of Sec. 2 (45) of the Companies Act. 2013, state the provisions of the Act in respect of the following:
- (A) The first authority to appoint the first auditor of a Government company and the period within which the appointment should be made?
- (B) Who is the next authority to appoint the first audit or if there is a failure on the part of the first authority to appoint and within what period?
- (C) Who is next authority to appoint the first auditor even if there is a failure on the part of the second authority to appoint and within what period?
11. PMK Ltd. having a paid up capital of ` 65 crore during the preceding financial year has appointed Mr. Z a Chartered Accountant, as CFO of the Company, who is appointed as Key Managerial Personnel under Section 203 of the Companies Act, 2013. The financial position of the company was not good. In the meanwhile, the CEO was given to understand that the company is statutorily required to appoint Internal Auditor and as such the Board had authorized the CEO to appoint a person who must be a Chartered Accountant. CEO wanted to know the followings: **[CA FINAL M17 (O) – 4M]**
- (i) What are the requirement for appointment of the Internal Auditor by the Company?
- (ii) Since the financial position of the company was not good, can the company decide to give additional duties of Internal Auditor to Mr. Z to comply with the provision of the Act. Critically analyse the decision of the company.
12. XYZ Limited, a listed company has constituted an audit committee consisting of five members out of whom two are independent directors. Subsequently, the company increased the composition of audit committee to six members with three independent directors. **[CA FINAL M16 (O) – 2M]**
13. Examine the following situations in the light of the Companies Act, 2013 **[RTP – M19 (N)]**
- (i) Mr. Ayush, a Chartered accountant has been appointed as an auditor of X Ltd. in the Annual General Meeting of the company held in September, 2018, in which he accepted the assignment. Subsequently, in January, 2019 he joined B, as a partner for the consultancy firm of Mr. B. Mr. B is working also working as a Finance Executive of X Ltd.
- (ii) "Mr. Abhi", a practicing Chartered Accountant, is holding securities of "Abhiman Ltd." having face value of ` 1000/-. Whether Mr. Abhi is qualified for appointment as an Auditor of Abhiman Ltd.?"

14. Lemon & Company, Chartered Accountants a Limited Liability Partnership firm with CA. L, CA. M and CA. N as partners, is the statutory auditor of a listed company M/s Big Limited for past 6 years as on 1.04.2014. CA.M is also a partner in other Chartered Accountant firm Dew & Company, Chartered Accountants. Advise under the provisions of the Companies Act, 2013 : [RTP – N18 (N)]

Accountants. Advise under the provisions of the Companies Act, 2013 :

- 1) Upto how many years can Lemon & Company continue as statutory auditors of M/s Big Limited?
- 2) What shall be the cooling-off period for Lemon & Company with respect to M/s Big Limited?
- 3) Can Dew & Company; be appointed as statutory auditors of M/s Big Limited and it's another listed subsidiary M/s Dark Limited during such cooling-off period?
- 4) Can Lemon & Company be appointed as internal auditors of M/s Big Limited and it's another listed subsidiary M/s Dark Limited, during such cooling-off period?

15. Explain how the auditor will be appointed in the following cases: [RTP – M18 (N)]

- (i) A Government Company within the meaning of section 394 of the Companies Act, 2013.
- (ii) The Auditor of the company (other than government company) has resigned on 31st December, 2016, while the Financial year of the company ends on 31st March, 2017.

16. examine the following in the light of the companies act, 2013. [MTP1 M19 (N) – 4M]

- (i) Mr.ayush a chartered accountant has been appointed as an auditor of X ltd in the annual general meeting of the company held in September,2018 in which he accepted the assignment. Subsequently in January,2019 he joined B, as a partner for the consultancy firm of Mr. B Mr.B is working as a finance executive of X ltd.
- (ii) Mr. abhi a practicing chartered accountant, is holding securities of Abhiman ltd. having face value of Rs. 1000 whether Mr. abhi is qualified for appointment as an auditor of abhiman ltd.

17. Mr. Honest, an auditor of MM company ltd. has colluded with the company for a fraud. The Central Government has applied to Tribunal about the said fraud by Mr. Honest. State the provisions of the Companies Act, 2013 regarding the steps that can be taken by Tribunal when it finds that the auditor of a company has acted in a fraudulent manner. [MTP N18 (N) – 4M]

Government has applied to Tribunal about the said fraud by Mr. Honest. State the provisions of the Companies Act, 2013 regarding the steps that can be taken by Tribunal when it finds that the auditor of a company has acted in a fraudulent manner.

18. Natraj Limited is an unlisted Public company having paid up share capital of Rs. 80 crores during the preceding financial year 2016-17. The turnover of the company was Rs. 110 crores for the same period. Referring to the provisions of the Companies Act, 2013, discuss the answer to the following: [MTP N18 (N) – 6M]

- (i) Is it mandatory for the above company to appoint an internal auditor for the financial year 2017-18?
- (ii) What are the qualifications of the Internal Auditor?

19. MISCELLANEOUS MATTERS IN C LAW

PART 1: PRACTICAL QUESTIONS

1. The income tax authorities in the current financial year 2019-20, observed, during the assessment proceedings a need re-open the accounts of chetan ltd. for the financial year 2008-09 and therefore, filed an application before the National company Law tribunal (NCLT) to issue the order to Chetan Ltd. for re-opening of its accounts, and recasting the financial statements for the financial year 2008-09. Examine the validity of the application, filed by the Income Tax Authorities to NCLT. [M19 (N) – 3M]

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To **MASTER MINDS**, GUNTUR

THE END