

MOCK TEST PAPER - 2
INTERMEDIATE (NEW): GROUP – I
PAPER – 2: CORPORATE AND OTHER LAWS

Question No.1 is compulsory

*Attempt any **Four** questions out of the remaining **Five** questions*

Time Allowed – 3 Hours

Maximum Marks – 100

1. (a) Mr. X, in association with his relative formed a company to promote education for the children of poor section. A licence was issued by the Central Government allowing the said company to be registered under section 8 of the Company. Government aids and lot of funds were contributed by public for the fulfilment of the benevolent object. However, on the complaint against the company, CG came to know about the manipulation of the funds in the company and so order to revoke the licence of the company. Further, directed for the amalgamation with another company registered under this section with an object to save girl child.

Examine the legal position as to the order passed by the Central government in the given situation in the light of the Companies Act, 2013. **(6 Marks)**

- (b) The Director of Rom Limited proposed dividend at 12% on equity shares for the financial year 2016-17. The same was approved in the annual general meeting of the company held on 20th September, 2017. The Directors declared the approved dividends. They seek your opinion on the following matters:

- (i) Mr. A, 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?
- (ii) Ms. N was the holder of 1,000 equity shares on 31st March, 2017, but she has transferred the shares to Mr. R, whose name has been registered on 20th May, 2017. Who will be entitled to the above dividend? **(6 Marks)**

- (c) Mr. Ram was employed as financier in "Swaraj Ltd" on the surety of his good conduct, given by Mr. Janak, a good friend of the director of the company. Mr. Ram was kept on the salary of Rs. 45,000 per month. After 3 years, the company went into losses and so company decided for the cost cutting by retrenching of many employees and reducing the salaries of the employees. Mr. Ram was also proposed either to quit the job or continued with the lower salary of Rs. 35,000 per month. He accepted and continued with the job. After few months, it was reported by accounts department of the company that Mr. Ram manipulated with the funds of the company.

As per the provisions of the Indian Contract Act, 1872, analyse the legal positions of Mr. Janak, in the given situations:

- (i) Mr. Ram has manipulated the funds of the company since the time of his appointment.
- (ii) Mr. Ram has manipulated the funds of the company since from few months before when he accepted to continue the job on lower salary. **(4 Marks)**

- (d) Excel Ltd. declared dividend for its shareholder in its Annual General Meeting held on 30th September, 2017. Under the provisions of the Companies Act, 2013, company is required to pay declared dividend within 30 days from the date of declaration. As per the provisions of the General Clauses Act, 1897, discuss what will be the commencement and termination time for posting of declared dividend. **(4 Marks)**

2. (a) Examine the validity of the following with reference to the provisions of the Companies Act, 2013:-
- (i) "Mr. A", a practicing Chartered Accountant, is holding securities of "XYZ Ltd." having face value of Rs. 900/-. Whether Mr. A is qualified for appointment as an Auditor of "XYZ Ltd."?
 - (ii) "Mr. P" is a practicing Chartered Accountant and "Mr. Q", the relative of "Mr. P", is holding securities of "ABC Ltd." having face value of Rs. 90,000/-. Whether "Mr. P" is Qualified from being appointed as an Auditor of "ABC Ltd."? **(6 Marks)**
- (b) What are the powers of Registrar to make entries of satisfaction and release of charges in absence of intimation from company. Discuss as per the provisions of the Companies Act, 2013. **(6 Marks)**
- (c) Give the answer of the following as per the provisions of the Negotiable Instruments Act, 1881:
- (i) On a Bill of Exchange for Rs. 5 lakh, X's acceptance to the Bill is forged. 'A' takes the Bill from his customer for value and in good faith before the Bill becomes payable. State with reasons whether 'A' can be considered as a 'Holder in due course' and whether he (A) can receive the amount of the Bill from 'X'. **(4 Marks)**
 - (ii) Mr. Fraud, induced Mr. Bonafide, to draw a cheque payable to Mr. Payee or order, by fraud. Mr. Fraud obtained the cheque and forged Mr. Payee's endorsement and collected proceeds to the said cheque through his Bankers. Mr. Bonafide, wants to recover the amount from Payee's Bankers.
Advise, whether Mr. Bonafide, can recover the amount of the cheque from Payee's Bankers? **(4 Marks)**
3. (a) What is meant by "Abridged Prospectus"? Under what circumstances an abridged prospectus need not accompany the detailed information regarding prospectus along with the application form? What are the penalties in case of default in complying with the provisions related to issue of abridged prospectus? **(6 Marks)**
- (b) The Tribunal has ordered the re-opening of the accounts of MIT Ltd. The directors of the company has approached you to explain to them the provisions of the Companies Act, 2013 in respect of the re- opening of accounts on court's or Tribunal's order. **(6 Marks)**
- (c) What is the effect on the implementation of the Rules that are issued between passing and commencement of enactment. Explain as per the provisions of the General Clauses Act, 1897. **(4 Marks)**
- (d) When can the 'dictionary definitions' be used as an external aid for interpretation of any of the word or expression of an enactment? **(4 Marks)**
4. (a) Examine the following with reference of the provisions of the Companies Act, 2013.
- (i) Miraj Limited issued a notice with the agenda for nine businesses to be transacted in the Annual General Meeting (two businesses were regarding appointment of Mr. S and Mr. P as directors). The chairman decided to move the resolutions for all the nine businesses together to save the time of the members present. Examine the validity of the resolutions. **(4 Marks)**
 - (ii) Zorab Limited served a notice of General Meeting upon its members. The notice stated that a resolution to increase the share capital of the Company would be considered at such meeting. A shareholder complained that the amount of the proposed increase was not specified in the notice. Is the notice valid? **(4 Marks)**
- (b) What are the rights of the auditor of a company in respect of attending the General Meeting. **(4 Marks)**
- (c) How far are 'marginal notes' in an enactment helpful in interpreting any of the parts of an enactment? **(6 Marks)**

- (d) SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015 was issued by SEBI vide Notification dated 14th August, 2015 with effect from 1 January, 2016.

Referring to the provisions of the General Clauses Act, 1897, examine the date of enforcement of these Regulations? **(2 Marks)**

5. (a) Give answer in the following cases as per the Companies Act, 2013
- (i) X Ltd., holds 20 lacs shares in ABZ Ltd. In 2017, ABZ Ltd. controls the composition of the Board of directors of X Ltd. and transfers certain shares to it. State whether such transfer of shares by ABZ Ltd. to X Ltd. is valid.
- (ii) In continuation of above facts, Mr. R, is a member of the ABZ Ltd. He met an accident. Mr. N (son of Mr. R), is one of the director of the X Ltd. He was also a nominee of shares held by Mr. R. Being a legal representative and nominee, Mr. N gets transferred the shares of Mr. R. State on the validity of the transfer of such shares to Mr. N of X Ltd. **(7 Marks)**

- (b) A General Meeting was scheduled to be held on 15th April, 2017 at 3.00 P.M. As per the notice the members who are unable to attend a meeting in person can appoint a proxy and the proxy forms duly filled should be sent to the company so as to reach at least 48 hours before the meeting. Mr. X, a member of the company appoints Mr. Y as his proxy and the proxy form dated 10-04-2017 was deposited by Mr. Y with the company at its registered Office on 11-04-2017. Similarly, another member Mr. W also gives two separate proxies to two individuals named Mr. M and Mr. N. In the case of Mr. M, the proxy dated 12-04-2017 was deposited with the company on the same day and the proxy form in favour of Mr. N was deposited on 14-04-2017. All the proxies viz., Y, M and N were present before the meeting.

According to the provisions of the Companies Act, 2013, who would be the persons allowed to represent at proxies for members X and W respectively? **(5 Marks)**

- (c) Comment on the following:
'Principal is not always bound by the acts of a sub-agent'. **(4 Marks)**
- (d) Amit lends a horse to Bimal for his own riding only. However, Bimal allows Chinku, a member of his family to ride the horse. Chinku rides the horse with care, but the horse falls and is injured. As per the provisions of the Indian Contract Act, 1872, analyse the liability of Bimal in the given situation. **(4 Marks)**

6. (a) State in what way does the Companies Act, 2013 regulate and restrict the following in respect of a company going for public issue of shares:
- (i) Minimum Subscription, and
- (ii) Application Money payable on shares being issued **(6 Marks)**
- (b) M Limited held its Annual General Meeting on September 15, 2017. The meeting was presided over by Mr. Venkat, the Chairman of the Company's Board of Directors. On September 17, 2017, Mr. Venkat, the Chairman, without signing the minutes of the meeting, left India to look after his father who fell sick in London. Referring to the provisions of the Companies Act, 2013, examine the manner in which the minutes of the above meeting are to be signed in the absence of Mr. Venkat and by whom. **(6 Marks)**
- (c) A hires a carriage of B and agrees to pay Rs. 500 as hire charges. The carriage is unsafe, though B is unaware of it. A is injured and claims compensation for injuries suffered by him. B refuses to pay. Decide the liability of B in reference to the provisions of the Indian Contract Act, 1872. **(3 Marks)**
- (d) Explain the power of court for trial of to cases summarily, as per the provisions of the Negotiable Instruments Act, 1881. **(5 Marks)**