

**MOCK TEST PAPER**

**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) With a view to issue shares to the general public a prospectus containing some false information was issued by a company. Mr. X received 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. **(6 Marks)**
  - (b) During the financial year 2016-17, Perfect 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.
    - (i) Examine the validity of the Board's decision under the provisions of the Companies Act, 2013.
    - (ii) 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? **(6 Marks)**
  - (c) Mr. Bhalla instructs Aman, a merchant, to buy a ship for him. Aman employs a ship surveyor of good reputation to choose a ship for Mr. Bhalla. The surveyor makes the choice negligently and the ship turns out to be unseaworthy and is lost. Now, Mr. Bhalla holds Aman responsible for the same. Examine as per the provisions of the Contract Act, 1872, whether Aman is responsible to Mr. Bhalla. **(4 Marks)**
  - (d) Excel Ltd. declared dividend for its shareholder in its Annual General Meeting held on 30/09/2017. 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) Natraj Limited is an unlisted Public company having paid up share capital of ₹ 80 crores during the preceding financial year 2016-17. The turnover of the company was ₹ 110 crores for the same period. Referring to the provisions of the Companies Act, 2013, discuss the answer to the following:
    - (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? **(6 Marks)**
  - (b) Mr. Mehra holds 400 shares of Prema Ltd. He intends to nominate these shares to his son Aakash. Discuss the provisions of the Companies Act, 2013 in relation to facility of nomination. **(6 Marks)**
  - (c) (i) 'A' issued a cheque for ₹ 5,000/- to 'B'. 'B' did not present the cheque for payment within reasonable period. The Bank fails. However, when the cheque was ought to be presented to the bank, there was sufficient fund to make payment of the cheque. Now, 'B' demands payment from 'A'. Discuss the liability of 'A' under the Negotiable Instruments Act, 1881. **(4 Marks)**

- (ii) Discuss with reasons, whether the following persons can be called as a 'holder' under the Negotiable Instruments Act, 1881:
- (1) A who obtains a cheque drawn by B by way of gift.
  - (2) X, the payee of the cheque, who is prohibited by a court order from receiving the amount of the cheque. **(4 Marks)**
3. (a) Dhyani Dairy Ltd., a dairy products manufacturing company wants to set-up a new processing unit at Udaipur. Due to paucity of funds, the existing shareholders are not willing to fund for expansion. Hence, the Company approached Shayam Ltd. for subscribing to the shares of the Company for expansion purposes. Can Dhyani Dairy Ltd. issue shares only to Shayam Ltd. under the provisions of the Companies Act, 2013? If so, state the conditions. **(6 Marks)**
- (b) The directors of Ninu Ltd. want to voluntarily revise the Financial statements of the company. They have approached you to state to them the provisions of the Companies Act, 2013 regarding voluntary revision of financial statements. **(6 Marks)**
- (c) When does an enactment is said to have come into operation if the Act has not specified any particular date of its enforcement. Explain with the help of an example as per the provisions of the General Clauses Act, 1897. **(4 Marks)**
- (d) Give the difference between interpretation and construction. **(4 Marks)**
4. (a) Examine the validity of the following decisions of the Board of Directors with reference of the provisions of the Companies Act, 2013.
- (i) In an Annual General Meeting of a company having share capital, 80 members present in person or by proxy holding more than 1/10<sup>th</sup> of the total voting power, demanded for poll. The chairman of the meeting rejected the request on the ground that only the members present in person can demand for poll.
  - (ii) In an annual general meeting, during the process of poll, the members who earlier demanded for poll want to withdraw it. The chairman of the meeting rejected the request on the ground that once poll started, it cannot be withdrawn. **(8 Marks)**
- (b) State the provisions of the Companies Act, 2013 regarding the signing of the Audit report by the Auditors of the company. **(4 Marks)**
- (c) Explain how does 'natural and grammatical meaning' helps in the interpretation of a statute? **(6 Marks)**
- (d) State what do you understand by the term 'Document' as per the General Clauses Act, 1897? Discuss which of the following will be treated as document?
- (i) Power-of-attorney.
  - (ii) Cheque **(2 Marks)**
5. (a) An allottee of shares in a Company brought action against a Director in respect of false statements in prospectus. The director contended that the statements were prepared by the promoters and he has relied on them. Is the Director liable under the circumstances? Decide referring to the provisions of the Companies Act, 2013. **(7 Marks)**
- (b) Mind Limited realised on 2<sup>nd</sup> May, 2018 that particulars of charge created on 12<sup>th</sup> March, 2018 in favour of a Bank were not filed 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 12<sup>th</sup> February, 2018 instead of 12<sup>th</sup> March, 2018? Examine with reference to the relevant provisions of the Companies Act, 2013. **(5 Marks)**
- (c) State the rights of the indemnity-holder when sued? **(5 Marks)**

- (d) X draws a bill on Y but signs it in the fictitious name of Z. The bill is payable to the order of Z. The bill is duly accepted by Y. M obtains the bill from X thus becoming its holder in due course. Can Y avoid payment of the bill? Decide in the light of the provisions of the Negotiable Instruments Act, 1881. **(3 Marks)**
6. (a) Shree Ltd. is engaged in the manufacture of consumer goods and has got a good brand value. Over the years, it has built a good reputation and its Balance Sheet as at March 31, 2017 shows the following position:
- Authorized Share Capital (25,00,000 equity shares of face value of ₹ 10/- each) ₹ 2,50,00,000  
Issued, subscribed and paid-up capital (10,00,000 equity shares of face value of ₹10/- each, fully paid-up) ₹ 1,00,00,000  
Free Reserves ₹ 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. Discuss. **(6 Marks)**
- (b) Explain the provisions of the Companies Act, 2013 relating to Rectification by Central Government in register of Charges. **(6 Marks)**
- (c) Mr. Shashank, is employed as a cashier on a monthly salary of ₹ 10,000 by XYZ bank for a period of three years. Yash gave surety for Shashank's good conduct. After nine months, the financial position of the bank deteriorates. Then Shashank agrees to accept a lower salary of ₹ 5,000/- per month from Bank. Two months later, it was found that Shashank has misappropriated cash since the time of his appointment. What is the liability of Yash? Decide your answer in reference to the provisions of the Contract Act, 1872. **(3 Marks)**
- (d) Explain the holder's right to duplicate of lost bill, as per the provisions of the Negotiable Instruments Act, 1881. **(5 Marks)**