

Test Series: March, 2019

MOCK TEST PAPER - 1
INTERMEDIATE (NEW): GROUP – I
PAPER – 2: CORPORATE AND OTHER LAWS

Division A is compulsory.

In Division B, Question No.1 is compulsory

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

Time Allowed – 3 Hours

Maximum Marks – 100

DIVISION A

- Annual general meeting need to be called by giving 21 days' clear notice. However it can be called on a shorter notice if members entitled to vote in that meeting give their consent in writing or by electronic mode. In such case, how many members have to give their consents?
 - 75% of members entitled;
 - 90% of members entitled;
 - 91% of members entitled;
 - 95% of members entitled;

(1 Mark)
- Shruti, a common friend of Suchitra and Sukanya, got incorporated OPC sometime before and during a chit-chat with her friends informed them that there is some limit on the maximum capital which her OPC can have and she would have to convert her OPC either into a private or public limited company if such limit exceeded. Suchitra and Sukanya who are desirous of forming a private limited company for carrying on textile trading business, are unsure about the maximum capital which a private limited company can have. Advise.
 - A private limited company can have maximum of Rs. One crore as share capital.
 - A private limited company can have maximum of Rs. Two crores as share capital.
 - A private limited company can have maximum of Rs. Five crores as share capital.
 - A private limited company can have unlimited share capital.

(1 Mark)
- In Roopali Marketing Company Private Limited (Authorised capital 50,000 shares of Rs. 10 each and paid-up share capital of Rs. 4,50,000), 1000 shares are jointly held by Abeer and Abheek; another 800 shares are jointly held by Seema and Srividya; and another 1200 are jointly held by Ramesh, Raksha and Rajneesh. Further, 42,000 shares are held by 193 individual persons in their individual capacity. Is it possible for the company to induct more persons?
 - The company is unable to induct more persons since it already has two hundred individual members.
 - The company can induct four more persons as members.
 - The company can induct another 20 persons (*i.e. 10% of two hundred individual members*) after seeking permission from the concerned ROC.
 - If the company does not want to seek permission of the concerned ROC, it can induct only 10 more persons (*i.e. 5% of two hundred individual members*).

(2 Marks)

4. Corrupt Limited has received a request from Mr. Suresh for transfer of 100 partly paid equity shares, to Mr. Ramesh. However, Mr. Ramesh expired in the meantime, but no intimation of the same has been received by the company. In the given circumstances, advise as per the provisions of the Companies Act, 2013:
- (a) Corrupt Limited will not register the transfer the shares in the name of Mr. Ramesh, without verification from Mr. Suresh
 - (b) Corrupt Limited can register the shares in the name of Mr. Ramesh as it is not aware of the untoward incident.
 - (c) Corrupt Limited will not register the transfer the shares in the name of Mr. Ramesh, without verification from Mr. Ramesh
 - (d) Corrupt Limited will give the shares back to Mr. Suresh **(2 Marks)**
5. Vinay and Sanjay made a name reservation application accompanied by requisite fee to the Registrar for forming a new private company. The Registrar accorded its approval for reservation of most preferred name Vinanjay Softwares Private Ltd. on 7th July, 2018. By which date necessary documents for incorporation of the company must be submitted to the Registrar so that the reserved name does not get lapsed.
- (a) Latest by 20th July, 2018
 - (b) Latest by 27th July, 2018
 - (c) Latest by 4th August, 2018
 - (d) Latest by 4th September, 2018 **(2 Marks)**
6. Amex limited is a public company having a net- worth of Rs. 950 crores, turnover of 200 crores (the company is just 5 years since the date of its incorporation) during the immediately preceding financial year, has to constitute a Corporate Social Responsibility (CSR) Committee. It has 9 Directors (A, B, C, D, E, F, G, H and I). Further, Mr. F, G, H and I are independent directors. Out of the following statements which statement is correct:
- (a) CSR committee may constitute of A, B and C
 - (b) CSR committee may constitute of A, B and D
 - (c) CSR committee may constitute of A, F and G
 - (d) There is no need to constitute a CSR committee as the turnover is just 200 crores during the immediately preceding financial year **(2 Marks)**
7. Excellent Art Private Limited, has a paid up capital of Rs.50 crore, Turnover of Rs.25 crore and borrowing of Rs.25 crore and outstanding deposits of Rs.30 crore. Decide if the Company needs to comply with internal audit requirements under the Act?
- (a) No. The provisions of Internal audit are not applicable on private companies.
 - (b) Yes. Company is having Paid up capital of Rs.50 Crore and outstanding deposits more than Rs.25 crore.
 - (c) No. Because the borrowings are less than Rs.100 crore and Turnover is less than Rs.200 crore
 - (d) None of the above **(2 Marks)**
8. Advise whether the auditor appointed by a private limited company with paid up capital of Rs.30.00 Crore, in the following cases are valid for the financial year 2017-18:-
- (a) Amanpreet (an Individual auditor) who has been the auditor since the Financial Year 2011-12
 - (b) Firm MGA & associates, was appointed as auditor in the Financial Year 2011-12.

- (c) Firm MGA & associates, who completed 10 years continuously as auditor in company. Now company wants to appoint VGA & associates wherein Mr. V is a partner who is also partner in MGA & Associates.
- (d) The provisions of rotation of auditor are not applicable on private companies **(2 Marks)**
9. Supertech Computers Pvt. Ltd has 120 members. It sends notice to all of them. 20 members did not attend the meeting. Out of remaining 100 members, 20 members abstained from voting. Advise the company, how many members should vote in favour of resolution, if it has to be passed as a Special Resolution?
- (a) 60 Votes
(b) 80 Votes
(c) 41 votes
(d) 20 votes **(2 Marks)**
10. From the following information in respect of BMR Consultants Pvt. Ltd., compute the amount company is required to contribute on account of CSR:

Financial Year	Net Profit (in Lacs)
2015-16	15
2016-17	50
2017-18	70

- (a) Nil. If in any of the three financial years company has incurred losses, then company is not required to spend amount towards CSR but explain the reason for not spending the amount.
(b) Rs. 2.4 Lacs
(c) Rs. 80,000/-
(d) Rs. 2.1 Lacs **(2 Marks)**
11. When there is a conflict between two or more statute or two or more parts of a statute and both of them need to be honoured, then which rule of interpretation is to be applied
- (a) Rule of Harmonious construction
(b) Rule of Literal construction
(c) Rule of Beneficial construction
(d) Rule of exceptional construction **(1 Mark)**
12. While drawing a bill of exchange, a person whose name is given in addition to the drawee who can be resorted in case of need, is called
- (a) Acceptor
(b) Acceptor for honour
(c) Drawee in case of need
(d) Drawer **(1 Mark)**
13. Days of grace provided to the Instruments at maturity is (as per the provisions of the Negotiable Instruments Act, 1881)—
- (a) 1 day
(b) 2 days
(c) 3 days
(d) 5 days **(1 Mark)**

14. Which of the following is not an Immovable Property (as per the provisions of the General Clauses Act, 1897):
- (a) Land
 - (b) Building
 - (c) Timber
 - (d) Machinery permanently attached to the land **(1 Mark)**
15. Aman contracts to indemnify Megha against the consequences of any proceedings which Chandar may take against Megha in respect of a sum of Rs. 15000/- advanced by Chandar to Megha. Now, Megha who is called upon to pay the sum of money to Chandar but she fails to do so. Now, as per the provisions of the Indian Contract Act, 1872, advise the future course of action to be taken by Chandar.
- (a) Chandar can recover the amount only from Megha
 - (b) Chandar can recover the full amount from Aman
 - (c) Chandar cannot recover the amount from Aman
 - (d) Chandar can recover at least 10% of the total amount from Megha **(2 Marks)**
16. L made an offer to MD of a company. MD accepted the offer though he had no authority to do so. Subsequently L withdrew the offer but the company ratified the MD's acceptance. State which of the statement given hereunder is correct:
- (a) L was bound with the offer
 - (b) An offer once accepted cannot be withdrawn
 - (c) Both option (a) & (b) is correct
 - (d) L is not bound to an offer. **(2 Marks)**
17. The date of maturity of a bill payable hundred days after sight and which is presented for sight on 4th May, 2017, is (as per the provisions of the Negotiable Instruments Act, 1881):
- (a) 13 August, 2017
 - (b) 14 August, 2017
 - (c) 15 August, 2017
 - (d) 16 August, 2017 **(2 Marks)**
18. A draws a bill on B. B accepts the bill without any consideration. The bill is transferred to C without consideration. C transferred it to D for value. Decide as per the provisions of the Negotiable Instruments Act, 1881-
- (a) D can sue only A
 - (b) D can sue A or B only
 - (c) D can sue any of the parties A, B or C
 - (d) D cannot sue any of the parties A, B or C **(2 Marks)**

DIVISION B

1. (a) Data Limited (listed on Stock Exchange) was incorporated on 1st October, 2018 with a paid-up share capital of Rs. 200 crores. Within this small time of 4 months it has earned huge profits and has topped the charts for its high employee friendly environment. The company wants to issue sweat equity to its employees. A friend of the CEO of the company has told him that they cannot issue sweat equity shares as 2 years have not elapsed since the time company has commenced its business. The CEO of the company has approached you to advise them about the essential conditions to fulfilled before the issue of sweat equity shares especially since their company is just a few months old.? **(6 Marks)**
- (b) TAT Ltd. incurred loss in business upto 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. **(6 Marks)**
- (c) Explaining the provisions of the Indian Contract Act, 1872, answer the following:
- (i) A contracts with B for a fixed price to construct a house for B within a stipulated time. B would supply the necessary material to be used in the construction. C guarantees A's performance of the contract. B does not supply the material as per the agreement. Is C discharged from his liability?
- (ii) C, the holder of an over due bill of exchange drawn by A as surety for B, and accepted by B, contracts with X to give time to B. Is A discharged from his liability? **(4 Marks)**
- (d) Manoj owes money to Umesh. Therefore, he makes a promissory note for the amount in favour of Umesh, for safety of transmission he cuts the note in half and posts one half to Umesh. He then changes his mind and calls upon Umesh to return the half of the note which he had sent. Umesh requires Manoj to send the other half of the promissory note. Decide how rights of the parties are to be adjusted.
- Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881. **(3 Marks)**
2. (a) Referring to the provisions of the Companies Act, 2013, examine the validity of the following:
ABC Limited having a net worth of 120 crore rupees wants to accept deposit from its members. They have approached you to advise them regarding that if they fall within the category of eligible company, what special care has to be taken while accepting such deposit from members. **(4 Marks)**
- (b) Explain how the auditor will be appointed in the following cases :
- (i) A Government Company within the meaning of section 394 of the Companies Act, 2013.
- (ii) A Public Company whose shareholders include XYZ Bank (a nationalized bank) holding 18% of the subscribed capital of the company. **(6 Marks)**
- (c) A appoints M, a minor, as his agent to sell his watch for cash at a price not less than Rs. 700. M sells it to D for Rs. 350. Is the sale valid? Explain the legal position of M and D, referring to the provisions of the Indian Contract Act, 1872. **(4 Marks)**
- (d) Explain the meaning of 'Negotiation by delivery' with the help of an example. Give your answer as per the provisions of the Negotiable Instruments Act, 1881. **(3 Marks)**
3. (a) Alfa school started imparting education on 1.4.2010, with the sole objective of providing education to children of weaker society either free of cost or at a very nominal fee depending upon the financial condition of their parents. However, on 30th March 2018, it came to the knowledge of the Central Government that the said school was operating by violating the objects of its objective clause due to which it was granted the status of a section 8 company under the

- Companies Act, 2013. Describe what powers can be exercised by the Central Government against the Alfa School, in such a case? **(5 Marks)**
- (b) Examine the following situations in the light of the Companies Act, 2013
- (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 Rs. 1000/-. Whether Mr. Abhi is qualified for appointment as an Auditor of Abhiman Ltd.?" **(5 Marks)**
- (c) On a Bill of Exchange for Rs. 1 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)**
- (d) How far is 'preamble' in an enactment helpful in interpreting any of the parts of an enactment? **(3 Marks)**
4. (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? **(4 Marks)**
- (b) Examine the validity of the following with reference to the relevant provisions of the Companies Act, 2013:
- (i) The Board of Directors of Shrey Ltd. called an extraordinary general meeting upon the requisition of members. However, the meeting was adjourned on the ground that the quorum was not present at the meeting. Advise the company.
- (ii) Mr. Bheem is holding 500 shares (of ZYZ Limited) of total worth Rs. 5000 only. Advise, whether he has the right to inspect the Register of Members? **(6 Marks)**
- (c) A notice was served on Mr. P for appearing in the court. However, the notice could not be served on account of the fact that the house of the Mr. P was found locked. Thus, Mr. P. did not appear in the court at the said date. Examine the situation as per the provisions of the General Clauses Act, 1897 and determine whether Mr. P. will be liable in the given situation. **(4 Marks)**
- (d) Explain the principles of "Grammatical Interpretation" and "Logical Interpretation" of a Statute. **(3 Marks)**
5. (a) Mr Nilesh has transferred 1000 shares of Perfect Ltd. to Ms. Mukta. The company has refused to register transfer of shares and does not even send a notice of refusal to Mr. Nilesh or Ms. Mukta respectively within the prescribed period. Discuss as per the provisions of the Companies Act, 2013, whether aggrieved party has any right(s) against the company for such refusal? **(5 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. **(5 Marks)**
- (c) What is agent's authority in case of an emergency. What are the essential conditions to be satisfied to constitute a valid emergency. Give your answer as per the provisions of the Indian Contract Act, 1872. **(4 Marks)**
- (d) What do you understand by the term 'Good Faith'. Explain as per the provisions of the General Clauses Act, 1897. **(4 Marks)**