

Time Allowed—3 Hours

Maximum Marks—100

QCT

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi medium. If a candidate who has not opted for Hindi medium, answers in Hindi, his answers in Hindi will not be valued.

Question Nos. 1 and 7 are compulsory.

Candidates are required to attempt **four** questions out of Question Nos. 2, 3, 4, 5 and 6 and **two** questions out of Question Nos. 8, 9 and 10.

Marks

1. Answer any **four** of the following :

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| (a) W is the wife of H, who is lunatic, purchases a diamond set of Rs. 10 lacs from Beauty Jeweller on credit. Referring to the provisions of the Indian Contract Act, 1872, decide whether the Beauty Jeweller is entitled to claim the above amount from the property of H. | 5 |
| (b) A and B are partners in a firm. They borrowed a sum of Rs. 10,000 from M. Later on, A becomes insolvent but his assets are sufficient to pay back the loan. M compels B for the payment of the entire loan. Referring to the provisions of the Indian Partnership Act, 1932, examine the validity of M's claim and decide as to who may be held liable for the above loan. | 5 |
| (c) PQR Limited, New Delhi refused to pay bonus to its employees on the ground that an authorized controller appointed by the Delhi Government controls its management and as such is exempt from the liability to pay bonus. Referring the provisions of the Payments of Bonus Act, 1965, decide whether the plea of the company is tenable. | 5 |
| (d) L delivered sarees valuing Rs. 50,000 to R on 'Sale or Return Basis'. R further delivered these sarees to V and then V to M on the same terms and conditions. Subsequently, these sarees were burnt by fire while in the custody of M. L filed a suit against M for the recovery of the price. With reference to provisions of the Sale of Goods Act, 1930, examine whether L's suit for the price shall be maintainable. | 5 |

QCT

Marks

- (e) Referring to the provisions of the Multi-state Co-operative Societies Act, 2002, examine the validity of the following nominations made by the Central Government on the Board of a Multi-state Cooperative Society : 5
- (i) 2 members have been nominated to the Society's Board where the Central Government holds 21% of the issued share capital of the Society.
- (ii) 3 members have been nominated to the Society's Board where the Central Government holds 60% of the issued share capital of the Society.
- (f) V makes a gift of Rs. 10,000 to W through a cheque issued in favour of W. Later he (V) informs W not to present the cheque for payment and informs the bank also to stop payment. Examining the provisions of the Negotiable Instruments Act, 1881, decide whether V's above acts constitute an offence. 5
2. (a) G applies to Colours Bank for a loan of Rs. 80,000 needed for one year. The bank agrees to the loan at a high rate of interest because of the recession in the Indian Capital Market. G accepts the loan on these conditions. On due date G refuses to pay back the loan. He (G) pleads that the contract has been procured by exercising undue influence. The bank files a suit against G for recovery of the said loan. 5
- Decide whether the bank would be given any relief by the court under the provisions of the Indian Partnership Act, 1932.
- (b) The Government of Maharashtra holds 49% of the paid-up share capital of a Multi-state Co-operative Society registered under the Multi-state Co-operative Societies Act, 2002. The Government (Government of Maharashtra) seeks your advise whether Central Government can be approached to direct the Society for the Special Audit. Advise the Government of Maharashtra about the circumstances in which such an audit can be directed by the Central Government. Would your answer be still the same in case the Government of Maharashtra holds 51% of the paid-up share capital of the Society ? 5
3. (a) R of New Delhi sends his agent M to purchase certain goods from Global Enterprise, Mumbai on credit for him. Later on R pays the amount for the goods purchased. On another occasion, he again sends M to purchase goods but this time pays sufficient cash to M for the purpose. M, however again purchases the goods from Global Enterprises but on credit and soon thereafter he dies. Global Enterprise files a suit against R for recovery of the said amount. Decide whether Global Enterprise would be given any relief by the Court under the provisions of the Indian Contract Act, 1872. 5

QCT

- (b) V, a member of a Co-operative Society, registered with unlimited liability, desires to withdraw from the membership of the Society. In the light of the provisions of the Co-operative Societies Act, 1912, advise whether V can do so. What consequences, if any, shall follow upon of such withdrawal of membership from the Society ? 5
4. (a) State with reasons whether the following statements are 'Correct' or 'Incorrect' : 5
- (i) A railway receipt is not a document of title.
 - (ii) Payments made by a debtor are always appropriated in a Chronological order.
 - (iii) Right of lien and Right of stoppage in transit may be exercised simultaneously by an unpaid seller.
 - (iv) In an auction sale, goods to be auctioned can be put for sale in lots.
 - (v) In a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer unless and until the goods are ascertained.
- (b) M, S and N are partners in a firm. M retires from the firm without giving public notice of her retirement. Referring to the provisions of the Indian Partnership Act, 1932, decide whether M is liable for subsequent debts incurred by the firm. Would your answer still remain the same, if M is a sleeping partner but this fact is not known to the creditor of S and N ? 5
5. (a) The amount of bonus payable to N, a probationer chemist in Global Chemical Limited, is Rs. 12,000, during the accounting year 2007-2008. A sum of Rs. 10,000 was paid to her and Rs. 2,000 was deducted by the company under the pretext of proportionate deduction in bonus for two months maternity leave on full pay availed by her during the year. N files a suit against the company for recovery of the deducted amount. Examine the validity of N's claim under the provisions of the Payment of Bonus Act, 1965. 5
- (b) You being a Chartered Accountant in practice have been assigned the job of framing a 'Pension Scheme' for the employees of a company. State the matters for which you would make provision in the Scheme. 5

QCT

Marks

6. (a) Referring to the provisions of the Negotiable Instruments Act, 1881, examine whether acceptance of a bill of exchange in the following situations shall be treated as 'qualified' acceptance where the acceptor :
- (i) undertakes to pay only Rs. 2,000 for a bill drawn for Rs. 5,000;
- (ii) declares the payment to be independent of any other event;
- (iii) Writes : "Accepted, payable at ABC Bank".
- (b) Examine with reasons, the validity of the following nominations made under the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 :
- (i) J nominated N (his son) as a nominee.
- (ii) M nominated S (his wife) and K (a friend) as nominees.
- (iii) R who does not have a family nominated A (a close relative) as a nominee.
- (iv) G nominated N (a friend) as a nominee because he does not have a family at the time of nomination. Later, after one year he gets married to Z.
- (v) G nominated N (a friend) as a nominee because he does not have a family at the time of nomination. Later, after one year of nomination he gets married to N.
7. Answer any **four** of the following :
- (a) XYZ Limited obtained Certificate of Incorporation and Certificate of Commencement of Business from the Registrar of companies on 10th January, 2009 and 10th February, 2009 respectively. On 15th January, 2009, the company purchased office furniture worth Rs. 10,000 from the SAB Private Limited on credit. Later on the Company refuses to make payment of the said amount on the ground that company is not bound by contract entered into prior to issuing of Certificate of Commencement of Business. In the light of the provisions of Companies Act, 1956, advise whether XYZ Limited can be exempted from the above liability.
- (b) The registered office of India Software Limited is situated in Mumbai. The company desires to shift the registered office to Pune. As the advisor of the company what steps would you advise for shifting of the company's registered office from Mumbai to Pune under the provisions of Companies Act, 1956, as amended in 2000 ?

- (c) X, a minor purchased 500 equity shares of Rs. 10 each of a company, on which only Rs. 5 per share were paid, from the Mumbai Stock Exchange, and submitted an application to the company for transfer of these shares in his name. Examining the provisions of the Companies Act, 1956 decide whether these shares can be transferred to X. 5
- (d) The paid up share capital of ABC Private Limited is Rs. one crore consisting of 8,00,000 equity shares of Rs. 10 each and 2,00,000 cumulative preference shares of Rs. 10 each, both fully paid up. PQR Private Limited and MNO Private Limited are holding 3,00,000 equity shares and 1,50,000 equity shares respectively in ABC Private Limited. PQR Private Limited and MNO Private Limited are the subsidiaries of UMC Private Limited. Examine with reference to the provisions of the Companies Act, 1956, whether ABC Private Limited is a subsidiary of UMC Private Limited. Would your answer be different, if UMC Private Limited controls the composition of Board of Directors of ABC Private Limited? 5
- (e) The Board of Directors of ABC Limited called an Extra-ordinary General Meeting of the company to transact certain urgent matters. The meeting could not be held for want of requisite quorum. As a result, the meeting was adjourned to next week. Again, at the adjourned meeting also the requisite quorum was not present. Members present at this meeting held the meeting and passed certain resolutions. 5

With reference to provisions of Companies Act, 1956, examine the validity of the meeting and state whether resolutions passed at such meeting shall be binding upon the company and its members.

8. (a) Gold Limited invited applications for the issue of 5,00,000 Equity shares of Rs. 10 each through a public issue. As per prospectus, applicants were required to pay only Rs. 2 on application. 'A' applies for 500 shares and deposits Rs. 5,000 to the company—because he did not properly go through the terms of the offer. Later, he applies to the company seeking refund of the excess amount paid by him. Referring to the provisions of Companies Act, 1956, decide whether the company is bound to refund the excess money to 'A'. 5

(b) As a Corporate Professional advise your client company whether the following matters can be transacted by getting a resolution passed through Postal Ballots : 5

- (i) Issue of shares with differential voting-rights;
- (ii) Sale of whole of the undertaking of a company;
- (iii) Buy-back of own shares by the company.

9. (a) Board of Directors of ABC Limited wants to transact the following matters at the forthcoming Annual General Meeting of the company : 5

- (i) Approval of Financial Statements — Balance Sheet and Profit and Loss Account.
- (ii) Declaration of Dividend.
- (iii) Election of Directors.
- (iv) Appointment of Auditors.
- (v) Fixation of Auditors' Remuneration.
- (vi) Sale of an undertaking of the company to XYZ Limited for a consideration of Rs. 100 crores.
- (vii) Setting up a subsidiary company in U.K. in collaboration with a company incorporated there at.

You being the senior officer of the company are directed by the Board of Directors to classify the above matters into 'ordinary' and 'special' business to be transacted at the above meeting and state the types of resolutions required to be passed for transacting the above matters.

(b) Golden Private Limited in its Article of Association provides a format of 'proxy form' different from the one prescribed by the Companies Act, 1956 in Schedule IX. S, a shareholder submits an instrument appointing proxy to the company in the form as prescribed in Schedule IX. The company rejects the proxy on the ground that it is not on the form as prescribed in Articles of Association of the company. Is the rejection valid under the provisions of Companies Act, 1956 ? Decide giving reasons. 5

10. (a) Star Limited forfeited 80 equity shares and re-issued the same at a premium of Rs. 2,000 resulting in a surplus earning of Rs. 2,000. The company did not file the return of allotment with the Registrar of the companies in respect of re-issued shares. Explain with reasons whether the company has contravened the provisions of the Companies Act, 1956. 5
- (b) XYZ Company Private Limited desirous of raising funds through acceptance of deposits from the public seeks your advise on the matter. You being the financial advisor of the company, advise the company whether acceptance of deposits from the public in the given case be valid under the provisions of the Companies Act, 1956. 5