

AMIT BACHHAWAT TRAINING FORUM

LAW MOCK TEST PAPER(1)

Q1 is Compulsory & Any five from the rest

Q1(A). The notice of a shareholders meeting was despatched on 14th July for a meeting to be held on 14th August.

- a. Mr. X was a shareholder on 14th July but was not a shareholder on the cut off date. Mr. X reached the venue but was not allowed to vote. Discuss in the light of the cut off date. **3 Marks**
- b. Mr. A deposited the proxy form in favour of Mr. B but it was not accepted although it was deposited timely. What can be the grounds for rejection of the proxy form? **2 Marks**

(B). AGM is going to be held on 18th September

- a. E voting is compulsory for this particular company. Please suggest the
 - a. E voting period
 - b. When will the remote e-voting close
 - c. When will the results of E voting be declared**3 Marks**
- b. Mr. Dhobi has been appointed to act as a Proxy on behalf of Mr. Gabber whose holding in that particular company is 11% of the total share capital(carrying voting rights). Can Mr. Dhobi act as a proxy for another member as per Sec 105 of the companies Act 2013? **2 Marks**

(C). A Company served a notice of General Meeting upon its members. The office stated that a resolution to increase the share capital of the Company would be considered at such Meeting. A shareholder complains that the amount of the proposed increase was not specified in the notice. Is the notice valid? **5 Marks**

(D). The articles of ABC Limited provided that only those shareholders would be entitled to vote whose names have been there on the Register of Members for two months before the date of the meeting. X, a member, of the ABC Limited was holding 200 equity shares of the Company. X transferred his shares to Y before one month from the date on which the meeting was due. The name of Y could not be entered in the Register of Members as the application of transfer of shares was pending X attended the meeting but he was prohibited by the company from exercising his voting right on the ground that he has not hold his share for specified period as provided in the articles before the date of the meeting. State whether X can exercise his voting right in the meeting? State also the grounds upon which X may be excluded from exercising his voting rights in the meeting of the shareholders. **5 Marks**

Q2.

- a. The principal business of XYZ Company Ltd. was the acquisition of vacant plots of land to erect the house. In the course of transacting the business, the Chairman of the Company acquired the knowledge of arranging finance for the development of land. The XYZ Company introduced a financier to another company ABC Ltd. and received an agreed fee of Rs. 2 lakhs for arranging the finance. The Memorandum of Association of the company authorises the company to carry on any other trade or business which can in the opinion of the board of directors, be advantageously carried on by the company in connection with the company's general business. Referring to the provisions of the Companies Act, examine the validity of the contract carried out by XYZ Company Ltd. With ABC Ltd. **4 MARKS**

- b. Peek Ltd Co. 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:
 (i) Whether Mr. X is liable to pay the unpaid amount?
 (ii) Can Mr. X sue the directors of the company to recover damages?
 False statement in Prospectus under the Companies Act, 2013 **4 MARKS**
- c. The Articles of Association of Mars Company Ltd. provides the documents may be served upon the Company only through fax. Ramesh dispatched a document to the company by post, under certificate of posting. The Company does not accept it on the ground that it is in violation of the articles of association. As a result Ramesh suffers loss. Explain with reference of provisions of the Companies Act, 2013.
 i. What refusal of document by the Company is valid?
 ii. Whether Ramesh can claim damages on this basis? **4 MARKS**
- d. A company was engaged in three separate ventures under three different units. Separate accounts were prepared in each unit. One of the units was not doing well. Its employees wanted to be paid bonus along with the employees of the other two units as part of one single establishment. Decide. **4 MARKS**

Q3.

- a. A charge requiring registration with Registrar of Companies was created on 1st February, 2008 by XYZ Ltd. The Secretary of the Company realized on 15th March, 2008 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. **4 MARKS**
- b. Can a private company accept deposits from shareholders without complying with Sec 73? **4 MARKS**
- c. State the pressures which are faced by the finance and accounting professionals' in an organization in the compliance of fundamental principles of ethics. **4 MARKS**
- d. Mr. Ahuja of Delhi engaged Mr. Singh as his agent to buy a house in West Extension area. Mr. Singh bought a house for Rs.20 lakhs in the name of a nominee and then purchased it himself for Rs.24 lakhs. He then sold the same house to Mr. Ahuja for Rs.26 lakhs. Mr. Ahuja later comes to know the mischief of Mr. Singh and tries to recover the excess amount paid to Mr. Singh. Is he entitled to recover any amount from Mr. Singh? If so how much? Explain. **4 MARKS**

Q4.

- a. Ravi sent a consignment of goods worth Rs.60,000 by railway and got railway receipt. He obtained an advance of Rs.30,000 from the bank and endorsed and delivered the railway receipt in favour of the bank by way of security. The railway failed to deliver the goods at the destination. The bank filed a suit against the railway for Rs.60,000. Decide in the light of provisions of the Indian Contract Act, 1872, whether the bank would succeed in the said suit? **6 MARKS**
- b. Draft a partnership dissolution deed. **6 MARKS**
- c. 'A' draws a cheque for Rs.50,000 when the cheque ought to be presented to the drawee bank, the drawer has sufficient funds to make payment of the cheque. The bank fails before the cheque is presented. The payee demands payment from the drawer. What is the liability of the drawer? **4 MARKS**

Q5.

- a.** Explain the manner in which the gratuity payable to employees in seasonal as well as other establishments is calculated under the Payment of Gratuity Act, 1972. State also the maximum amount of gratuity payable under the Act. **4 MARKS**
- b.** State the difference between Negotiation and Assignment **4 MARKS**
- c.** What is meant by 'Corporate Governance'? State the major 'characteristics' or good corporate governance. **4 MARKS**
- d.** Draft a notice of AGM **4 MARKS**

Q6.

- a.** S retired from the services of PQR Limited, on 31st March, 2009. He had a sum of Rs.5 lac in his Provident Fund Account. It has become due for payment to S on 30th April, 2009 but the company made the payment of the said amount after one year. S claimed for the payment of interest on due amount at the rate of 15 percent per-annum for one year. Decide, whether the claim of S is tenable under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. **4 MARKS**
- b.** An employee of a company purchased certain shares of his company through a member of a stock exchange and lodged with a company an application for transfer of shares in his (employee's) name. The company refused to execute the transfer on the suspicion that the employee, if admitted as a member of the company, will create nuisance in general meetings and seek access to the records of the company. Decide giving reasons
 - (i) Whether the company's contention shall be tenable; and
 - (ii) What is the remedy available to the employee in the given case? **4 MARKS**
- c.** What are modes of reduction of Share Capital? **4 MARKS**
- d.** State the parameters of Competition Law. **4 MARKS**

Q7.

- a.** Define a Dormant Company? **4 MARKS**
- b.** The Board of Directors of XYZ Private Limited, a subsidiary of SRN Limited, decided to grant a loan of Rs.2.00 lac to P, the Finance Manager of the Company getting salary of Rs.30,000 per month, to buy 400 partly paid –up equity share of Rs.1,000 each of XYZ Limited. Examine the validity of Board's decision with reference to the provisions of the Companies Act, 2013. **4 MARKS**
- c.** What do you mean by Emotional Intelligence & Emotional quotient? **4 MARKS**
- d.** How to resolve the conflict faced by accounting professional **4 MARKS**

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LAW MOCK TEST PAPER(2)

Time: 3 Hours

Total: 100 Marks

Answer any 6 Questions out of 8. But Question number 1 is compulsory.

Q1.(a) Muktarlam Ltd. has raised money from **public by issuing** prospectus for the construction of thermal power project but now the company wants to alter its objects and use the unutilized money so raised for the purpose of constructing Jute manufacturing unit

The total strength of members in **the company is 190**

Advice as per the light of the above case, whether it is required to discuss the matter by means of postal ballot or not? (5)

(b). Reckon Ltd raised funds on the basis of private placement by issuing:-

(i) Equity shares to 199 persons

(ii) 9.5% preference shares to 198 persons and

(iii) 11% debentures to 192 persons for that year

Advice whether the provision as per Sec 42 can be availed on the ground that number of person <200? Also highlight briefly any other formalities (5)

(C) A, the bailor, pledges a cinema projector and other accessories with Cine Association Co-operative Bank Limited, the bailee for a loan. A requests the bank to allow the pledged goods to remain in his possession and promises to hold the same in trust for the bailee and also further promises to handover the possession of the same to the bank whenever demanded.

Examining the provisions of the Indian Contract Act, 1872 decide, whether a valid contract of pledge has been made between A, the bailor and Bank, the bailee? (5)

(d) What are sources of Ethical Standards? (5)

Q2.(a)(i) 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 to the provisions of the payment of Bonus Act, 1965, decide whether the plea of the company is tenable. (2)

(ii) X Ltd was a newly set up company in 2013. This is 2015 year and it does not have profits but employees are still claiming bonus? (2)

(b) (i) What are major characteristics of good corporate governance? (2)

(ii) CSR spending is compulsory for all companies. Comment (2)

(c) What are safeguards to overcome threats faced by accounting professional? (4)

(d) Can continuing guarantee be revoked? Explain how. (4)

Q3.(a)(i) Gothiya Ltd. made a default in the redemption of Debenture and the matter was finally

remedied on 2/11/2013. Can Gothiya Ltd. come out with an offer to purchase its own securities on 6/11/2015? (2)

(ii) . To whom the right shares can be offered as per Sec 62 of the Companies Act, 2013? (2)

(b) Write a note on Agency by Ratification? (4)

(c) Draft a partnership dissolution deed? (4)

(d) What do you mean by emotional intelligence and emotional quotient? (2 ½)

(e) Mention 3 competencies related to emotional intelligence? (1 ½)

Q4.(a) How many minimum members shall demand:

(i) Special Notice (1 ½)

(ii) Poll (1 ½)

(iii) For which types of companies is E-voting compulsory? (1)

(b) Draft a suitable resolution for change of registered office from Kolkata to Delhi with explanatory Statement? (4)

(c) State major highlights of amendment made Employee Provident Fund Scheme in 2014? (4)

(d) At what rate gratuity is payable to seasonal establishment's employee and piece rated employees? (4)

Q5. (a) State the provisions relating to eligibility to borrow deposits from public? (4)

(b) What are steps for E-filing? (4)

(c) The objects clause of the Memorandum of Association of the XYZ (Pvt) Ltd. New Delhi, authorized to do trading in Mangoes. The Company, however, entered into partnership with Mr.A and traded in Mangoes and incurred liabilities to Mr.A. The Company, subsequently, refused to admit the liability to 'A' on the ground of "ultra vires the Company".

Advice, whether stand the company is legally valid and if so, give reason in support of your answer? (4)

- (d)(i) Why are secretarial standards framed? (1 ½)
(ii) Which SS are compulsory? (1)
(iii) What is purpose of MGT-14 (1 ½)
- Q6** (a) State the criminal liability for misstatement in prospectus (4)
(b) Can a holding company allot shares of its company to its subsidiary? (4)
(c) When can a company start exercising borrowing powers? (4)
(d) (i) Can a company issue shares with differential Voting rights? (2)
(ii) Can transfer of shares in a Public company be restricted? (2)

Q7.(a) A cheque payable to bearer is crossed generally and marked "not negotiable". The cheque is lost or stolen and comes into possession of B who takes it in good faith and gives value for it. B deposits the cheque into his own bank and his banker presents it and obtains payment for his customer from the bank upon which it is drawn. The true owner of the cheque claims refund of the amount of the cheque from B. Discuss the liability of the banker collecting the cheque and the banker paying the cheque and B to the true owner of the cheque referring to the relevant provisions of the Negotiable Instruments Act, 1881. (4)

b(i)

J, a shareholder of a company purchased for his personal use certain goods from a mall (Departmental store) on credit. He sent a cheque drawn on the company's account to the Mall (Departmental Store) towards the full payment of bill. The cheque was dishonored by the company's bank. J, the shareholder of the company was neither a Director nor a person in-charge of the Company. Examining the provisions of the Negotiable Instrument Acts 1881 state whether J has committed an offence under section 138 of the Act and decide whether he (J) can be held liable for the payment, for the goods purchased from the Mall (Departmental Store). (4)

OR

b(ii)

A cheque was dishonored at the first instance and the payee did not initiate action. The cheque was presented for payment for the second time and again it was dishonored. State in this connection whether the payee can subsequently initiate prosecution for dishonor of cheque?

(C) What is the difference between negotiation and assignment? (4)

(i)(a) Write a brief note on SA - 8000? (1 ½)

(ii)(b) Write a brief note on green accounting system? (2 ½)

OR

(d) (i) What are ways of issuing securities by Private Company? (1)

(ii) Who authenticates documents under Companies Act? (1)

(iii) Define any one:

(1) Promoter (2) Control (3) Financial year (2)

(e) 500 Equity shares in XYZ Ltd. were acquired by Mr. 'B' but the signature of Mr. 'A' the transferor on the transfer deed was forged. Mr. 'B' after getting the shares registered by the company in his name, sold 200 equity shares to Mr. 'C' on the strength of the share certificate issued by 'XYZ' Ltd. Mr. 'B' and Mr. 'C' were not aware of the forgery. What are the rights of Mr. 'A' 'B' & 'C' against the company with reference to the aforesaid shares? (4)

Q8(a)(i) State the procedure for issuing duplicate share certificate? Briefly (2)

(ii) X Ltd was incorporated on 14th Feb 2015 within what time X Ltd should have its regd office? (2)

(b) (i) Who is eligible to form OPC? (1)

(ii) Can a person act as Proxy for 49 persons having 13% voting shares? (1)

(iii) Can a shareholders' meeting be called by shorter notice? How? (1)

(c)(i) Mrs Kirti Singh who is not subjected to be reappointed as auditor of Uttam Ltd. has to be heard at meeting prior to her removal. Can this matter be transacted by means of Postal Ballot? The total strength of members in the company is 800. (2)

(ii) **True/False** with reason:

1. Unlisted company does not require a matter to be discussed by postal ballot (1)

2. Debentures must be redeemed within 20 years if relised for infrastructure projects? (1)

3. All companies must conduct AGM? (1)

(d) Define any one:

(a) Foreign Company (b) Net worth (c) Small Company. (4)

AMIT BACHHAWAT'S TRAINING FORUM

IPCC MOCK TEST PAPER

LAW MOCK TEST PAPER (3)

Full marks:100

Q1. is Compulsory and any five from the rest:

- a. What documents are filed with Registrar of companies for the incorporation of a company? **4Marks**
- b. Comment: - "Certificate of Incorporation is a conclusive evidence that all registration formalities for incorporation of a company are complied with" **4Marks**
- c. What factors are required for a sustainable innovative organization? **4Marks**
- d. What safeguards are adopted to overcome threats in an accounting firm? **4Marks**
- e. "CSR is compulsory for every company and non contribution towards CSR is a punishable offence " _ comment.

Q2

- a.Explain the scale of assurance benefit under EDLIS SCHEME? **4Marks**
- b. M owes money to N. Therefore, he makes a promissory note for the amount in favour of N, for safety of transmission he cuts the note in half and posts one half to N . He then changes his mind and calls upon N to return the half of the note which he had sent. N requires M to send the other half of the promissory note. Decide how a rights of the parties are to be adjusted. **4Marks**
- c. Green Ltd. made a private placement by offering equity shares to 270 persons out of which 65 persons are the employees of the company who subscribed for shares under a scheme of ESOP as per Sec 62 and 7 of them belong to Qualified Institutional Buyers. Discuss in the light of the above case whether the provision of Sec 42 can be availed or it will be termed as public issue? **4Marks**
- d. State the provisions and rules relating to issue of ESOP by a company? **4Marks**

Q3.

- a. What conditions are to be complied by a public company before inviting deposits from public? **4Marks**
- b. (i) Lotus Info Ltd. entered into a settlement with its workmen providing for payment of gratuity at the rate of one month's salary for every completed year of service. An employee retired on superannuation and claimed gratuity as per the settlement. the employer pleaded that he is under no obligation to pay gratuity more than the rate prescribed under The payment of Grtuity Act, 1972. is the employer's contention tenable in law? **2Marks**
- (ii) Naresh was working in Navodaya School continuously for 30 years. the school has been employing 30 teachers. On attaining the age of superannuation, he retired from service. The management declined to pay gratuity to Naresh. He preferred a claim for the payment of gratuity before the authority concerned under the Payment of Gratuity Act, 1972. Will he succeed? **2Marks**
- c. A cheque payable to bearer is crossed generally and marked "not negotiable". The cheque is lost or stolen and comes into possession of B who takes it in good faith and gives value for it. B deposits the cheque into his own bank and his banker presents it and obtains payment for his customer from the bank upon which it is drawn. The true owner of the cheque claims refund of the amount of the cheque from B. **4Marks**
- d. Hotel Amravati is managed by a firm employing more than 100 employees and covered under the provisions of the Employees' Provident funds and Miscellaneous Provisions Act, 1952. Some of its partners started a new restaurant in the premises registering the restaurant as a new unit as per the applicable state enactment. The restaurant is a different establishment and is not covered under the Employees' Provident funds and Miscellaneous Provisions Act,1952. Will it succeed? **4Marks**

Q4.

- a. What is the time limit for registering modification of charge with ROC? **4Marks**

b. X sent a consignment of mobile phones worth Rs.60,000 to Y and obtained a railway receipt therefore. Later he borrowed a loan of Rs.40,000 from Star Bank and endorsed the railway receipt in favour of the Bank as security. In transit the consignment of mobile phones was lost. The bank files a suit against the railway for a claim of Rs.60,000 the value of the consignment. The railway contended that the Bank is entitled to recover the amount of loan i.e Rs.40,000 only. Examining the provisions of the Indian Contract Act, 1872 decide whether the contention of the railway is valid.

4Marks.

Mention briefly about various committees to be framed for better corporate governance?

4Marks

d. What are factors required for good corporate governance?

4Marks

Q5.

a. Mrs. Pagli has been appointed to act as proxy on behalf of 50 members in Pagla Ltd. The aggregate of holding between Mrs. Pagli and its 50 members is 10% of the total share capital of the company carrying voting rights. Advice as per Sec 105 of the companies Act 2013 whether the provision contained in the act has been duly complied or not ?

4Marks

b. Write short notes on irrevocable agency.

4Marks

c. What are steps for e - filing?

4Marks

d. (i) How many should demand for poll?

2Marks

d.(ii) How many should give a request for special notice ?

2Marks

Q6.

a. Write a short note on Green Accounting System?

4 Marks

b. write short note on National co. Law tribunal?

4 Marks

c. Comment:-

Even in a public company shares are sometime not freely transferable.

4 Marks

d. Comment:-

(i) Champerty is always void in India.

2 Marks

(ii) Agreement to compound offences is always void.

2 Marks

Q7.

a. What are the rules for issuing shares with differential voting rights?

4 Marks

b. Discuss the criminal liability for misstatement in prospectus.

4 Marks

c. Draft the memorandum of association of a one person company

4 Marks

d. Draft an explanatory statement be annexed to a notice

4 Marks