

Free of Cost

ISBN : 978-81-7666-675-6

SCANNER™ Appendix

**PE. (Course-II) Gr. I
November - 2009**

INDEX

Paper 1	—	Accounting	I-1
Paper 2	—	Auditing	I-8
Paper 3A	—	Business Laws	I-10
Paper 3B	—	Corporate Laws	I-13

PAPER'S

Paper - 1 : Accounting

Chapter-5 : Accounting Standards

2009 - Nov [6] Answer the following :

- (a) A Company entered into an agreement to sell its immovable property to another company for 35 lakhs. The property was shown in the Balance Sheet at Rs. 7 lakhs. The agreement to sell was concluded on 15th February, 2009 and sale deed was registered on 30th April, 2009. You are required to state, with reasons, how this event would be dealt with in the financial statements for the year ended 31st March, 2009.
(5 marks)
- (d)(i) Explain the disclosure requirement for fixed assets as per AS-10.
(3 marks)
- (ii) During the year 2008-09, P Limited incurred the following expenses on machinery :
Rs. 2.50 lacs as routine repairs and Rs. 75,000 on partial replacement of as part. Rs. 7 lacs on replacement of part of machinery which will improve the efficiency of the machine.
(2 marks)
- (f) Goods of Rs. 5,00,000 were destroyed due to flood in September, 2006. A Claim was lodged with insurance company. But no entry was passed in the books for insurance claim.

In March 2009, the claim was passed and the company received a payment of Rs. 3,50,000 against the claim. Explain the treatment of such receipt in final accounts for the year ended 31st March, 2009.

(5 marks)

Chapter-7 : Branch Accounts

2009 - Nov [3] (a) Neo Ltd., with headquarters at Mumbai, maintains a branch at Goa. Goods are invoiced at cost plus 25%. In respect of Goa branch, the following information pertaining to the year ended 31st March, 2009 are made available to you :

	Rs.	
Goods sent to Branch (at Invoice price)		6,75,000
Goods returned by branch during the year (at Invoice price)		24,000
Cash sales effected by branch		1,85,000
Discount allowed to customers		2,500
Amount received from branch debtors		3,25,000
Cheques of customers which got dishonoured		8,000
Branch expenses met in cash		72,500
Sales return at Goa branch		10,000
Bad debts		5,500
	On 31 st March, 2009	On 31 st March, 2008
Branch debtors	1,05,000	50,000
Stock at branch		
(at Invoice price)	2,36,000	1,50,000

Adopting the Stock and debtors system, you are required to prepare the following Ledger accounts, as appearing in the books of the Head Office :

- (i) Goa branch debtors account;
- (ii) Goa branch adjustment account;
- (iii) Goa branch profit and loss account.

(8 marks)

Chapter-12 : Introduction to Government Accounts

2009 - Nov [6] Answer the following :

- (c) Explain the structure of Government Accounts in India. (5 marks)

Chapter-13 : Accounting for Agricultural Farms

2009 - Nov [6] Answer the following :

- (e) Explain the use of accounting information in Agricultural Farm.

(5 marks)

Chapter-14 : Introduction to Partnership Accounts

2009 - Nov [2] (a) A, B and C run a business sharing profits and losses in proportion of 2 : 2 : 1. On 1st January, 2008 their respective Capitals were Rs. 96,000, Rs. 90,000 and Rs. 84,000.

On 30th June, 2008 the following was the position :

	Rs.
Creditors	30,000
Furniture	9,000
Book debts	1,80,000
Stock	90,000
Cash in hand and at bank	36,000

The drawings of the partners respectively were Rs. 12,000, Rs. 9,000 and Rs. 6,000 during the half-year. Each partner is entitled to an interest at the rate of 5% p.a. on capital. Interest on drawing was calculated as Rs. 600 for A, Rs. 450 in case of B and Rs. 300 in case of C.

You are required to prepare :

- A statement of affair as on 30th June, 2008.
- Calculate the profits for the half-year ending on 30th June, 2008 and allocate the same amongst the partners. Also calculate capital of each partner as on 30th June, 2008. (8 marks)

2009 - Nov [6] Answer the following :

- 'A' and 'B' are partners sharing Profits and Losses in the ratio of 3 : 1. Their capitals were Rs. 3,00,000 and Rs. 2,00,000 respectively. As from 1st April, 2009, it was agreed to change the profit sharing ratio to 3 : 2. According to the partnership deed, goodwill should be valued at two years' purchase of the average of three years' profits. The profits of the previous three years ending 31st March were : 2007 Rs. 1,50,000; 2008 Rs. 2,00,000 and 2009 Rs. 2,50,000. Pass the necessary journal entry to give effect to the above arrangement in the capital accounts of the partners. (5 marks)

Chapter-15 : Dissolution of Firms

2009 - Nov [3] (b) P, Q and R are partners sharing profits and losses as to 2 : 2 : 1. Their Balance Sheet as on 31st March, 2009 is as follows :

Liabilities	Rs.	Assets	Rs.
Capital accounts		Plant and Machinery	1,08,000
P	1,20,000		
Q	48,000		
R	<u>24,000</u>		
	1,92,000		
Reserve Fund	60,000	Fixtures	24,000
Creditors	48,000	Stock	60,000
		Sundry debtors	48,000
		Cash	60,000
	<u>3,00,000</u>		<u>3,00,000</u>

They decided to dissolve the business. The following are the amounts realized:

	Rs.
Plant and Machinery	1,02,000
Fixtures	18,000
Stock	84,000
Sundry debtors	44,400

Creditors allowed a discount of 5% and realization expenses amounted to Rs. 1,500. There was an unrecorded asset of Rs. 6,000 which was taken over by Q at Rs. 4,800. A bill for Rs. 4,200 due for sales tax was received during the course of realization and this was also paid.

You are required to prepare :

- Realisation account
 - Partners capital account
 - Cash account.
- (8 marks)

Chapter-22 : Underwriting of Shares and Debentures

2009 - Nov [4] (a) 'X' Ltd., issued 1,00,000 equity shares of Rs. 10 each at par. The entire issue was underwritten as follows :

A—60,000 shares (Firm underwriting 8,000 shares)

B—30,000 shares (Firm underwriting 10,000 shares)

C—10,000 shares (Firm underwriting 2,000 shares)

The total applications including firm underwriting were for 80,000 shares.

The marked applications were as follows :

A—20,000 shares; B—14,000 shares; C—6,000 shares.

The underwriting contract provides that credit for unmarked applications be given to the underwriters in proportion to the shares underwritten.

Determine the liability of each underwriter. (8 marks)

Chapter-24 : Amalgamation and Reconstruction

2009 - Nov [2] (b) The following is the Balance Sheet of X Ltd. as on 31st March, 2009 :

Liabilities	Rs.	Assets	Rs.
12,000-10% preference share of Rs. 100 each	12,00,000	Goodwill	90,000
24,000-equity share of Rs. 100 each	24,00,000	Land & Building	12,00,000
10% debentures	6,00,000	Plant & Machinery	18,00,000
Bank overdraft	6,00,000	Stock	2,60,000
Sundry Creditors	3,00,000	Debtors	2,80,000
		Cash	30,000
		P & L A/c	14,00,000
		Preliminary expenses	40,000
	<u>51,00,000</u>		<u>51,00,000</u>

On the above date, the company adopted the following scheme of reconstruction :

- (i) The equity shares are to be reduced to shares of Rs. 40 each fully paid and the preference shares to be reduced to fully paid shares of Rs. 75 each.
- (ii) The debentureholders took over stock and debtors in full satisfaction of their claims.
- (iii) The Land and Building to be appreciated by 30% and Plant and Machinery to be depreciated by 30%.
- (iv) The fictitious and intangible assets are to be eliminated.
- (v) Expenses of Reconstruction amounted to Rs. 5,000.

Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance Sheet. (8 marks)

Chapter-25 : Liquidation of Companies

2009 - Nov [4] (b) 'A' Ltd. is to be liquidated. Their summarised Balance Sheet as at 30th September, 2008 appears as under :

Liabilities :	Rs.
5,00,000 equity shares of Rs. 100 each	50,00,000
Secured debentures (on Land and Buildings)	20,00,000
Unsecured loans	40,00,000
Trade creditors	<u>70,00,000</u>
	<u>1,80,00,000</u>

Assets :	
Land and Buildings	10,00,000
Other fixed assets	40,00,000
Current Assets	90,00,000
P and L A/c	<u>40,00,000</u>
	<u>1,80,00,000</u>

Contingent liabilities are :

For bills discounted	2,00,000
For excise duty demands	3,00,000

On investigation, it is found that the contingent liabilities are certain to devolve and that the assets are likely to be realised as follows :

	Rs.
Land and Building	22,00,000
Other fixed assets	36,00,000
Current assets	70,00,000

Taking the above into account, prepare the statement of affairs. (8 marks)

Chapter-26 : Accounts of Banking Companies

2009 - Nov [5] (a) The following facts have been taken out from the records of Dee Bank Ltd. as on 31st March, 2009 :

	Rs.	Rs.
Rebate on bill discounted (not due on March 31 st , 2008)		45,800
Discount received		2,02,500
Bill discounted	12,25,000	

An analysis of the bills discounted is as follows :

	Amount Rs.	Due date 2009	Rate of discount
(i)	3,75,000	April 8	12%
(ii)	1,50,000	May 5	14%
(iii)	2,20,000	June 12	14%
(iv)	4,80,000	July 15	15%

You are required to —

- Calculate Rebate on Bill Discounted as on 31st March, 2009.
- The amount of discount to be credited to the profit and loss account.
- Show necessary journal entries in the books of Dee Bank Ltd. as on 31st March, 2009. (8 marks)

Chapter-27 : Accounts of Insurance Companies

2009 - Nov [5] (b) On 31st March, 2009 the books of the Zee Insurance Company Limited, contained the following particulars in respect of fire insurance :

Particulars	Amount Rs.
Reserve for unexpired risks on March 31, 2008	5,00,000
Additional Reserve for unexpired risks on March 31, 2008	1,00,000
Premiums	11,20,000
Claims paid	6,40,000
Estimated liability in respect of outstanding claims :	
On March 31, 2008	65,000
On March 31, 2009	90,000
Expenses of management (including Rs. 30,000 legal expenses paid in connection with the claims)	2,80,000
Interest and dividend	64,250
Income tax on the above	6,520
Profit on sale of investments	11,000
Commission paid	1,52,000
On 31 st March, 2009 provide Rs. 5,60,000 as unexpired risk reserve and Rs. 75,000 as Additional reserve.	

You are required to prepare the Fire Insurance Revenue account as per regulations of IRDA, for the year ended 31st March, 2009. (8 marks)

Chapter-29 : Financial Ratio Analysis

2009 - Nov [1] The following are the summarized Balance Sheet of Star Ltd. as on 31st March, 2008 and 2009 :

	(Rs. '000)	
	2008	2009
Equity share capital of Rs. 10 each	3,400	3,800
Profit and Loss A/c	400	540
Securities Premium	40	80
14% Debentures	800	900
Long term borrowings	180	240
Sundry Creditors	360	440
Provision for Taxation	20	40
Proposed Dividend	300	480
	<u>5,500</u>	<u>6,520</u>
Sundry Fixed Assets :		
Gross Block	3,200	4,000
Less : Depreciation	<u>640</u>	<u>1,440</u>
Net Block	2,560	2,560
Investment	1,200	1,400
Inventories	1,000	1,400
Sundry Debtors	640	900
Cash and Bank Balance	<u>100</u>	<u>260</u>
	<u>5,500</u>	<u>6,520</u>

The Profit and Loss account for the year ended 31st March, 2009 disclosed :

	(Rs. '000)
Profit before tax	780
Less : Taxation	<u>160</u>
Profit after tax	620
Less : Proposed dividends	<u>480</u>
Retained Profit	<u>140</u>

The following informations are also available :

- (1) 40,000 equity share issued at a premium of Re. 1 per share.
- (2) The Company paid taxes of Rs. 1,40,000 for the year 2008-09.
- (3) During the period, it discarded fixed assets costing Rs. 4 lacs, (accumulated depreciation Rs. 80,000) at Rs. 40,000 only.

You are required to prepare a cash flow statement as per AS-3 (Revised), using indirect method. (16 marks)

Paper - 2 : Auditing

Chapter-1 :Nature of Auditing

2009 - Nov [5] (b) "Audit opinion is not an assurance as to the future viability of the enterprise or the efficiency or effectiveness with which management has conducted the affairs of the enterprise." Comment. (8 marks)

Chapter-3 : Basic Concepts in Auditing

2009 - Nov [8] Write short notes on the following :

- (e) Materiality
- (f) Independence of the Auditor. (4 marks each)

Chapter-4 : Preparation for an Audit

2009 - Nov [1] {C} As an auditor, comment on the following :

- (a) Management of Invest Ltd. informed the auditor M/s AZ & Co. that Rs. 40 Cr. is lying in Bank Fixed Deposits. M/s AZ & Co. relied upon management representation that Fixed Deposits Receipts worth Rs. 24 Cr. are not available with the company since the same are pledged with the bank against borrowings. (5 marks)

2009 - Nov [3] (b) "Delegation of Financial Powers" need to be gone through and understood before commencement of an audit of any entity. Explain. (8 marks)

2009 - Nov [7] (a) "Planning and Quality control are key to effective and efficient audit." Examine the statement. (8 marks)

2009 - Nov [8] Write short notes on the following :

- (a) Documentation (4 marks)

Chapter-5 : Internal Control

2009 - Nov [5] (a) As an internal auditor of Coal India Ltd., draft an audit programme for vouching/verification of transportation charges for despatches of coal from the mines. (8 marks)

2009 - Nov [8] Write short notes on the following :

- (b) Relying upon the work of Internal Auditor (4 marks)

Chapter-7 : Audit of Payments

2009 - Nov [1] {C} As an auditor, comment on the following :

- (d) Super Ltd. acquired a Truck valued at Rs. 25.50 lacs on instalment basis on 20th September, 2008. During the year, the company paid Rs. 5 lacs as instalments and provided depreciation on the same. (4 marks)

2009 - Nov [4] How will you vouch/verify the following ?

- (b) Advertisement Expenditure
- (c) Remuneration paid to Directors. (4 marks each)

Chapter-15 : Depreciation & Reserves

2009 - Nov [1] {C} As an auditor, comment on the following :

- (c) At the beginning of the year, the company has a capital of Rs. 15 crores, General Reserve of Rs. 1 crore and Revaluation Reserve of Rs. 6 crores. In the year 2007-08 under audit the company has incurred a loss of Rs. 5.5 crores. The company proposes to adjust the loss against the Revaluation Reserves. (4 marks)

2009 - Nov [2] {C} (d) ABC Ltd. has eroded its paid-up capital and reserves by more than 50%, but has made cash profit during the year under audit. What are the obligations of the auditors ? (4 marks)

Chapter-16 : Verification of Assets

2009 - Nov [1] {C} As an auditor, comment on the following :

- (b) Sudarshan Ltd. sold investments costing Rs. 12 lacs for Rs. 15 lacs and paid commission to the broker @ 2%. Now they intend to adjust the profit of Rs. 3,00,000 to capital reserves and commission Rs. 30,000 to the debit side of Profit and Loss Account. (5 marks)

2009 - Nov [4] How will you vouch/verify the following ?

- (d) Investment in the capital of a partnership firm. (4 marks)

Chapter-17 : Verification of Liabilities

2009 - Nov [2] {C} (c) ABC Ltd. has defaulted on term loan repayments to various Banks and Financial Institutions. What are the responsibilities of the auditors ? (4 marks)

2009 - Nov [4] How will you vouch/verify the following ?

- (a) Bank Borrowings (4 marks)

Chapter-20 : Powers & Duties of Auditors and Miscellaneous Matters

2009 - Nov [2] {C} (a) S & Co. Chartered Accountants have been appointed statutory auditors of XYZ Ltd. in place of M & Co. in the AGM. What steps and precautions S & Co. would take before commencement of the audit ? (5 marks)

- (b) A & Co. Chartered Accountants while auditing ABC Ltd. observe that huge purchases have been made from other entities under the same management. What are the responsibilities of A & Co. ? (5 marks)

2009 - Nov [6] (a) "The duties of auditors are limited to the verification of the arithmetical accuracy of the books of Accounts." Comment. (8 marks)

2009 - Nov [7] (b) A & Co. Chartered Accountants are the auditors of XYZ Ltd. The State Government has announced the state policy for banning the products being manufactured by XYZ Ltd. State the role of the Auditors. (8 marks)

Chapter-24 : Audit of NGOs

2009 - Nov [6](b) An NGO is engaged in providing relief to flood victims in different parts of the country. It is making collection in cash (including cheques) and in kind. List out the steps for effective audit of the NGO.

(8 marks)

Chapter-25 : Miscellaneous Audit

2009 - Nov [3] (a) Examine the significance of Partnership Deed for the purposes of audit of a partnership firm.

(8 marks)

Chapter-26 : Guidance Notes

2009 - Nov [8] Write short notes on the following :

- (c) Agreed upon procedures
- (d) Role of Accountant in compilation of financial statements

(4 marks each)

Paper - 3A : Business

Chapter-5 : Lawful Object & Consideration

2009 - Nov [2] (a) X and Y were two organisations trading in wheat of 'Popular brand' in Uttar Pradesh. X realises that the wheat business is high yielding. To expand his business X offered Y a sum of Rupees ten lac on the condition that Y shall not sell 'popular brand' wheat in Uttar Pradesh. Accordingly Y stopped selling 'popular brand' wheat in Uttar Pradesh. X failed in making the promised payment to Y. Y filed a suit against X for the non-fulfilment of promise. Is the suit maintainable ? Decide with reference to the provisions of the Indian Contract Act, 1872.

(5 marks)

2009 - Nov [3] (a) M delivers to N, a carrier, some explosives in a case without disclosing this fact to N. N does not take any extraordinary care required for such type of goods. The case explodes. As a result, a porter is injured and some other goods are damaged. Discuss the liability of M in the light of the provisions of the Indian Contract Act, 1872.

(5 marks)

Chapter-14 : Agency

2009 - Nov [1] {C} Answer the following :

- (a) State with reasons whether there can be an agency by ratification in the following cases :
 - (i) M, without authority, buys goods for N, afterwards N sells them to X on his own account.
 - (ii) X buys 20 bags of rice for himself and 20 bags for his friend Y. X informs Y of his act. The trader delivers the bags at Y's house. Y consumes the rice.
 - (iii) X, without Y's authority, lends Y's money to Z. Afterwards, Y accepts interest on the money from Z.

- (iv) A newly formed company adopts an act done in its name before its incorporation.
- (v) X holds a lease from Y, terminable on three months' notice. Z, an unauthorised person, gives a notice of termination to X. Subsequently, Y ratifies the notice given by Z. (5 marks)

Chapter-15 : Formation of the Contract of Sale

2009 - Nov [1] {C} (b) There was a contract between X and Y for the sale of haystack on X's (seller's) land, on a certain day, the price to be paid by the same day of the next month. The hay was destroyed by fire. Decide in the light of the provisions of the sale of Goods Act, 1930, as to who is liable for the loss. (5 marks)

Chapter-17 : Transfer of Ownership & Delivery of Goods

2009 - Nov [4] (a) Goods are delivered by M to N on "sale or return". They are further delivered by N to P and then by P to Q on similar terms, but are stolen while in the custody of Q. Is N liable to M for the loss ? If not, who shall suffer the loss ? Decide referring to the provisions of the Sale of Goods Act, 1930. (5 marks)

Chapter-20 : Relations of Partners

2009 - Nov [6] (a) X and Y are partners of a financial firm Trust Investments. Z pledged gold ornaments worth Rupees fifty thousand for securing a loan of Rupees thirty thousand to the firm. Y a partner of the firm disposed of the ornaments for construction of his house. Z demanded return of jewellery on repayment of loan. Is the firm liable to Z ? Decide with reference to the provisions of the Indian Partnership Act, 1932. (5 marks)

Chapter-21 : Registration & Dissolution of a Firm

2009 - Nov [1] {C} (c) X, Y and Z are partners in a business. Z is a sleeping partner. P lends Rs. 20,000 to the firm, after Z's retirement from the firm without a public notice. X and Y become insolvent and pay only Rs. 10,000. Can P hold Z liable for the balance under the provisions of the Indian Partnership Act, 1932 ? (5 marks)

Chapter-22 : The Negotiable Instruments Act, 1881

2009 - Nov [1] {C} (d) M, the holder of a bill, endorses it "without recourse" to N. N endorses it to P, P to Q, Q to R and R endorses it again to M. Can M recover the amount of the bill from N, P, Q and R, or any of them ? Discuss with reference to the provisions of the Negotiable Instruments Act, 1881. (5 marks)

2009 - Nov [3] (b) A cheque is drawn "payable to N or order". It is stolen and N's endorsement is forged. The banker pays the cheque in due course. Is the banker discharged from liability ? Would it make any difference if the drawers' signature were forged ? Discuss with reference to the provisions of the Negotiable Instruments Act, 1881. (5 marks)

Chapter-23 : The Payment of Bonus Act, 1965

2009 - Nov [1] {C} (e) Ajit, who is a casual employee of My Sugar Company, actually worked for 26 days in the year. However, he was absent due to temporary disablement caused by an accident arising out of and in the course of his employment, for 8 days and had been laid off for 3 days as per the service agreement. Is he eligible for bonus under the Payment of Bonus Act, 1965 ? (5 marks)

2009 - Nov [5] (a) Ram, an employee of Steel Castings Ltd., destroyed some machines in the company premises while under the influence of liquor, due to which the company incurred substantial loss. He was found guilty and punished under the Industrial Disputes Act, 1947. When the company paid bonus in that year to the employees, it deducted the amount from the balance payable to Ram, and he did not get any bonus in that year. Did the company violate any provisions of the Payment of Bonus Act, 1965, in not paying bonus to Ram ? (5 marks)

2009 - Nov [6](b) Examine the entitlement of the following persons to receive bonus under the Payment of Bonus Act, 1965 :

- (i) Alok, employed in a drug company, is dismissed from service but subsequently re-instated with back wages.
- (ii) Vikram, who is dismissed from service for violent behaviour on the premises of the establishment, causing loss to his employer.
- (iii) Shekhar, who is a part-time employee of Suraj Mills Ltd.
- (iv) Krishna, who is an employee of the Reserve Bank of India.
- (v) Kishan, who is an employee of the Life Insurance Corporation of India. (5 marks)

Chapter-24 : The Employees' Provident Fund & Miscellaneous Provisions Act, 1952

2009 - Nov [1] {C} (f) Can a person apply for review of any order passed by the appropriate authority or any official under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 ? If so, state the provisions. (5 marks)

2009 - Nov [5](b) M/s Hitech Ltd. has been regularly depositing the provident fund contributions to the government. Owing to adverse market conditions, the company suffered loss for the past two years. The Management is considering the reduction of salary of the employees to reduce the company's contribution to Provident Fund, and instead, to pay compensatory allowance, so that the employees' pay packet remains the same. Explain in terms of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, whether the company can effect such reduction. (5 marks)

Chapter-25 : The Co-operative Societies Act, 1912

2009 - Nov [2](b) A limited cooperative society earned a net profit of Rs. 2,00,000 in a year. The members want the profit to be divided among themselves equally. The society has also divisible profit for the past year amounting to Rs. 20,000. State, how the profit will be divided among the members. Decide with reference to the provisions of the Cooperative Societies Act, 1912. (5 marks)

Chapter-26 : Multi State Co-operative Societies Act, 2002

2009 - Nov [4](b) Karthik, a member of a Multi-state Cooperative Society, applied to the society for a loan on the security of his shares in the society. Explain with reference to the provisions of the Multi-state Cooperative Societies Act, 2002 :

- (i) whether the Multi-state Cooperative Society can give him the loan;
- (ii) instead of security of his own shares, if one of his relatives offers mortgage of his property;
- (iii) if Karthik had been a depositor, would the Multi-state Cooperative Society provide him the loan on mortgage of such deposit ?

(5 marks)

Paper - 3B : Corporate Law**Chapter-1 : Company : Basic Concepts**

2009 - Nov [7] {C} Answer any the following :

- (a) An association of thirteen members starts a banking business without being registered. Five members retire and thereafter a suit is instituted by one of the continuing members for the partition of assets of the business. Is the suit valid ? Decide with reference to the provisions of the Companies Act, 1956. (5 marks)
- (d) In a private limited company it is discovered that there are, in fact, 55 members. On an enquiry, it is ascertained that 7 of such members have been employees of the company in the recent past and that they acquired their shares while they were still employees of the company. Is it necessary to convert the company into a public limited company ?

(5 marks)

Chapter-4 : Memorandum & Articles of Association

2009 - Nov [7] {C} Answer any the following :

- (b) The objects clause of the memorandum of a company empowers it to carry on distillery business and any other business that is allied to it. The company wants to alter its memorandum so as to include the cinema business in its objects clause. Advise the company. (5 marks)

Chapter-5 : Preliminary Contracts

2009 - Nov [10](b) Gama Co. Ltd. was registered on 15.6.2008 and entered into a contract on 20.6.2008 with fancy furnitures for the supply of furniture worth Rupees three lac on credit. Accordingly the fancy furnitures supplied the goods on 22.6.2008. The company went into liquidation on 25.6.2008. The certificate of commencement of business was issued on 30.6.2008. Whether the furniture supplier can recover the amount due ? Decide with reference to the provisions of the Companies Act, 1956. (5 marks)

Chapter-10 : Membership

2009 - Nov [9](b) A letter is received from a nominee of a sole shareholder for registering his name in the register of members. Explain the provisions of the Companies Act, 1956 regarding the steps to be taken by the nominee for getting himself registered as a shareholder. (5 marks)

Chapter-15 : Forfeiture of Shares

2009 - Nov [7] {C} Answer any the following :

- (c) A limited company issued certain number of fully paid shares to a subscriber to the memorandum on the basis of a promissory note executed by him as consideration towards the shares. Since no money was paid towards the allotment, the company now (after 5 years from the date of allotment) wants to forfeit those shares and re-issue such forfeited shares. Can the company do so ? Decide with reference to the provisions of the Companies Act, 1956. (5 marks)

Chapter-18 : Meetings

2009 - Nov [7] {C} Answer any the following :

- (e) A company held its annual general meeting on 26th April, 2007. The next annual general meeting was held on 29th September, 2008. The registrar of the companies raised objection to it as it violates the provisions of the act. The company contended that it held the annual general meeting within 6 months from the date of closing of the financial year in respect of which the annual accounts were adopted. Advise the company. (5 marks)

2009 - Nov [8] (a) A, B and C are joint shareholders of 1,000 equity shares of Key Information Ltd. A and B died. C the surviving member received the notice for the annual general meeting of the company in the name of A on 4.7.2008 for the AGM to be held on 25.7.2008. He contends that the proceedings of AGM are invalid. Explain with reference to the provisions of the Companies Act, 1956, the defences available to the company. (5 marks)

(b) Alpha Co. Ltd. holds shares in Beeta Co. Ltd. Alpha Co. Ltd. passed a resolution authorising Mr. M and Mr. Q to jointly act as representatives of the company at the annual general meetings of Beeta Company Ltd. and to exercise all rights and powers including the right to vote on behalf of the company as

a member. Can a company appoint two representatives to attend a annual general meeting under the Companies Act, 1956 ? Decide. (5 marks)

2009 - Nov [10] (a) State whether it is possible for a single member to constitute a meeting of the company. (5 marks)

Chapter-19 : Miscellaneous

2009 - Nov [9] (a) The Board of Directors of a company recommended dividend @ 25% on the equity shares of the company, but the shareholders, at the annual general meeting, considering the high profit margin, passed a resolution for payment of dividend @ 35% on the equity shares of the company. Give your comments. (5 marks)

Shuchita Prakashan (P) Ltd.

25/19, L.I.C. Colony, Tagore Town,
Allahabad - 211002

Visit us : www.shuchita.com

