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SCANNER™ Appendix

CS Final Gr. I (Old Course)

June - 2009

INDEX

Paper 1	—	Advanced Company Law and Practice	I-1
Paper 2	—	Secretarial Practice relating to Economic Laws and Drafting & Conveyancing	I-6
Paper 3	—	Secretarial Management & Systems Audit	I-10

PAPER'S

Paper - 1 : Advanced Company Law and Practice

Chapter 1 : Petitions, Applications and Appearances before Company Law Board

2009 - June [2] (b) "The Board is the repository of almost all the corporate powers, a guardian of the enterprise and a protector of the interest of the shareholders." Comment on this statement in the light of provisions of the Companies Act, 1956. (10 marks)

2009 - June [4] (b) Company Law Board (CLB) can make *ex-parte* orders. Detail the procedure to be followed by the CLB. (6 marks)

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

- (i) Investigation into ownership of a company (4 marks)

Chapter 2 : Applications to the Central Government

2009 - June [3] (a) State the objective and structure of Schedule XIII to the Companies Act, 1956. (8 marks)

2009 - June [3] (b) Do you agree with the following statements? Give reasons:

- (i) The members at an annual general meeting do not adopt the profit and loss account and the balance sheet. It is a requirement in such a case to file the balance sheet and profit and loss account with the registrar of Companies. (4 marks)

2009 - June [6] (a) X Ltd. is the wholly-owned subsidiary of Y Ltd. with a paid-up share capital of Rs.100 lakh consisting of 10,00,000 shares of Rs. 10 each. While 9,99,994 shares are registered in the name of Y Ltd., the balance six shares are registered one each in the names of A,B, C, D, E and F (who are

employees of Y Ltd.) for the purpose of complying with the requirement to have a minimum of 7 members. List down the necessary forms to be filed with the concerned authorities to give effect to this. (4 marks)

(b) Dimlight Ltd. has defaulted in payment of wages for 3 consecutive months. The workers' union of Dimlight Ltd. filed a petition under section 439 to the court seeking winding-up of the company. Is the petition tenable? Give reasons. (4 marks)

2009 - June [7] (b) Adequate checks and controls are incorporated in the MCA-21 system to ensure accuracy of data and proper validation of forms filed under e-filing mode. Examine. (4 marks)

Chapter 3 : Petitions to Court

2009 - June [4] (a) Alpha Ltd. (the transferor company) with an authorised share capital of Rs. 100 crore wants to merge with Beta Ltd. (the transferee company) with an authorised capital of Rs.50 crore and a scheme of amalgamation has been sanctioned by the court. As per the scheme, Beta Ltd. will issue additional equity shares to the shareholders of Alpha Ltd. by which the total paid-up equity share capital of Beta Ltd. will increase to Rs.90 crore. Advise, if Beta Ltd. is required to comply with the statutory requirements relating to increase of authorised capital and the consequent payment of fee to the authorities. (10 marks)

Chapter 5 : Investigation

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

(iii) Expenses of investigation under section 235 or 237 (4 marks)

Chapter 6 : Corporate Collapse

2009 - June [6] (c) The relaxation and extension of the law of limitation on commencement of winding-up runs both in favour of the company being wound-up and the opponent party who has a claim against the company. (4 marks)

2009 - June [6] (d) Amit, whose name appears on the register of members of Doom Ltd., contends that allotment of shares to him was void and hence his name should not figure in the list of contributories. Advise. (4 marks)

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

(v) Contributories in winding-up of a registered company. (4 marks)

Chapter 8 : Choosing the Appropriate Form

2009 - June [7] (c) "A private limited company can be converted into a public limited company, but a public limited company cannot be converted into a private limited company." Comment. (4 marks)

Chapter 9 : Buy-Back of Shares

2009 - June [5] Sprint Ltd., a listed company, whose financials as at 30th June, 2009 as stated under, wants to implement a buy-back of shares:

- Paid-up equity share capital : Rs.200 lakh (20,00,000 shares of Rs.10 each)
- Preference share capital : Rs. 100 lakh (Redeemable in December, 2013 and should be treated as equity for the purpose of debt-equity ratio)
- Free reserves : Rs.200 lakh.
- 10% Debentures : Rs.200 lakh.
- Loans from IDBI : Rs.300 lakh.

You are required to –

- (i) Compute the quantum of equity capital eligible for buy-back.
- (ii) Draft necessary resolutions to give effect to the above.

(8 marks each)

Chapter 10 : Insider Trading

2009 - June [7] (a) SEBI justifies its existence by making pro-active regulations and active policing to protect the investors from the evils of insider trading. Critically examine. (8 marks)

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

- (iv) Persons deemed to be 'connected person' for the purpose of insider trading (4 marks)

Chapter 13 : Board Committee

2009 - June [3] (b) Do you agree with the following statements? Give reasons:

- (ii) The managing director of a company who was not present at the Board meeting where accounts were approved is required to sign the accounts. (4 marks)

Chapter 14 : Reports of various Committees on Corporate Governance

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

- (ii) Whistle blower policy (4 marks)

Chapter 18 : Objective Question

2009 - June [1] {C} (a) State, with reasons in brief, whether the following statements are true or false :

- (i) A company has 7 directors on the Board. A Board meeting is held at the registered office of the company at Chennai where two directors were present. Two more directors participated in the meeting through video conferencing from Berlin. The Board meeting is valid.
- (ii) A listed company with a paid-up share capital of Rs.25 crore has constituted an 'audit committee' and 'remuneration committee' whereas the company has no 'nomination committee'. Therefore, the company has violated the listing agreement.

- (iii) Inspection under section 209A has been ordered and carried out by the Regional Director (RD) in respect of Good Luck Ltd. and the RD has submitted his report to the Central Government. SEBI has asked for a copy of the report which the RD declined. SEBI feels that under section 209A(6) it has a right to receive the copy.
- (iv) Sunrise Ltd. has its registered office in the city of Hyderabad. The jurisdictional office of the Company Law Board to deal with matters relating to investigation under sections 235 and 237 is the Principal Bench at New Delhi.
- (v) Bruce Lee is a member of the Board of directors of Free Sports Ltd. (FSL), a company incorporated in Japan. FSL has a branch office in Mumbai. It is mandatory for Bruce Lee to apply for a Director Identification Number (DIN) in India.
- (vi) The Board of a listed company shall meet at least four times in a year with a maximum time gap of three months between any two successive meetings.
- (vii) The Accounting Standards issued by the Institute of Chartered Accountants of India are the standards automatically recognised in sub-section 3(A) of section 211.
- (viii) Schedule XIII to the Companies Act, 1956 does not apply to profit making companies. (2 marks each)

2009 - June [1] {C} (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Applicable provision of Table 'A' will apply, if a company limited by shares is silent on any matter in its articles of association without ___ that provision of Table 'A'.
- (ii) The Board of directors of a company shall on the requisition of number of members specified in section 169, forthwith proceed to call an ___ of the company.
- (iii) No company shall appoint or re-appoint a sole-selling agent for a term exceeding _____ at a time.
- (iv) No public company shall directly or indirectly make any loan to any other body corporate exceeding sixty per cent of its paid-up capital and free reserves or one hundred per cent of its free reserves whichever is _____. (1 mark each)

2009 - June [2] (a) Choose the most appropriate answer from the given options in respect of the following :

- (i) Back office in the context of MCA-21 is -
 - (a) The income-tax departments of the companies concerned.
 - (b) Office of the concerned Registrar of Companies.

- (c) Headquarters of the company concerned where the registered office is located elsewhere.
 - (d) The portion of the office of the company concerned where employee access is restricted.
- (ii) Power of the Central Government under section 615 is to –
 - (a) Carry out amendments to the regulations under the Companies Act, 1956.
 - (b) Initiate prosecution against delinquent director.
 - (c) Direct companies to furnish certain information and/or statistics regarding the company.
 - (d) Notify the commodities which will not require sole-selling agents.
- (iii) A company may pay commission to any person for procuring or agreeing to procure subscription for debentures of the company at a rate –
 - (a) Of 5% of the issue price of debentures.
 - (b) Exceeding 5%, but not exceeding $7\frac{1}{2}\%$ of the issue price of the debentures.
 - (c) Exceeding $2\frac{1}{2}\%$ of the issue price of the debentures.
 - (d) Such rate as has been specified in the articles of association for the purpose subject to a maximum of $2\frac{1}{2}\%$ of the issue price of the debentures.
- (iv) A proprietary company in Australia is –
 - (a) An unlimited liability company without any share capital.
 - (b) A company limited by guarantee.
 - (c) An unlimited liability company with proprietary capital, but no share capital.
 - (d) An unlimited company with a share capital.
- (v) According to Secretarial Standard-1 on meetings of the Board of directors –
 - (a) The notice and the agenda should go together at least 15 days prior to the date of the meeting.
 - (b) The sending of notice should precede the sending of agenda by at least 10 days.
 - (c) The notice and agenda should invariably be sent together at least 14 days before the meeting.
 - (d) The notice should be sent at least 15 days before the date of the meeting while the agenda must be sent at least 7 days before the date of the meeting.

- (vi) A Board of directors cannot delegate to any committee of the Board –
 - (a) The power to make call on shareholders to make payment of unpaid amount on shares
 - (b) The power to make loans
 - (c) The power to invest the funds of the company
 - (d) The power to borrow money for the company. (1 mark each)

Paper - 2 : Secretarial Practice relating to Economic Laws and Drafting & Conveyancing

Chapter 1 : Industrial Policy and Development

2009 - June [1] {C} (a) Attempt the following :

- (v) You are the Company Secretary of Modern Industries Ltd. The managing director of the company has sent a note to you to advise him on the industrial park scheme promoted by the Central Government. Prepare a note on the objectives and requirements of the scheme. (5 marks)

2009 - June [2] (b) Expand the following acronyms and write short notes thereon (relevant to the topics in brackets) :

- (ii) FDI in SEZ (IDRA)
- (iii) EHTP and STP Schemes (IDRA) (3 marks each)

Chapter 2 : Foreign Exchange Management and Regulation

2009 - June [2] (b) Expand the following acronyms and write short notes thereon (relevant to the topics in brackets) :

- (i) FCNR (B) Scheme (FEMA) (3 marks)

2009 - June [3] (a) Mention the cases under which export of goods or services has been allowed without furnishing declaration under the Foreign Exchange Management Act, 1999. (6 marks)

2009 - June [3] (b) Distinguish between the following :

- (ii) 'Rules' and 'regulations' under the Foreign Exchange Management Act, 1999.
- (iii) 'Non-resident ordinary (NRO) account' and 'Non-resident external (NRE) account'. (3 marks each)

Chapter 3 : Competition Law and Procedure

2009 - June [1] {C} (a) Attempt the following :

- (ii) Kanak Electronic Appliances Ltd. in an agreement with the dealers for electronic equipments included the following conditions :
 -) The dealer shall sell the products only to end users;
 -) Servicing shall be done only by authorised persons; and
 -) The dealership will be withdrawn if any of the above conditions are not complied with.

Do any of these conditions amount to restrictive or unfair trade practices? Discuss with reference to case law.

- (iv) What are the reasons for repeal of the Monopolies and Restrictive Trade Practices Act, 1969 and the enactment of the Competition Act, 2002? (5 marks each)

2009 - June [2] (a) Write short notes on the following :

- (i) Competition advocacy (3 marks)

Chapter 4 : Law and Procedure under the Consumer Protection Act, 1986

2009 - June [1] {C} (a) Attempt the following :

- (i) Kavita, an industrial employee contributing to ESI Fund, was treated in a ESI hospital. Due to negligent diagnosis at the hospital, her health deteriorated and she was shifted to a private hospital. Kavita filed a complaint before the Consumer Disputes Redressal Forum seeking compensation from the ESI hospital. Consumer Disputes Redressal Forum dismissed the complaint on the ground that medical services provided by the ESI hospital were gratuitous in nature. The State Commission and the National Commission upheld the decision of the Consumer Disputes Redressal Forum. Kavita appealed to the Supreme Court of India.

Discuss in the light of decided case law the possible outcome of the appeal to the Supreme Court of India by Kavita.

- (iii) Goods of the consignor worth Rs. 9.30 lakh entrusted to the carrier for being transported had not been delivered to the consignee. The consignor recovered the cost of goods from the insurer. Before making payment, the insurer took from the consignor a letter of subrogation and a special power of attorney. The insurer filed a complaint in the consumer forum for payment to it the sum paid to the consignor in respect of goods not delivered. In the complaint, the insurer made the consignor a party. Will the insurer succeed? Discuss and decide with reference to case law. (5 marks each)

2009 - June [2] (a) Write short notes on the following :

- (iii) Nature and scope of remedies under the Consumer Protection Act, 1986. (3 marks)

2009 - June [3] (b) Distinguish between the following :

- (i) 'Defect' and 'deficiency' under the Consumer Protection Act, 1986. (3 marks)

Chapter 5 : Law relating to Infrastructure Development

2009 - June [2] (a) Write short notes on the following :

- (ii) Advantages of Build, Operate and Transfer (BOT) projects. (3 marks)

(b) Expand the following acronyms and write short notes thereon (relevant to the topics in brackets) :

(iv) TRAI (As per Telecom)

(v) NHAI (As per Roads) (3 marks each)

2009 - June [4] (a) Summarise the broad features of India's power policy. (5 marks)

Chapter 6 : Environment Policy and Legislation

2009 - June [3] (c) What are the steps required for taking samples from a factory under the environment protection rules? (3 marks)

2009 - June [4] (b) State the powers of the Central Government to prevent, control and abate environmental pollution under the Environment (Protection) Act, 1986. (5 marks)

(c) State who all are eligible to make application for claim for compensation under the provisions of the National Environment Tribunal Act, 1995 and the time limit to file the claim. (5 marks)

Chapter 7 : General Principles of Drafting and Conveyancing

2009 - June [6] (b) State the rules laid down by Fowler for drafting (3 marks)

Chapter 8 : Components of Deeds

2009 - June [5] {C} Attempt the following :

(iv) Explain 'supplemental deeds' and 'endorsements'. How do they differ from each other? (5 marks)

2009 - June [6] (a) Write short notes on the following : (3 marks)

(iii) Indenture.

Chapter 9 : Drafting of Contracts

2009 - June [7] (c) Draft a specimen dealership agreement between a public limited company and a partnership firm for marketing company's products. (Ensure that provisions of the Companies Act, 1956 regarding appointment of sole-selling agents are not violated.) (6 marks)

Chapter 10 : Drafting of Orders

2009 - June [6] (c) Draft a suspension order to be issued to an employee. Assume facts. (3 marks)

Chapter 11 : Awards and Reports

2009 - June [5] {C} Attempt the following :

- (i) Mahi Industries, Mumbai has entered into an agreement for fabrication of certain machinery and equipments to Evergreen Industries Ltd., Ahmedabad. The agreement provided for arbitration in the event of disputes under the Arbitration and Conciliation Act, 1996. The arbitral tribunal passed an award in favour of Mahi Industries, but immediately thereafter a competent court ordered winding-up of Evergreen Industries Ltd. Advise Mahi Industries with reference to case law.

- (iii) Rahul Ltd. has entered into a contract with Sahil for supply of original equipments needed for their main product sold in the market. They have further agreed to resolve any difference/dispute that may arise in the course of their dealings by resorting to arbitration. You are asked to draft an arbitration agreement for execution by the parties.

(5 marks each)

2009 - June [7] (b) Explain the reasons for investigation of title and making a report thereof for purchase of immovable property. (6 marks)

Chapter 13 : Deeds of Mortgages, Charges and Pledges

2009 - June [5] {C} Attempt the following :

- (ii) Draft a specimen deed of mortgage by conditional sale. (5 marks)

2009 - June [6] (a) Write short notes on the following :

- (ii) 'Pledge' under the Indian Contract Act, 1872 (3 marks)

Chapter 17 : Deeds of Exchanges and Gift Deeds

2009 - June [6] (a) Write short notes on the following :

- (i) Conditional gift (3 marks)

Chapter 18 : Deeds of Assignment

2009 - June [8] (b) Draft a specimen deed of assignment of business debts.

(3 marks)

Chapter 21 : Drafting of other Documents, Petitions and Applications

2009 - June [5] {C} Attempt the following :

- (v) What do you understand by an 'affidavit'? Briefly explain its importance in judicial proceedings and the care to be taken while drafting an affidavit. (5 marks)

2009 - June [8] (a) Draft a special leave petition (SLP) to be filed by a public limited company in the Supreme Court of India under Article 136 of the Constitution of India. Assume facts about (i) judgement and order of the High Court; (ii) a possible error in law of the High Court order; and (iii) any other ground for seeking relief in SLP. (6 marks)

(c) Distinguish between the following :

- (i) 'Revision application' and 'review application'.
(ii) 'Writ of *mandamus*' and 'writ of *quo warranto*'. (3 marks each)

Chapter 22 : Objective Question

2009 - June [7] (a) Re-write the following sentences after filling-in the blank spaces with appropriate word (s)/figure (s) :

- (i) Equitable mortgage is _____ by the lenders/banks/creditors as well as the commercial enterprises because of the advantage.
(ii) If the mortgagee advances further sums of money to the mortgagor on the same security and on the same condition, the deed executed to secure the advance of further sums of money is called deed of ____.

- (iii) Registration and stamp duty is compulsory in case of mortgage value of Rs. _____ and above. (1 mark each)

Paper - 3 : Secretarial Management & Systems Audit

Chapter 3 : Setting up of Professional Practice

2009 - June [3] (d) "Business acumen is the key to survival in public practices." Comment with reference to the setting-up of professional practice as Company Secretary. (4 marks)

Chapter 4 : Secretarial Audit and Auditors

2009 - June [2] (c) The following details are from the records of Domax Ltd., which proposes to issue shares under ESOP scheme :

Face value of share	:	Rs.10
Exercise price	:	Rs.100 per share
Current market price	:	Rs. 185 per share
Option exercisable	:	After 3 years

On the basis of above facts –

- Calculate the intrinsic value of the option.
- How is the intrinsic value to be treated in company's accounts ?
- Calculate the change, if any, in the intrinsic value of option, if the exercise price is Rs.185 instead of Rs.100.
- Calculate the perquisite value of the option under section 17(2)(iii) of the Income-tax Act, 1961. (4 marks)

2009 - June [3] (a) Alpha Agro Products Ltd. (AAPL) has become a listed company in September, 2008. After considering the general economic conditions in the country, the Board of directors of the company have concluded that there is an urgent need for the expansion of the capital base to launch an expansion programme and increase the production capacity to meet the ever growing need for the company's products. Due to the high standing in the capital market, the Board decided that raising money via preferential issue is most suitable.

As different opinions existed, e.g., that the company cannot raise moneys on preferential basis before the completion of six months from the date of listing and doubts as regards the pricing of the shares in the proposed preferential issue, Managing Director of the company approached you as a Practicing Company Secretary for clarifications. Advise. (6 marks)

Chapter 9 : Due Diligence of Pre-Capital Issue Work

2009 - June [1] (d) Elucidate the salient features of clause 43A of the listing agreement as per the SEBI circular dated 27th December, 2007 regarding monitoring of utilisation of the issue proceeds. (5 marks)

2009 - June [3] (c) Management of a listed company has requested your firm of Practising Company Secretaries to provide clarification regarding recent changes pertaining to appointment of independent directors as a part of Corporate Governance under clause 49 of the listing agreement. Advise the company management suitably. (4 marks)

Chapter 11 : Share Transfer Audit

2009 - June [2] (b) Vimal purchased 2,700 shares of Gola Industries Ltd. and lodged the transfer deed along with original share certificates with the Registrar and Share Transfer Agent (RSTA) of the company.

The company did not register the transfer inspite of the transferor taking up the matter with the company.

Vimal seeks remedy from the Company Law Board under section 111A to direct the company as well as the RSTA to pay damages with interest from the date of filing of petition till the date of realisation or date of issue of duplicate share certificates.

Gola Industries Ltd. contended that the RSTA alone could deal with the issuance and transfer of shares of the company. The company further contended that as it had become a sick unit and was registered with BIFR, the petition was not maintainable.

Examine critically and offer your comments citing case law. (6 marks)

Chapter 13 : Compliance Certificate

2009 - June [1] (c) Give a list of audit points for the purpose of compliance certificate by the Practicing Company Secretary in the matter of conversion of a public company into a private company. (5 marks)

2009 - June [3] (b) The e-forms prescribed for e-filing under MCA-21 programme can be classified under different categories according to the purposes served by the respective e-form. Specify the categories and give examples. (6 marks)

Chapter 14 : Management Audit

2009 - June [4] (c) "Just as the scientist turns to the microscope in his search for truth, top management requires an instrument to focus on various aspects of the business reporting objectively and dispassionately on what it sees." Comment on the tool used by the management to meet the above need.

(4 marks)

Chapter 15 : Operational Audit

2009 - June [4] (b) "Operational audit implies that the functioning and objectives of audit reach beyond the financial control aspects into operating areas of business." Discuss with reference to authoritative definitions.

(4 marks)

Chapter 16 : Internal Audit

2009 - June [4] (a) Are there any exceptions to the applicability of the Companies (Auditor's Report) Order, 2003 issued by the Government of India under sub-section 4A of section 227 of the Companies Act, 1956? Elucidate.

(4 marks)

2009 - June [5] (c) 'Propriety audit' has to ensure the observance of cannons of financial propriety. Critically examine.

(6 marks)

Chapter 17 : Internal Control

2009 - June [6] (b) Consider the following financial data :

	Rs.
Sales for the year	2,00,000
Stock	1,00,000
Credit sales	1,50,000
Debtors	75,000
Total assets	3,00,000
Share capital (10,000 shares of Rs.10 each)	1,00,000
Net profit	50,000
Market price of a share	20

From the above information, compute the following and give your opinion on each ratio in two or three sentences :

- Stock turnover ratio;
- Debtors/Creditors turnover ratio;
- Net profit to total assets ratio;
- Price-earnings ratio; and
- Earnings per share.

(2 marks each)

Chapter 18 : Review of Internal Control

2009 - June [4] (e) Write a brief note on the functional areas to be reviewed for efficacy of the MIS and the aspects to be examined in respect of production and sales.

(4 marks)

2009 - June [6] (c) Auditor should use professional judgement to assess audit risk and to design audit procedures to ensure that it is reduced to an acceptably low level. Discuss the components of audit risk.

(4 marks)

Chapter 19 : Cost Audit

2009 - June [4] (d) Cost auditor has the same rights and responsibilities as an auditor of a company under section 227(1) of the Companies Act, 1956. Explain.

(4 marks)

2009 - June [6] (a) During the course of audit of the cost accounting records of a company covered under section 209(1)(d) of the Companies Act, 1956, the auditor has *inter alia* observed that the following practices are followed by the company in computing the cost of production of captive consumption :

- (i) Fringe benefits of employees directly engaged in manufacture are included under factory overheads, e.g., gratuity, medical benefits, children's education allowance, subsidised food, etc.
- (ii) CENVAT credit, sales tax set-off, duty drawback, etc., are taken as miscellaneous income and adjusted in the cost of production.
- (iii) Certain input materials of either direct or indirect nature, including packing material which is supplied free of cost by the captive user are not considered in computing cost of production as the manufacturing unit has not incurred any cost.
- (iv) Moulds, tools, dies and patterns, etc., received free of cost are not considered. Critically examine and offer your comments. (6 marks)

Chapter 20 : Systems Audit

2009 - June [7] {C} (d) Threats to Information Systems (IS) may be malicious or non-malicious and the source(s) of threat may be external or internal. Give examples of sources and the respective threat types. (6 marks)

Chapter 21 : Objective Questions

2009 - June [1] (a) Choose the most appropriate answer from the given options in respect of the following :

- (i) Investor Education and Protection Fund shall be credited with –
 - (a) Amounts in the unpaid dividend accounts which remained unpaid for more than three years.
 - (b) The application moneys received for allotment of securities and due for refund remaining unclaimed for more than one year
 - (c) Matured debentures remaining unclaimed for more than seven years
 - (d) Matured deposits remaining unclaimed for more than three years.
- (ii) Sweat equity shares means equity shares issued by the company to –
 - (a) Employees for their hard work and loyalty
 - (b) Employees to keep peaceful industrial relations
 - (c) Employees or directors to bring down the attrition rate
 - (d) Employees or directors for providing innovative methods, technology or value addition.
- (iii) The following does not fall under forms to be filed with the Registrar of Companies for information purposes –
 - (a) Form 1AA
 - (b) Form 23
 - (c) Form 23 AA
 - (d) Form 24 AB.
- (iv) The following is not a fraudulent and unfair trade practice under the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 –

- (a) Active concealment of a fact
- (b) Indulgence in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions
- (c) A general comment made in good faith in regard to trends in securities market
- (d) Indulgence in falsification of the books, accounts and records.
- (v) Which of the following does not constitute 'good delivery'–
 - (a) Share certificate without mentioning the place of issue
 - (b) Share certificate with irrelevant or extraneous rubber stamp or writing on the script without affecting material portion
 - (c) Share certificate and transfer deed not attached together
 - (d) Logo of the stock exchange on the reverse of the transfer deed is missing. (1 marks each)

2009 - June [1] (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Where a Company Secretary retains the records and books of the client and fails to return on request without a reasonable cause, the act falls under_____.
- (ii) Practising Company Secretary received statutory recognition for the first time in the history of corporate legislations under_____.
- (iii) Most of the e-forms require the_____ of the Managing Director or Director, Manager or Secretary for successful filing.
- (iv) Failure to give notice to the Registrar of Companies of conversion of shares into stock, etc., entails punishment under_____ of the Companies Act, 1956.
- (v) Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996 requires the submission of_____ to stock exchanges. (1 mark each)

2009 - June [2] (a) State, with reasons in brief, whether the following statements are correct or incorrect :

- (i) While vouching the compliance of issue of sweat equity shares by an unlisted company, the Practicing Company Secretary should ensure that the company has not issued shares for more than 15% of total paid-up equity share capital in that year.
- (ii) Non-filing of particulars of a charge with the Registrar of Companies renders the charge void against the liquidator or against any other creditor of the company.
- (iii) The stamp duty payable for the transfer of debentures is the stamp duty applicable to the State in which the transfer is executed.

- (iv) Where a company completes a buy-back of its shares or other specified securities, it shall not make further issue of the same kind of shares or other specified securities within a period of six months under any circumstances.
- (v) A member of the ICSI (other than member in practice) being an employee of a company may share part of his/her emoluments with a Practicing Company Secretary on whose recommendation he/she secured the employment. (2 marks each)

2009 - June [5] (a) State, with reasons in brief, whether the following statements are correct or incorrect :

- (i) An increase in the credit period will lead to an increase in the debtors turnover ratio.
- (ii) The level of detection risk is related indirectly to the auditor's substantive procedures.
- (iii) As per the Cost Audit Report Rules, 2001, 'Capital Employed' means Net Fixed Assets + Net Working Capital.
- (iv) Operational audit provides an assurance to the management regarding the effectiveness of controls and MIS reporting.
- (v) Adequacy of internal audit function is reviewed by the external auditor and also by the audit committee. (2 marks each)

2009 - June [5] (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Susceptibility to a misstatement that could be material assuming that there were no related internal controls is called_____.
- (ii) Cost audit report shall be forwarded by the cost auditor to the Central Government within_____.
- (iii) Efficiency audit is to ensure that every rupee invested in capital or other fields gives the_____.
- (iv) Inter-firm comparison and flow charts form part of techniques adopted for_____. (1 mark each)

2009 - June [7] {C} (a) Choose the most appropriate answer from the given options in respect of the following :

- (i) Compared with a manual system, the consequences of error in a computer system often are more serious because –
 - (a) Errors in computer system tend to be stochastic
 - (b) Computer system processes more data than manual system
 - (c) Errors in computer system are generated at high speed, and the cost to correct and re-run programs may be high
 - (d) Users of computer systems place too much faith in the correctness of computer output.
- (ii) A program check that ensures data entered by a data entry operator is complete is an example of–
 - (a) Detective control

- (b) Corrective control
- (c) Preventive control
- (d) Redundancy control.
- (iii) The primary objective of tests of controls is to –
 - (a) Determine whether controls are operating effectively
 - (b) Identify any material errors that have occurred in major classes of transactions
 - (c) Understand whether a control is in place
 - (d) Identify major patterns of errors or irregularities that might exist in final account balances.
- (iv) Relative to general fraud and embezzlement, computer fraud and embezzlement seem to be –
 - (a) Unaffected by deterrent controls
 - (b) Smaller in size
 - (c) Larger in size
 - (d) Easier to prosecute via law. (1 mark each)

2009 - June [7] {C} (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Incorrect data in a computer system is likely to have more serious consequences for_____ control systems.
- (ii) Instructions paced on a source document to avoid errors in filling it form part of_____ controls.
- (iii) Transforming the information from an intelligible form to a non-intelligible form while sending is called_____.
- (iv) The computer system remembers our passwords by storing them in internal_____. (1 marks each)

2009 - June [7] {C} (c) State, with reasons in brief, whether the following statements are correct or incorrect :

- (i) The procedure to be followed for performing a system audit remains the same irrespective of functionality.
- (ii) Risks in the context of auditing systems are of two kinds.
- (iii) Three major factors affect the value of a data item to an organisation and thus the importance of maintaining the integrity of that data item. (2 marks each)

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