

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

NOTE : 1. Answer SIX questions including Question No.1 which is compulsory.
2. All references to sections relate to the Companies Act, 1956 unless stated otherwise.

1. Comment on **any four** of the following :

- (i) Common seal of a company will have to be affixed on all the letters and documents of the company.
- (ii) Private companies can commence business immediately after receipt of 'certificate of incorporation'.
- (iii) Bonus issue may be viewed as a 'rights issue' except that money is paid by the company on behalf of the investing shareholders from its reserves.
- (iv) A resolution was passed by the shareholders in an annual general meeting approving final dividend @ 20% for the financial year 2007-08 and one month later the Board of directors decided to pay further dividend @ 5% for the financial year 2007-08.
- (v) All the shareholders of a company are members and all the members of a company are shareholders.

(5 marks each)

2. (a) Choose the most appropriate answer from the given options in respect of the following :

- (i) The number of debentureholders in a private company should not exceed —
 - (a) Fifty
 - (b) Twenty
 - (c) One hundred
 - (d) No such limit.
- (ii) Which of the following is not an advantage/privilege enjoyed by a private company over a public company —
 - (a) Business can be commenced immediately on incorporation
 - (b) No need to have more than two directors
 - (c) The number of members is limited to fifty
 - (d) There is no restriction on remuneration payable to directors.

- (iii) In a government company, the government shareholding must not be less than —
 - (a) 25% of the paid-up share capital
 - (b) 50% of the paid-up share capital
 - (c) 51% of the paid-up share capital
 - (d) 100% of the paid-up share capital.
- (iv) Which of the following is not a characteristic of a statutory corporation in India —
 - (a) It is owned by the State
 - (b) Its employees are civil servants and are governed by government regulations in respect of conditions of service
 - (c) It is created by a special law of the Parliament or State legislature
 - (d) It is a body corporate and therefore it can sue and be sued.
- (v) Under section 146, every registered company should have a registered office —
 - (a) From the date on which it begins to carry on business
 - (b) From the date on which it obtains certificate of incorporation
 - (c) From the 30th day after the date of its incorporation
 - (d) From the date on which it begins to carry on business or from the 30th day after the date of its incorporation, whichever is earlier.
- (vi) The quantum of registration fees payable by companies to be incorporated in India depends on —
 - (a) The issued capital of the company
 - (b) The nominal capital of the company
 - (c) The paid-up capital of the company
 - (d) The called-up capital of the company.
- (vii) When bonus shares are allotted to members, they are required to pay —
 - (a) The market price of the shares
 - (b) The book value of the shares
 - (c) The face value of the shares
 - (d) None of the above.
- (viii) Forfeited shares can be re-issued by a company by way of passing —
 - (a) An ordinary resolution at the general meeting
 - (b) A special resolution at the general meeting
 - (c) A Board resolution
 - (d) None of the above.

(1 mark each)

(b) Re-write the following sentences after filling-up the blank spaces with appropriate word(s)/figure(s) :

- (i) _____ acts as the official signature of a company.
- (ii) A private company, which is subsidiary of a company not being a private company, is a _____ company.
- (iii) _____ is an Act enacted to prevent the improper use of certain emblems and names for professional and commercial purposes in India.
- (iv) The issue of ESOPs or ESOS shall be subject to approval of shareholders through a _____ resolution.
- (v) When a company makes buy-back of shares or securities, the buy-back operations shall be completed within _____ from the date of filing of draft letter of offer.
- (vi) Working capital of a company may be defined as the excess of current and liquid assets over _____.
- (vii) The register and index of debentureholders of a company should be preserved for _____ till after the redemption of the debentures.
- (viii) The directors appointed under the principle of proportional representation shall hold office for a period of _____.

(1 mark each)

3. (a) What is 'capital profit' ? Can dividend be declared out of capital profit ? If so, under what circumstances ?

(6 marks)

(b) Under section 205, depreciation will have to be provided for working out distributable profit. Though, the present value of land of a company, dealing with land, is much less than the book value, the difference between the book value and market value was not amortised before declaring dividend. Discuss.

(4 marks)

(c) Can the dividend be declared out of previous years' profits transferred to reserve ? Discuss.

(6 marks)

4. (a) What are the provisions regarding disclosure in the directors' report of the events of great importance to the business developed after closure of accounts of the company ?

(4 marks)

(b) Enumerate the differences between 'statutory books' and 'statistical books' of a company.

(4 marks)

(c) What is the procedure regarding authentication of annual accounts of a private company when only one director is available in India ?

(4 marks)

(d) Is it mandatory for all the directors to obtain DIN ? Discuss.

(4 marks)

5. (a) State, with reasons in brief, whether the following statements are correct or incorrect :
- (i) The property of a company is not the property of the individual members.
 - (ii) The separate personality of a company is a statutory privilege and it must be used for legitimate business purposes only.
 - (iii) Every company shall have the words 'Limited', if the company is registered with a limited liability.
 - (iv) The members of an unlimited company are liable directly to the creditors of the company.
- (2 marks each)*
- (b) Write short notes on the following :
- (i) The golden rule or golden legacy; and
 - (ii) Corporation sole.
- (4 marks each)*
6. (a) Jolly is one of the preference shareholders of Jack & Jill Ltd., a company registered under the Companies Act, 1956. The annual general meeting of the said company is scheduled to be held on 8th January, 2009. In this context, Jolly wants to exercise his voting rights at the scheduled general meeting. Can he do so ? If so, state whether he can vote on every resolution placed before the meeting.
- (8 marks)*
- (b) What is 'class meeting' ? What are the purposes, provisions and procedure for holding class meeting ?
- (8 marks)*
7. (a) Discuss the following :
- (i) Front office represents the interface of the corporate and public users with the MCA-21 system.
 - (ii) For MCA-21, four types of users which are identified as users of digital signature.
 - (iii) SMART governance.
- (3 marks each)*
- (b) What relief are available to the minority shareholders against wrongful conduct of the majority ?
- (7 marks)*
8. (a) What do you understand by the term 'illegal association' ? What are the rights and liabilities of a member of illegal association ?
- (8 marks)*
- (b) An association of 15 members (not being HUF) started banking business without being registered. After one year, six members retired. Thereafter, three members instituted a suit for partition of assets of the association. Discuss the fate of such a suit.
- (8 marks)*