

LATEST NOTIFICATIONS – RELEVANT FOR CA IPCC

Area	Notification	Reference / Effect
Voluntary Name Change – Sec. 21	Notfn. No. GSR. 222(E) dated 17-3-2011.	P.No.8.2 / Q.No.5 CG power delegated to ROC.
Incorporation of Non Profit Organization – Sec. 25	Notfn. No. GSR. 222(E) dated 17-3-2011.	P.No.6.16 / Q.No.19 CG power delegated to ROC.
Conversion of Public to Private Company – Sec. 31(1)	Notfn. No. GSR. 222(E) dated 17-3-2011.	P.No.6.21 / Q.No.26 CG power delegated to ROC.
Extension of Time Limit for filing of Instrument of Transfer – Sec. 108(1D)	Notfn. No. GSR. 222(E) dated 17-3-2011.	P.No.12.9 / Q.No.14 CG power delegated to ROC. ROC: ROC of the State in which the Registered Office of the Company is situated, or by the ROC of the State in which the Transferee ordinarily resides.
Compulsory Name Change – Sec. 22	Notfn. No. GSR. 223(E) dated 17-3-2011.	P.No.8.2 / Q.No.5 CG power delegated to Regional Director.
Companies (Passing of the Resolution by Postal Ballot) Rules, 2011	F.No. 2/4/2011-CL.V], Dated 30-5-2011	P.No.13.27 / Q.No.31 Postal Ballot voting can be made through electronic system. The following definitions are amended – a) "Postal Ballot" includes voting by Shareholders by postal or electronic mode , instead of voting personally by presenting for transacting businesses in a general meeting of the Company. b) "Voting by Electronic Mode" means a process for recording votes by the Members using a Computer based machine to display an electronic ballot and to record the vote and also the number of votes polled in favour or against, such that the entire voting gets registered and counted in an Electronic Registry in a Centralised Server.

Non-Applicability of relevant Amendment for May 2012-CA IPCC

Area	Notification	Effect
The Negotiable Instruments Act, 1881	Notification No. RBI/2011-12/251 DBOD.AMLBC.No.47/14.01.001/2011-12, dated 4.11.2011.	Directs that with effect from 1 st April, 2012, the validity of Cheques/Pay Orders/Banker's Cheques will be reduced from the period of six months to three months from the date of such instruments.

LATEST CIRCULARS – RELEVANT FOR CA IPCC

Area	Circular	Reference / Effect
Service of Documents – Sec. 53	17/2011 dated – 21.04.2011	P.No.15.6 / Q.No.10 Green Initiative in Corporate Governance: A Company would have complied with Section 53 of the Companies Act, if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its Members for sending the Notice/Documents through e-mail by giving an advance opportunity to every Shareholders to register their e-mail address and changes therein from time to time with the Company. In cases where any Member has not registered his e-mail address

Area	Circular	Reference / Effect
		with the Company, the service of documents etc. will be effected by other modes of service as provided under Section 53 of the Companies Act, 1956.
Restriction on Transfer of Shares (Sec. 108A – 108I)	30/21011 dated 23.05.2011	P.No.15.6 / Q.No.24 to Q.No.29: Sections 108A to 108-I of the Companies Act, 1956 have become redundant and will have no legal force after the MRTTP Act, 1969 stands repealed.
Criteria for granting recognition as Public Financial Institution u/s 4A (Sec. 4A)		P.No.6.12 / Q.No.13: a) A Company or Corporation should be established under a special Act or the Companies Act being Central Act; b) Main business of the Company should be industrial/ infrastructural financing ; c) The Company must be in existence for at least 3 years , and their Financial Statements should show that their Income from industrial/infrastructural financing exceeds 50% of their Income; d) The Net–Worth of the Company should be Rs.1,000 Crores ; e) The Company is registered as Infrastructure Finance Company (IFC) with RBI or as an Housing Finance Company (HFC) with National Housing Bank; f) In the case of CPSUs/SPSUs, no restriction shall apply with respect to financing specific sector(s) and Net–Worth.
Participation by Shareholder in General Meeting through Electronic Mode	27/2011 dated 20.05.2011	Guideline issued for Participation by Shareholder in General Meeting through Electronic Mode. (See Below for Summary of the procedure)

Participation by Shareholders in Meetings under The Companies Act, 1956 through Electronic Mode

- Electronic mode** means video–conference facility, i.e. audio-visual electronic communication facility employed, which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the Meeting.
- The **Notice of the meeting must inform Shareholders** regarding availability of participation through video conference, and provide necessary information to enable Shareholders, to access the available facility of video conferencing.
- The **Chairman of the meeting and Secretary** shall assume the following responsibilities –
 - To safeguard the integrity of the Meeting via video conferencing.
 - To ensure proper video conference equipment/facilities.
 - To prepare the minutes of the Meeting.
 - To ensure that no one other than the concerned Shareholder or Proxy to the Shareholder is attending the Meeting through electronic mode.
- If a statement of a Participant in the meeting via video conferencing is interrupted or garbled, the Chairman of the Meeting or Secretary shall request for a repeat or reiteration, and if need be, the Chairman or Secretary shall repeat what he heard the participant was saying for confirmation or correction.
- A Company is required to have its Annual General Meeting either at the Registered Office of the Company, or at place within the city, town or the village in which Registered Office of the Company is situated. **(Sec. 166)**
- At least 5 Members in case of Public Company and 2 Members in case of other Company have to be personally present and shall be the quorum for the general meeting **(Sec. 174)**. In a General Meeting, where Shareholders are allowed to participate through electronic mode, the Quorum as required u/s 174 as well as Chairman of the Meeting shall have to be physically present at the place of the Meeting.

7. To provide larger participation and for curbing the cost borne by the Shareholders to attend General Meetings, Listed Companies may provide video conferencing connectivity during such meetings at least 5 places in India. It is recommended that these places would be situated all over India in such a way, that it covers top 5 States/UTs based on maximum number of members or at least 1000 members, whichever is more, residing as per the address registered with the Depositories.

ADDITIONAL PRACTICE QUESTIONS

PART A – INDIAN CONTRACT ACT, 1872

Particulars	Hint / Page Reference
State the with reasons whether the following would amount to Contract – (Refer P.No. 1.3 / Q.No4) “J takes a seat in Public Bus.”	There is an implied offer to public at large by the Transport Company to carry passengers from one destination to another. When J takes a seat in the bus, there is an implied acceptance of the offer on his part, and there comes into existence a Valid Contract .
J tells “M” that N has expressed his willingness to marry her (M).	There is no contract as the essential element of communication of offer by one party and its acceptance by the other party is missing.
J bids at a Public Auction.	Bidding at a public auction just amounts to an offer by the bidder and till it is accepted by the Auctioneer by some customary method, as fall of hammer, no concluded contract comes into existence.
J puts three one rupee coins in the slot of a platform ticket vending machine at the Railway Station.	As soon as J puts three one rupee coins in the slot of the ticket vending machine there comes into existence a valid contract . This amounts to acceptance on the part of J, of an implied offer by the Owner of the ticket vending machine.
A Father and Daughter agree to go for a morning walk every day.	Not a valid contract as the agreement under question is a “Social Agreement”.
Where there is a Family Settlement in writing and a family member who is not a party to the settlement wishes to enforce his claim. State whether it can be enforced.	P.No.1.31 A Family Settlement in writing may be enforced by a Member of the family who was not a party to settlement. [Shuppu vs Subramanian]
A fire broke out in X's house. He offered to pay an amount of ₹ 5,000 to anyone who brought out his trapped son Y safe. A Fireman brought out Y alive. Is X bound to pay?	P.No.1.27 / Q.No.39 Yes, the Fireman had done more than what his official duty demanded.
A promises to sell his house to B for ₹ 5,00,000. Here, who is the Promisor and who is the Promisee?	P.No.1.1 / Q.No.1 Promisor – A ; Promisee – B
B agrees to buy a house from A for ₹ 5,00,000. Here, who is the Promisor and who is the Promisee?	P.No.1.1 / Q.No.1 Promisor – B ; Promisee – A
A student was induced by his teacher to sell his brand new car to the latter at less than the Purchase Price to secure more marks in the examination. Accordingly, the car was sold. However, the father of the student persuaded to sue his teacher. State whether the student can sue the teacher.	P.No.1.21 / Q.No.29 Yes, ‘A’ can sue his teacher on the ground of Undue Influence. A contract brought as a result of Coercion, Undue Influence, Fraud or Misrepresentation would be voidable at the option of the person whose consent was so caused.
M purchased a wrist watch from N both believed that it was made of gold. Hence, M paid a very high price for that. Later, it was found that the wrist watch was not made so. State the validity of the contract.	P.No.1.26 / Q.No.36 There is a Bilateral Mistake of the essential fact. The agreement is void–ab–initio [Sec. 20]
X agreed to become an assistant for 5 years to Y who was a Doctor practicing at Ludhiana. It was also agreed that during the term of agreement, X will not practice on his own account in Ludhiana. At the end of one year, X left the assistantship of Y and began to practice on his own account. Referring to the provisions of the Indian Contract Act, 1872, decide whether X could be restrained from doing so.	P.No.1.35 / Q.No.5 Agreement for Service by which a person binds himself during the term of the agreement not to take service with anyone else directly or indirectly to promote any business in direct competition with that of his employer is not in restraint of trade. Therefore, X can be restrained by an injunction from practicing on his own account in Ludhiana. (Sec.27)

Particulars	Hint / Page Reference
A & B are Partners of a Firm. They agree to defraud a Government Department by submitting a tender in the individual name and not in the Firm name. Is this a valid agreement?	P.No.1.35 / Q.No.5 No, it is a void agreement, as it is a fraud on the Government Department.
A agrees to pay ₹ 100 to B on B stealing the purse of C. B manages to steal the purse of C and A does not fulfill his promise. Whether Court can compel A to pay B ₹ 100?	P.No.1.5 / Q.No.7 No, because contract is Illegal.
A received certain goods from B promising to pay ₹ 10,000. Later on, A expressed his inability to make the payment. C, who is known to A, pays ₹ 6,000 to B on behalf of A. However, A was not aware of the payment. Now, B is intending to sue A for the amount of ₹ 10,000. Can B do so? Advise.	P.No.1.46 / Q.No.18 When a Promisee accepts performance of the promise from a third person, he cannot afterwards enforce it against the Promisor, i.e. Performance by a Stranger, accepted by the Promisee, produces the result of discharging the Promisor, although the latter has neither authorized nor ratified the act of the Third Party. Therefore, B can sue A only for ₹ 4,000. (Sec.41)
Akhilesh entered into an agreement with Shekar to deliver him (Shekar) 5,000 bags to be manufactured in his factory. The bags could not be manufactured because of strike by the workers and Akhilesh failed to supply the said bags to Shekar. Decide whether Akhilesh can be exempted from the Liability.	P.No.1.56 / Q.No.32 The performance does not become absolutely impossible on account of strikes, lock-outs and civil disturbances and the contract in such a case is not discharged unless otherwise agreed by the parties to the contract. (Budget vs Bennington; Jacobs vs Credit Lyonnais) . In this case, Mr. Akhilesh could not deliver the bags as promised because of the strike by the workers. This difficulty in performance cannot be considered as impossibility of performance and hence, Akhilesh is liable to Mr. Shekar for non-performance of Contract. (Sec. 56) .
M owes money to N under a contract. It is agreed between M, N and O that N shall henceforth accept O as his Debtor instead of M. State whether N can claim payment from O.	P.No.1.52 / Q.No.28 Yes, a contract need not be performed when the parties to the contract agree to substitute a new contract or rescind it or alter it (Sec. 62). In the given case, Novation has taken place as one of the parties has been replaced with a Third Party. Therefore, N can claim the money from O.
M and N had a contract. M broke it. N had a right to file a case against M for damages. N wants to assign this right. Decide.	P.No.1.30 / Q.No.41 No. N cannot because assign this right as it is not a Contractual Right but a personal right given by law.
X agrees to sell 50 tons of some Raw Materials to Y on 20 th June. X delivers the goods on 30 th June. Is Y bound to accept the goods?	P.No.1.48 / Q.No.20 No, because, in commercial deals, time is of essence.
X, Y and Z jointly sells goods to D for ₹ 18,000. After a week, D pays the total amount to Y alone. Is D discharged from liability?	P.No.1.46 / Q.No.19 No, the right to demand the performance lies with the Joint Promisees jointly, unless agreed otherwise.
B, the son of A, has inherited assets and liabilities from his father after his death. But the liabilities were more than the assets. Will B be responsible to pay the entire amount?	P.No.1.46 / Q.No.18 Liability of 'B' is restricted to the extent of the Assets inherited.
A, B and C jointly borrowed a sum of money from X. A dies. Decide whether his Legal Representative L would be liable to repay the loan along with B and C.	P.No.1.46 / Q.No.19 Yes, L would be liable to repay the loan along with B and C.
X, Y and Z jointly borrow from P ₹ 3,000. The liability is Joint & Several. Whether P can recover the amount either from X or from Y or from Z or from all of them jointly?	P.No.1.46 / Q.No.19 Yes, P can recover the amount from any one or all of the Promisors jointly.
A sells 500 quintals of Rice to B and B promises to pay the price on delivery. What is the name of promise in this case?	P.No.1.48 / Q.No.21 Reciprocal Promise.
Where there are two debts one ₹ 500 another ₹ 700 falling due on the same day and if the Debtor pays ₹ 600, whether the appropriation can be made pro-rata for the two debts?	P.No.1.50 / Q.No.23 Yes. The appropriation can be made proportionately u/s 61, if neither party appropriates specifically.

Particulars	Hint / Page Reference
A was appointed as a MD by a Company. Later on it was found that appointment was invalid because the Director appointed him were not eligible. Can A claim Salary for the time he worked?	P.No.1.58 / Q.No.38 Yes, he is entitled to remuneration for the services rendered on Quantum Meruit basis.
X contracted to sell 100 kg of Sugar to Y at ₹ 15 per kg on a certain date. In anticipation X contracted to purchase from Z the same quantity at ₹ 8 per kg. Z does not deliver the Sugar to X. X suffers the loss of ₹ 7 per kg. Can he recover this loss from Z?	P.No.1.58 / Q.No.38 No. This loss amount to special loss which X and Z had not contemplated in their contract.
A appointed B to accompany him on a tour for three months from 1 st July at a certain Salary. Before 1 st July, A told B that B was no more required by him. Can B sue A?	P.No.1.56 / Q.No.33 Yes, on the basis of the anticipatory breach of contract.
In case of breach of promise to marry, the damages are awarded under what type of measurement of damage and what will be taken into account to give damage?	P.No.1.61 / Q.No.43 Exemplary Damages, would take into account the injury suffered by the person.
M found a purse in a mall. He deposited the purse to the Manager of the mall, so that the true owner can claim it back. However, no one claimed the purse. M wants the purse back. Can he succeed?	P.No.1.64 / Q.No.51 Yes, Finder's right of possession is superior to all except the True Owner.
P pays the arrears of rent of his nephew to his landlord just to avoid tension. Can he recover this amount from his nephew?	P.No.1.64 / Q.No.49 No, Section 69 applies only when such a payment is made in which the person is interested.
N had to pay property tax to the Government. To save N's property from being seized by the Government, N's friend O paid the tax to the Government in N's presence. Can O recover the money from N?	P.No.1.64 / Q.No.50 Yes, under the section 70 of the Indian Contract Act,1872
A promises to sell his bike to Z for ₹ 75,000 if he feels like selling it after having a new bike. Is it a Contingent Contract?	P.No.1.43 / Q.No.13 No, it is a void agreement because it is an uncertain agreement.
A agrees to make a furniture for B for ₹ 1 lakh on the term that payment will be made after the completion of the work. Is it a contingent contract?	P.No.1.43 / Q.No.13 No, because the uncertain event (completion of the work) is not collateral to the contract, but the main part of the consideration in the contract.
'A' agrees to pay 'B' ₹ 1 Lakh if sun rises in the west next morning. Is the contract valid?	P.No.1.3 / Q.No.4 No. Contract is Void.
Ravi becomes Guarantor for Ashok for the amount which may be given to him by Nalin within 6 months. The maximum limit of the said amount is ₹ 1 lakh. After 2 months Ravi withdraws his guarantee. Upto the time of revocation of guarantee, Nalin had given to Ashok ₹ 20,000. a) Whether Ravi is discharged from his liabilities to Nalin for any subsequent loan. b) Whether Ravi is liable if Ashok fails to pay the amount of ₹ 20,000 to Nalin? (M 06)	P.No.1.69 / Q.No.4 Refer Section. 130 Issue 1: Ravi is discharged from all the subsequent loans, because it is a case of Continuing Guarantee. Issue 2: Ravi is liable for payment of ₹ 20,000 to Nalin because the transaction has already completed.
A became surety before X for payment of rent by Y under a lease. Subsequently, without A's consent, Y agreed to pay higher rent to X. What is the position of the A?	P.No.1.71 / Q.No.8 A is discharged in respect to arrears of rent subsequent to such variance (Sec. 133)
D, a dealer, supplies certain goods to F in separate lots regularly. Z guarantees payment by F upto ₹ 45,000 for goods supplied from time to time. Can a Guarantee by Z be revoked?	P.No.1.69 / Q.No.4 Yes, Because it is a continuing guarantee.
A Farmer contracted to sell grains to a Merchant, to be grown on his land. S guarantees performance by farmer. The Merchant later divert the stream of water necessary for irrigation of Farmer's land. As a result, the crop could not be grown. Is S liable for the Guarantee?	P.No.1.72 / Q.No.8 No, S is not liable for the guarantee. (Sec.134)
A obtains Housing Loan from LIC Housing and if B promises to repay, what is the nature of contract?	P.No.1.68 / Q.No.3 Contract of Guarantee.

Particulars	Hint / Page Reference
'A' puts 'M' as the Cashier under 'B' and agrees to stand as surety, provided 'B' checks the cash every month. B does not check the cash every month. 'M' embezzles the cash. What is the liability of 'A' in this case?	P.No.1.72 / Q.No.8 A was not held to be responsible (Sec.139)
A bails his Jewellery with B on the condition to safeguard in Bank's safe locker. However, B kept in safe locker at his residence, where he usually keeps his own Jewellery. After a month, all Jewellery was lost in a religious riot. A filed a suit against B for recovery. State whether A will succeed.	P.No.1.74 / Q.No.14 B is liable to compensate A for his negligence in keeping Jewellery at his residence. Here, A and B agreed to keep the Jewellery at the Bank's safe locker and not at the latter's residence.
'X' bails his ornament to 'Y' and 'Y' keeps this ornament in his own locker at his house along with his own ornaments and if all the ornament are lost, whether 'Y' is responsible for the loss to 'X'?	P.No.1.75 / Q.No.15 No. Y has exercised all reasonable care for the goods bailed with ordinary prudence.
R gives his umbrella to M during rainy season to be used for two days during Examinations. M keeps the umbrella for a week. While going to R's house to return the umbrella, M accidentally slips and the umbrella is badly damaged. Who will bear the loss and why?	P.No.1.76 / Q.No.15 M shall have to bear the loss since he failed to return the umbrella within the stipulated time.
A gives his old Jewellery to a Jeweller for making a new Jewellery. He defaults in paying the Service Charges to the Jeweller. Can the Jeweller exercise lien for this?	P.No.1.77 / Q.No.17 Yes, the Jeweller is entitled to exercise particular lien till he is paid.
A takes a Mobile Phone by fraud from owner. Before owner avoids the contract, A pledges the Mobile Phone with C, who takes it in good faith. Can owner recover the Mobile Phone from C?	P.No.1.80 / Q.No.25 Pledge is valid (Sec 178A). Hence, Owner can recover the Mobile Phone only after paying the loan taken by A.
M had taken the car from N for use for three days. M keeps it for seven days. Then, in spite of his utmost care, the car is damaged. Is M liable for damages to N?	P.No.1.75 / Q.No.15 When the Bailee fails to return the goods in time, he is liable for any loss to the goods. (Sec. 161)
Is depositing of money in a Bank a Bailment?	P.No.1.73 / Q.No.10 It is not a Bailment. As the same money deposited cannot be identified and returned.
Is depositing of Ornaments in a bank locker Bailment?	P.No.1.73 / Q.No.10 No. The ornaments are in possession of Owner. There is no actual delivery (as the key is maintained by the Owner).
A appoints M, a Minor, as his Agent to sell his watch for cash at a price not less than ₹ 700. M sells it to D for ₹ 350. Is the sale valid? Explain the legal position of M and D.	P.No.1.81 / Q.No.28 If a person who is not competent to contract is appointed as an Agent, the Principal is liable to the third party for the acts of the Agent. Thus, in the given case, D gets a good title to the watch. M is not liable to A for his negligence in the performance of his duties. (Sec. 184)
A agrees to work as an agent of B without remuneration. Later A refuses to work. Can B hold him guilty of breach of Contract?	P.No.1.81 / Q.No.28 No, because agreement was without consideration. However, if A had actually acted, he would have acted as valid agent
D engaged E, an auctioneer, to sell some property for a commission of ₹ 15,000. E however received secretly ₹1,500 also as commission from Purchaser. Discuss the rights of D and E.	P.No.1.88 / Q.No.40 D is entitled to recover both the amounts from E.

PART B – PAYMENT OF BONUS ACT, 1965

Particulars	Hint / Page Reference
An employee drawing a salary of ₹ 7,500 availed a maternity leave for premature delivery from February 8 th to April 4 th , 2011. The employee joined the duty on January 20 th , 2011. Is she eligible for bonus for the year 2010–2011.	P.No.3.6 / Q.No.7 Employee should serve for not less than 30 working days in the year on a salary of less than ₹10,000 per month. Maternity leave with salary or wages during the accounting year will be included in calculating the total working days. In the given case, the employee is eligible for bonus for the year 2010–2011.
Is an employee who had been laid –off for 20 days and had attended work for only 22 days in an entire	P.No.3.12 / Q.No.16 The employee had been laid off for 20 days (Deemed Working Day)

Particulars	Hint / Page Reference
accounting year eligible for Bonus?	and had attended work for 22 days in the entire accounting year equaling to 42 total working days. An employee is entitled to bonus when he has worked in the establishment for not less than 30 working days in the year. So, in this case, the employee is entitled to get bonus.
Whether the Employees of the following establishment are entitled to bonus – a) Defence Canteen b) Institutions engaged in Social or welfare activities c) Delhi Development Authority	P.No.3.1 / Q.No.2 a) Not entitled for bonus as per Section 32(iv) being a department of CG. b) Not entitled for bonus as per section 32(v) being a NPO. c) Not entitled u/s 32(iv) being a local authority.
A Company was engaged in 3 separate ventures under 3 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.	P.No.3.5 / Q.No.6 If Separate Financial Statements are prepared for each units they are treated as a separate Establishment for calculation of Bonus. Hence, in the given case the employees cannot demand Bonus. (Sec.3)

PART C – THE PAYMENT OF GRATUITY ACT, 1972

Particulars	Hint / Page Reference
Mr. X was the owner of a Factory to which the Payment of Gratuity Act, 1972 was applicable. Mr. X had appointed Ms. D as the Labour Officer for the Factory and given his specific instructions for deducting the employees' contribution as provided by the law. But Ms. D had manipulated the records and cheated the Employees by making excessive deductions and pocketing the excess. The Inspector identified the irregularities and sent notice to Mr. X. Does he have a defence?	P.No.3.5 / Q.No.6 Yes, as per Section 7(B) of the Payment of Gratuity Act, 1972
The maximum ceiling on the Gratuity amount is ₹ 5 Lakhs. (True / False)	False. The Maximum ceiling on the Gratuity Amount is Rs.10 Lakhs [Pursuant to Payment of Gratuity (Amendment) Act, 2010]
Gratuity can be attached in execution of any decree or order of any Civil, Revenue or Criminal Court (True / False).	False. Gratuity amount cannot be attached. (Sec.13)

PART D – THE COMPANIES ACT, 1956

Particulars	Hint / Page Reference
The Directors of a Company borrowed ₹ 50,000 from A on a transaction which is ultra vires the Company. Discuss the rights of A against the Company and its Directors.	P.No.8.15 / Q.No.22 A does not have any right against the Company
Under the Articles, the Directors of a Company had power to borrow upto ₹ 1,00,000 without the consent of the General Meeting. The Directors themselves lent ₹ 2,00,000 to the Company without such consent and took Debentures. Is the Company liable for ₹ 2,00,000?.	P.No.8.15 / Q.No.22 Company is not liable.
A Managing Director of a Company borrowed a sum of money by executing a document in which he forged the signature of two other Directors who are required to sign as per requirements of the Articles. Can the Company deny liability to Creditors?	P.No.8.15 / Q.No.22 Company may be held liable for any fraudulent acts of its Officers acting under ostensible authority. (Sri Kishan v. Mondal Bros. & Co.)
A Limited Company was willing to purchase a Tea Estate in Assam. Extract from Experts' Report mentioning number of Tea Plants and other relevant information was incorporated in the prospectus. The Experts' Report was found to be incorrect. Does any prospective applicant shareholder buying the shares on the basis of false information has any remedy against the Company?	P.No.9.11 / Q.No.15 Allottee of Shares who has been induced to take Shares on the faith of an Untrue Statement of an Expert in the Prospectus, is entitled to claim from the Expert – (i) damages, and (ii) compensation u/s 62. Expert will not be made

Particulars	Hint / Page Reference
	liable if the Expert withdrew his consent in writing. (Sec. 65)
State whether Television Advertisements and Visual Clips giving all required details can be treated as a Prospectus?	P.No.9.1 / Q.No.1 No, a prospectus must be in writing.
Right Shares means Shares which are issued by a newly formed Company. (True / False)	P.No.10.13 / Q.No.23 False. Rights Shares are issued to existing Shareholder. (Sec.81)
A Bearer of a Share Warrant of a company is not Member of the Company. (True / False)	P.No.12.1 / Q.No.1 True. He is only a Shareholder and not a Member, as his name does not appear in the Register of Members. (Sec.115)
X purchased 100 Equity Shares of ABC Ltd. from Y. Though the amount of transaction was paid to the Seller, the Transferee's name is not appearing in the List of Members. Subsequently, the Company declared dividend. Referring to the provisions of the Companies Act, 1956 state to whom the Company will be paying the dividend.	Dividend shall be paid only to the Registered Holder of Shares or to his order or to his bankers or to the Bearer of a Share Warrant. (Sec. 206)
Deferred Shares also called Founders' Shares (True / False).	True. Since Deferred Shares are often held by the Promoters of the Company.
To authorise the issue of shares at a Discount, a special resolution is required. (True / False)	P.No.10.12 / Q.No.21 False. Ordinary Resolution is sufficient. (Sec. 79).
C, a Member of LS & Co. Ltd, holding some Shares in his own name on which Final Call Money has not been paid, is denied by the Company voting right at a general meeting on the ground that the Articles of Association do not permit a Member to vote if he has not paid the calls on the Shares held by him. Examine the validity of Company's denial to C of his voting right.	P.No.12.5 / Q.No.6 The Company's restriction on C against his voting right is valid. (Sec. 181)

PART E – THE EMPLOYEES PROVIDENT FUND ACT, 1952

Particulars	Hint
State whether the following statements are correct or incorrect: (i) Employees' Provident Funds and Miscellaneous Provisions Act, 1952 applies to "Municipal Councils and Municipal Corporations".	(i) Correct. The Ministry of Labour & Employment through Notification No. S.O30 (E), dated 8th January, 2011 specifies that the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 shall also apply to "Municipal Councils and Municipal Corporations constituted under sub-clauses (b) & (c) of clause (1) of Article 243Q of the Constitution of India".
(ii) The Funds under the Employees' Provident Funds Scheme, 1952 is vested and administered by Central Government.	(ii) Incorrect. The funds under the Employees' Provident Funds Scheme, 1952 shall vest in and be administered by Central Board of trustees constituted under Section 5A by the Central Government.