

Test Paper 5

National Test Series

Test Instructions:

1. Please write your solution in new sheets of paper. It is advisable to create a separate notebook for writing test.
2. You have to give the test between 2 PM to 5 PM.
3. Suppose, if you are not able to complete the test (or any part of the test) in prescribed time, then please draw line in the sheet whenever the prescribed time is getting over and clearly mention "Time Over". But keep writing the remaining part we will check that. We want to check your accuracy.
4. Include all rough work in your answer sheet only. Don't use separate pages for rough work.
5. Start different part of the test paper in new pages. Properly mention **page number** on your every answer sheet.
6. For instruction on how to submit the test please watch http://bit.ly/CA_Inter_Test
7. Send us your answer sheets by way of email on paper@konceptca.com.
8. Make sure pictures are sharp, also make sure that you send single email for the whole paper after converting them into PDF for instructions how to make PDF watch <https://youtu.be/q2hzXylYe0o>
9. If your PDF size is greater than 25 MB, then please compress it using this link- <https://pdfcompressor.com/>
10. Email received after **10th May evening 7 PM** will not be assessed.
11. Do mention your KE-ID, name of the test series you are attempting for and name of the test in your answer sheet as well as in the subject of the mail while submitting your answer sheet.
12. Today Youtube live at 7:30 evening, result of National Test - 4 will be declared + Giveaway + Hacks for improving your Corporate Law and Other Laws score.

We will share your results and score only if you are able to send the answer sheets by **10th May evening 7 PM**

Youtube Live at 7:30 pm
Lets Discuss Today's exam Paper



Subject:- Corporate Laws & Other Laws

Marks: 100 Marks

Duration: 3 Hrs.

Part I

Multiple choice Questions.

(1 Mark x 30= 30 Marks)

Case Study Based MCQs

Case Study 1

A private company by the name of Neha Pvt. Limited was incorporated in the year 2002. The registered office of the company Neha Pvt. Limited was situated in city K of state Y.

During the financial year beginning on 01/04/2018 and ending on 31/03/2019 the turnover of the company Neha Pvt. Limited was Rs. 1010 crore. The net profit of the company Neha Pvt. Limited for the financial year 2018-19 was Rs. 4 crore.

The Board of Directors of Neha Pvt. Limited consisted of only two directors namely Mr. M and Mr. N. Mr. M and Mr. N were the only directors of company Neha Pvt. Limited since its incorporation in the year 2002.

Mr. M one of the two directors of Neha Pvt. Limited was of the opinion that no Corporate Social Responsibility Committee of the Board was required to be formed as for the financial year 2019 – 20 due to the reason that net profit of the company Neha Pvt. Limited for financial year 2018-19 was Rs. 4 crore which was less than Rs. 5 crore.

Mr. N the other director of Neha Pvt. Limited was not having the same opinion as Mr. M. He was of the opinion that Corporate Social Responsibility Committee of the Board must be formed for the company Neha Pvt. Limited.

The net profit of the company Neha Pvt. Limited for the financial year 2015-16, 2016-17 and 2017-18 were Rs. 1 crore, Rs. 2 crore and Rs. 3 crore respectively.

Keeping the basic provisions of Companies Act in mind answer the following multiple choice questions:

1. Mr. M one of the director of Neha Pvt. Limited was of the opinion that no Corporate Social Responsibility Committee of Board was required to be formed for financial year 2019-20 but Mr. N other director was of opinion that it was required to be formed.

According to your understanding which one of the two director is right and why:

- A. Mr. M because net profit of Neha Pvt. Limited for financial year 2018-19 was less than Rs. 5 crore.
- B. Mr. N because turnover of Neha Pvt. Limited for financial year 2018-19 was more than Rs. 1,000 crore.
- C. Mr. N because net profit of Neha Pvt. Limited for financial year 2018-19 was more than Rs. 2 crore.
- D. Mr. M because turnover of Neha Pvt. Limited for financial year 2019-19 was less than Rs. 1,500 crore.

2. The company Neha Pvt. Limited must give preference to spend the amount of contribution towards Corporate Social Responsibility in area of:
 - A. City O of State Y
 - B. City A of State Z
 - C. City G of State Z
 - D. City K of State Y

3. According to law Corporate Social Responsibility Committee shall consist of three or more directors, so for company Neha Pvt. Limited the Corporate Social Responsibility Committee will:
 - A. Not be formed as it has only two directors namely Mr. M and Mr. N
 - B. Be formed only after appointing one more director apart from Mr. M and Mr. N
 - C. Be formed with two directors only namely Mr. M and Mr. N
 - D. Be formed only after appointing two more directors apart from Mr. M and Mr. N

4. The company Neha Pvt. Limited shall spend during financial year 2018-19 on Corporate Social Responsibility an amount of atleast:
 - A. Rs. 0.04 crore
 - B. Rs. 0.12 crore
 - C. Rs. 0.18 crore
 - D. Rs. 0.06 crore

MCQs other than Case Study

5. Who can be subscriber of Memorandum of Association?
 - A. LLP
 - B. Government of India
 - C. Both of the above
 - D. None of the above

6. As per companies Act,2013, 'officer' includes any _____
 - A. Director
 - B. Manager
 - C. Key managerial personnel
 - D. All of the above

7. Who among the following can be member of a company as per Companies Act, 2013?
 - A. ABC LLP.
 - B. XYZ & Co., partnership firm
 - C. Both of the above
 - D. None of the above

8. Debenture certificate duly transferred must be delivered to transferee within _____
- A. One month
 - B. Two Months
 - C. Three months
 - D. Six Months
9. If there is no quorum within _____ of requisitioned extraordinary general meeting, the requisition meeting stands cancelled
- A. 10 Min
 - B. 15 Min
 - C. 30 Min
 - D. 60 Min.
10. The number of contracts in contract of guarantee are _____
- A. 2
 - B. 3
 - C. 4
 - D. None of the above
11. As per section _____, the financial statements shall comply with the accounting standards-
- A. 128
 - B. 129
 - C. 133
 - D. 143(2)
12. Generally, a bill of exchange has _____ parties.
- A. 2
 - B. 3
 - C. 4
 - D. Any number
13. The company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or associate or joint venture in _____
- A. XBRL
 - B. Form AOC-1
 - C. Form AOC-2
 - D. Form AOC-3

14. The General Clauses Act is one of the oldest Acts, came into force on:

- A. 01st April 1897
- B. 11th March 1897
- C. 11th March 1887
- D. 01st April 1868

15. Company shall maintain a complete record of private placement offers in _____.

- A. Form PAS-2
- B. Form PAS-3
- C. Form PAS-4
- D. Form PAS-5

16. The party who gives the indemnity is known as _____

- A. Indemnity-holder
- B. Indemnifier
- C. Surety
- D. Principle debtor

17. As per Companies Act, 2013, Form SH 13 shall be used for _____

- A. Nomination of shares
- B. Nomination of debentures
- C. Both of the above
- D. None of the above

18. Which of the following is not an essential of a valid promissory note?

- A. it must be signed by maker
- B. It must be stamped
- C. It must be in writing
- D. It must be registered

19. Who can appoint nominee for shares as per Companies Act, 2013?

- A. Company
- B. Body corporate
- C. Both of the above
- D. None of the above.

20. A lent his car to his friend B, for two days without any charges. It is a _____
- A. non gratuitous bailment
 - B. gratuitous bailment
 - C. hypothecation
 - D. beneficial bailment
21. As per section 77 of Companies Act, 2013, the charge should be filed with registrar within _____ from its creation.
- A. 15 Days
 - B. 21 Days
 - C. 30 Days
 - D. 300 Days
22. In which of the following circumstances, a banker may refuse to make the payment of his customer's cheque?
- A. where cheque is postdated
 - B. where cheque is stale
 - C. where funds are insufficient
 - D. in all the above cases
23. Return of deposits shall be certified by _____ of company
- A. Any two directors
 - B. Auditor of company
 - C. any chartered accountant
 - D. company secretary in practice
24. As per General Clauses Act, 1897, 'person' shall include any _____
- A. Company
 - B. Association
 - C. Body of individuals
 - D. All of the above
25. In how many days from the date of declaration of interim dividend, it shall be deposited in a separate bank account
- A. 5 Days
 - B. 7 Days
 - C. 15 Days
 - D. 21 Days

26. A guarantee obtained by a creditor by keeping silence as to material circumstances is:
- A. Valid
 - B. Voidable
 - C. Unenforceable
 - D. Invalid
27. Remuneration of first auditor shall be fixed by _____
- A. Board of directors
 - B. Committee of directors
 - C. Central Government
 - D. ICAI
28. Which of the following is not an Immovable Property (as per the provisions of the General Clauses Act, 1897):
- A. Land
 - B. Building
 - C. Timber
 - D. machinery permanently attached to the land
29. An internal aid that may be added to include something within the section or to exclude something from it, is
- A. Proviso
 - B. Explanation
 - C. Schedule
 - D. Illustrations
30. In a statute, in the definition section, a definition can be
- A. complete or incomplete
 - B. restrictive or extensive
 - C. inclusive or exclusive
 - D. both (b) and (c)

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Part II

Question 1 is compulsory.

Answer any three from remaining four questions.

Question 1.

(A) The Articles of Association of a Limited Company provided that 'X' shall be the Law Officer of the company and he shall not be removed except on the ground of proved misconduct. The company removed him even though he was not guilty of misconduct. Decide, whether company's action is valid?

(5 Marks)

(B) Data Limited (listed on Stock Exchange) was incorporated on 1st October, 2018 with a paid-up share capital of ₹ 200 crores. Within this small time of 4 months it has earned huge profits and has topped the charts for its high employee friendly environment. The company wants to issue sweat equity to its employees. A friend of the CEO of the company has told him that they cannot issue sweat equity shares as 2 years have not elapsed since the time company has commenced its business. The CEO of the company has approached you to advise them about the essential conditions to be fulfilled before the issue of sweat equity shares especially since their company is just a few months old.

(5 Marks)

(C) What are the rights of the indemnity-holder when sued?

(4 Marks)

(D) Explain the meaning of 'Holder' and 'Holder in due course' of a negotiable instrument. The drawer, 'D' is induced by 'A' to draw a cheque in favour of P, who is an existing person. 'A' instead of sending the cheque to 'P', forgoes his name and pays the cheque into his own bank. Whether 'D' can recover the amount of the cheque from 'A's banker. Decide.

(5 Marks)

Question 2.

(A) The principal business of XYZ Company Ltd. was the acquisition of vacant plots of land and to erect the house. In the course of transacting the business, the Chairman of the company acquires the knowledge of arranging finance for the development of land. The XYZ Company introduced a financial to another company ABC Ltd. and received an agreed fee ₹2 lakhs for arranging the finance .The memorandum of Association of the company authorized the company to carry on any other trade or business which can in the opinion of the board of directors, be advantageously carried on by the company in connection with the company's general business. Referring to the provision of the Companies Act, examine the validity of the contract of he carried out by XYZ Company Ltd. with ABC Ltd.

(4 Marks)

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

(4 Marks)

(C) Discuss with reasons, whether the following persons can be called as a 'holder' under the Negotiable Instruments Act, 1881:

1. X who obtains a cheque drawn by Y by way of gift.
2. A, the payee of the cheque, who is prohibited by a court order from receiving the amount of the cheque.
3. M, who finds a cheque payable to bearer, on the road and retains it.
4. B, the agent of C, is entrusted with an instrument without endorsement by C, who is the payee.
5. B, who steals a blank cheque of A and forges A's signature.

(5 Marks)

(D) The 'Statute should be read as a Whole'. Explain the statement.

(4 Marks)

Question 3.

(A) Unique Builders Limited decides to pay 2.5 percent of the value of debentures as underwriting commission to the underwriters but the Articles of the company authorize only 2.0 percent underwriting commission on debentures. The company further decides to pay the underwriting commission in the form of flats. Examine the validity of the above arrangements under the provisions of the Companies Act,2013.

(5 Marks)

(B) A General Meeting was scheduled to be held on 15th April, 2016 at 3.00 P.M. As per the notice the members who are unable to attend a meeting in person can appoint a proxy and the proxy forms duly filled should be sent to the company so as to reach at least 48 hours before the meeting. Mr. X, a member of the company appoints Mr. Y as his proxy and the proxy form dated 10-04-2016 was deposited by Mr. Y with the company at its registered Office on 11-04-2016. Similarly, another member Mr. W also gives two separate proxies to two individuals named Mr. M and Mr. N. In the case of Mr. M, the proxy dated 12-04-2016 was deposited with the company on the same day and the proxy form in favour of Mr. N was deposited on 14-04-2016. All the proxies viz., Y, M and N were present before the meeting. According to the provisions of the Companies Act, 2013, who would be the persons allowed to represent at proxies for members X and W respectively?

(5 Marks)

(C) As per the provisions of the Companies Act, 2013, a whole time Key Managerial Personnel (KMP) shall not hold office in more than one company except its subsidiary company at the same time. Referring to the Section 13 of the General Clauses Act, 1897, examine whether a whole time KMP can be appointed in more than one subsidiary companies?

(3 Marks)

(D) 'A' gives to 'M' a continuing guarantee to the extent of ₹ 8,000 for the fruits to be supplied by 'M' to 'S' from time to time on credit. Afterwards 'S' became embarrassed and without the knowledge of 'A', 'M' and 'S' contract that 'M' shall continue to supply 'S' with fruits for ready money and that payments shall be applied to the then existing debts between 'S' and 'M'. Examining the provision of the Indian Contract Act, 1872, decide whether 'A' is liable on his guarantee given to M.

(4 Marks)

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Question 4.

(A) Mrs. Sita, wife of CA. 'Arjun' the statutory auditor of Stellar Builders Limited, acquired shares in the company for a face value of ₹ 75000/- on 15th March, 2018. CA. 'Arjun', issued his audit report on 25th April, 2018. Examine the validity of this transaction under the Companies Act, 2013. Would your answer be different if face value of the shares have been ₹ 150000/- (market value ₹ 95000/-)?

(5 Marks)

(B) Ramesh, who is a resident of New Delhi, sent a transfer deed, for registration of transfer of shares to the company at the address of its Registered Office in Mumbai.

He did not receive the shares certificates even after the expiry of four months from the date of dispatch of transfer deed. He lodged a criminal complaint in the Court at New Delhi. Decide, under the provisions of the Companies Act, 2013, whether the Court at New Delhi is competent to take action in the said matter?

(5 Marks)

(C) What is the effect of proviso? Does it qualify the main provisions of an Enactment?

Does an explanation added to a section widen the ambit of a section?

(4 Marks)

(D) What do you understand by the term 'Good Faith'. Explain as per the provisions of the General Clauses Act, 1897.

(3 Marks)

Question 5.

(A) RST Ltd. declared dividend at the rate of 20% for the financial year 2017-2018 in the AGM scheduled on 15th June 2018. As RST Ltd. is left with certain unpaid and unclaimed dividend, it transferred amount of unpaid and unclaimed dividend to UDA (unpaid dividend account). After remaining unpaid and unclaimed for more than 2 years in the UDA, some of the entitled shareholders made liable RST Ltd. for noncompliance of section 124, and claimed for their unpaid dividend amount. RST Ltd. denies saying that there were certain legal issues on the entitlement of the dividend amount to the respective shareholders. State in the light of the given facts, whether the allegation marked by shareholders and claim for the divided amount, against RST Ltd. is justifiable?

(5 Marks)

(B) Referring to the provisions of the Companies Act, 2013, examine the validity of the following :

ABC Limited having a net worth of 120 crore rupees wants to accept deposit from its members. They have approached you to advise them regarding that if they fall within the category of eligible company, what special care has to be taken while accepting such deposit from members.

(5 Marks)

(C) Comment on the following:

'Principal is not always bound by the acts of a sub-agent '.

(3 Marks)

(D) A draws a bill on B. B accepts the bill without any consideration. The bill is transferred to C without consideration. C transferred it to D for value. Decide-

1. Whether D can sue the prior parties of the bill, and
2. Whether the prior parties other than D have any right of action inter se?

Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881.

(4 Marks)

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