

# MKG

Roll No .....287463.....

Total No. of Printed Pages: 5

Total No. of Questions – 5

Maximum Marks: 70

## GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
  2. Part I comprises Multiple Choice Questions (MCQs).
  3. Part II comprises questions which require descriptive type answers.
  4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
  5. Answers to MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book or on Part-I Question paper will not be evaluated.
  6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
  7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.
  8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
  9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, and (b) the answer book in respect of descriptive answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
  10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
  11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.
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## PART-II

70 Marks

1. Question paper comprises 5 questions. Answer Question No. 1 which is compulsory and any 3 out of the remaining 4 questions.
2. Working notes should form part of the answer.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

**Q.1(a)** State with reasons (in short) whether the following statements are correct or incorrect:

(i) The first auditor of a Government company was appointed by the Board in its meeting after 10 days from the date of registration.

(ii) Director's relative can act as an auditor of the company

(iii) If an LLP (Limited Liability Partnership Firm) is appointed as an auditor of a company, every partner of a firm shall be authorized to act as an auditor.

(iv) AB & Co. is an audit firm having partners Mr. A and MR. B, MR. C, the relative of MR. B is holding securities having face value of ₹ 2,00,000 in XYZ Ltd. AB & Co. is qualified for being appointed as an auditor of XYZ Ltd.

(v) The Auditor of a Ltd. Company wanted to refer to the minute books during audit but board of directors refused to show the minute books to the auditors. **(5 Marks)**

**Q.1(b)** How will a copy of an instrument evidencing creation of charge and required to be filed with the Registrar be verified? **(4 Marks)**

**Q.1(c)** Explain the provisions for Appointment of Trustee for Depositors under the Companies Act, 2013 read with the 'Acceptance of Deposits' Rules, 2014. **(6 Marks)**

**Q.1(d)** YZ Medical Instruments Limited is a manufacturing company & has proposed a dividend @10% for the year 2018-19 out of the profits of current year. The company has earned a profit of ₹ 910 crores during 2018-19. The company does not intend to transfer any amount to the general reserves out of the profits. Is YZ Medical Instruments Limited allowed to do so? Comment. **(4 Marks)**

**Q.2(a)** Discuss the following situations in the light of 'deposit provisions' as contained in the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time.

(i) Samit, one of the directors of Zarr Technology Private Limited, a start-up company, requested his close friend Ritesh to lend to the company ₹30.00 lacs in a single tranche by way of a convertible note repayable within a period six years from the date of its issue. Advise whether it is a deposit or not.

(ii) Polestar Traders Limited received a loan of ₹30.00 lacs from Rachna who is one of its directors. Advise whether it is a deposit or not.

(iii) City Bakers Limited failed to repay deposits of ₹ 50.00 crores and interest due thereon even after the extended time granted by the Tribunal. Is the company or Swati, its officer-in-default, liable to any penalty?

(iv) Shrinagar Readymade Garments Limited wants to accept deposits of ₹ 50.00 lacs from its members for a tenure which is less than six months. Is it a possibility?

(v) Is it in order for the Diamond Housing Finance Limited to accept and renew deposits from the public from time to time? **(5 Marks)**

**Q.2(b)** DEJY is a Company Limited incorporated in Singapore desires to establish a branch office at Mumbai. You being a practicing Chartered Accountant have been appointed by the company as a liaison officer for compliance of legal formalities on behalf of the company. Examining the provisions of the Companies Act, 2013, answer the following:

- (i) Whether branch office will be considered as a company incorporated outside India.
- (ii) If yes, state the documents you are required to furnish on behalf of the company, on the establishment of a branch office at Mumbai. **(4 Marks)**

**Q.2(c)** State, with reasons, whether the following statements are 'True or False'?

- (i) ABC Private Limited may accept deposits from its members to the extent of ₹ 50.00 lakhs, if the aggregate of its paid-up capital, free reserves and security premium account is ₹ 50.00 lakhs
- (ii) A Government Company, which is eligible to accept deposits under Section 76 of the Companies Act, 2013, cannot accept deposits from public exceeding 25% of the aggregate of its paid-up capital, free reserves and security premium account. **(4 Marks)**

**Q.2(d)** Managing Director of PQR Ltd. himself wants to appoint Shri Ganpati, a practicing Chartered Accountant, as first auditor of the Company. Comment on the proposed action of the Managing Director. **(4 Marks)**

**Q.3(a)** Define the term "deposit" under the provisions of the Companies Act, 2013 and comment quoting relevant provisions whether the following amounts received by a company will be considered as deposits or not:

- (i) ₹ 5,00,000 raised by Rishi Confectionaries Limited through issue of non-convertible debentures not constituting a charge on the assets of the company and listed on a recognised stock exchange as per the applicable regulations made by the Securities and Exchange Board of India.
- (ii) ₹ 2,00,000 received by Raja Yarns Limited from its employee MR. T, who always an annual salary of ₹1,50,000, as a non-interest-bearing security deposit under a contract of employment
- (iii) ₹ 3,00,000 received by a private company from one of the relatives of a Director. The said relative has furnished a declaration that the amount was received by him from his mother as a gift. **(6 Marks)**

**Q.3(b)** P Limited appointed "XYZ & Co.", an audit firm, as Auditor of the company at the Annual General Meeting held on 30 September, 2021. Mr. X, Y and Z are partners in XYZ & Co. With reference to the Companies Act, 2013, examine, the validity of appointment of the XYZ & Co. in each of the following cases separately:

- (i) Mrs. Q, wife of Mr. X has invested in the equity shares of P Limited having face value of ₹1 lakh.
- (ii) Mrs. Q, wife of Mr. X has given guarantee in relation to a loan taken by G from P Limited of an amount worth ₹1,50,000
- (iii) Mrs. Q, wife of Mr. X is indebted to Z Limited for ₹10,00,000 (P Limited holds one fourth of the paid-up Equity Share Capital of Z Ltd.) **(6 Marks)**

**Q.3(c)** Discuss the purpose of cost audit. What are the legal provisions regarding applicability of cost audit? **(5 Marks)**

**Q.4(a)** Discuss the following:

(a) Ceiling on number of audits in a company to be accepted by an auditor.

(b) Filling of a casual vacancy of auditor in respect of a company audit.

**(4 Marks)**

**Q.4(b)** ABC Limited created a charge in favour of OK Bank. The charge was duly registered. Later, the Bank enhanced the facility by another Rs. 20 crores. Due to inadvertence this modification in the original charge was not registered. Advise the company as to the course of action to be pursued in this regard.

**(5 Marks)**

**Q.4(c)** Galilio Ltd. is a foreign company in Germany, and it has established a place of business in Mumbai. Explain the relevant provisions of the Companies Act, 2013 and rules made thereunder relating to preparation and filing of financial statements, as also the documents to be attached alongwith the financial statements by the foreign company.

**(4 Marks)**

**Q.4(d)** Enumerate the amounts which when received by a company in the ordinary course of business are not to be considered as deposits. (Write any three)

**(4 Marks)**

**Q.5(a)** In the light of the provisions of the Companies Act, 2013, examine whether the following Companies can be considered as a 'Foreign Company':

(i) Red Stone Limited is a Company registered in Singapore. The Board of Directors meets and executes business decisions at their Board Meeting held in India.

(ii) Xen Limited Liability Company registered in Dubai has installed its main server in Dubai for maintaining office automation software by Cloud Computing for its client in India.

**(6 Marks)**

**Q.5(b)** Perfect Limited Company raised the secured deposit of 100 crores on 30 June, 2021 from the public on interest @ 12% p.a. repayable after 3 years. The charges has been created within prescribed time in favour of trustee of depositors against the deposit taking following assets of the company as security:

Land & Building	₹60 crores
Plant & machinery	₹ 20 crores
Factory Shed	₹ 20 crores
Trade Mark	₹ 20 crores
Goodwill	₹ 25 crores

Explain the validity of the charges created with reference to the Companies (Acceptance of Deposit) Rules, 2014.

**(4 Marks)**

**Q.5(c)** Abroad Ltd., a foreign company without establishing a place of business in India, proposes to issue prospectus for subscription of securities in India. Being a consultant of the company, advise on the procedure of such an issue of prospectus by Abroad Ltd.

**(4 Marks)**

**Q.5(d)** Swift Pharmaceuticals, a Company registered in Singapore, has started its business in India during the financial year 2016. The Company has submitted all the required documents with registrar within the due date. On March 1, 2023, Swift Pharmaceuticals has shifted its principal office in Singapore. Does the Company required to undertake any steps due to change in address of principal office.

**(3 Marks)**

**SPACE FOR ROUGH WORK**