

FREE OF COST

I.S.B.N : 81-7666-351-4

SCANNER'S APPENDIX

CS Final Gr. I

December 2005

Paper - 1

Advanced Company Law and Practice

Chapter - 1 : Petitions, Applications and Appearances Before Company Law Board

2005 - Dec [2] (a) As a shareholder of Piyush Ltd. having its registered office in Kolkata, West Bengal, you intend submitting a petition to the Company Law Board relating to matter specified in Section 409. To which Bench of the Company Law Board would the petition be filed? (4 marks)

2005 - Dec [3] (a) A notice issued by the Company Law Board and sent to a director of a company by registered post is returned by the postal authorities with the remark 'refused'. What further action needs to be taken in respect of such a notice? (4 marks)

2005 - Dec [4] (c) What documents should accompany a petition under section 17 for change of a company's registered office from one State to another? (4 marks)

2005 - Dec [7] (a) On a petition, the Company Law Board fixes a date for hearing on which one of the parties does not appear. What action can the Bench of the Company Law Board take in such a situation? (4 marks)

Chapter - 2 : Applications to the Central Government

2005 - Dec [1] {C} Comment on the following:

- (i) The provisions of the Companies Act, 1956 totally exempt the managing director of the company and his relatives from the regulatory provisions of Section 314 in the matters of holding office or place of profit in the company. (5 marks)
- (iv) The general principle of law that the 'authority in whom the power to appoint vests is competent to remove the incumbent from office' is applicable both to the removal of director and removal of auditor before expiry of their respective tenures of office. (5 marks)
- (v) Preference shareholders' right to receive the dividend irrespective of the profitability of the company is undeniable. (5 marks)

2005 - Dec [2] (b) Your company has a paid-up capital of Rs.200 crore and is

engaged in power generation business and has not paid any dividend for several years due to paucity of earnings. Since the shareholders are clamouring for returns, your company intends to declare a dividend of 10% although there is a net profit of only Rs.2 crore after providing for depreciation of Rs.75 crore. How can this be done? (4 marks)

2005 - Dec [7] (b) Prepare an application to the Central Government for obtaining prior approval for entering into contracts for sale, purchase or supply of any goods, materials or services pursuant to the proviso to Section 297(1). (12 marks)

Chapter - 3 : Petition of Court

2005 - Dec [3] (b) What are the powers of the court to grant relief to an officer of the company from his liability in respect of his acts of omission and commission? (4 marks)

2005 - Dec [4] (b) As the Secretary of Adroit Ltd., draft a resolution for making an application to the court for taking cognizance of the offences committed by Sneaky Ltd. of which your company is a member. (4 marks)

2005 - Dec [5] (c) A company got the approval of the company court to a scheme of internal reconstruction. While the scheme was under implementation, the company prayed for a declaration by the court that no income-tax would be payable by the company till the expiry of three years of working of the reconstructed company. Can the court accede to this prayer? (6 marks)

Chapter - 4 : Inspection

2005 - Dec [3] (c) Can a company and its authorised officers obtain a copy or carry out an inspection of the report submitted by an inspecting officer under Section 209A? (4 marks)

2005 - Dec [6] (b) Your company has received a letter from the Joint Director (Inspection) advising that an inspection of the company will be conducted shortly. What are the duties of directors, other officers and employees of the company in relation to such inspection? (4 marks)

Chapter - 6 : Corporate Collapse

2005 - Dec [1] {C} Comment on the following:

(ii) Petitions under Sections 397, 398 and 433 are not simultaneously maintainable. (5 marks)

(iii) A liquidator in a compulsory winding-up of a company need not obtain court's approval for every act he is required to perform as liquidator of the company. (5 marks)

2005 - Dec [2] (d) Bimal, the transferee, submitted a share transfer form duly executed, dated and stamped in June, 2004 to Daisy Ltd., which did not register it till October, 2004. Bimal submitted a petition for winding-up of the company in December, 2004. Will the petition succeed? (4 marks)

2005 - Dec [3] (d) What are the circumstances in which it will be deemed that proper books of account have not been kept by a company in respect of which winding-up order has been passed? (4 marks)

2005 - Dec [5] (b) Discuss the jurisdiction of courts relating to winding-up of a company. (5 marks)

2005 - Dec [6] (c) With reference to decided cases, set out the various principles that emerge in the matter of 'inability to pay debts' as the ground for compulsory winding-up of a company. (8 marks)

Chapter - 9 : Buy-Back of Shares

2005 - Dec [4] (d) Draft a notice of an extra-ordinary general meeting for transacting the only business of obtaining consent of the company to buy-back its shares. (4 marks)

Chapter - 10 : Insider Trading

2005 - Dec [2] (c) A proceeding has been initiated against your company for dealing in securities of Zebra Ltd., which is in possession of unpublished price sensitive information. What are the possible defences that you can advance in such a situation? (4 marks)

Chapter - 12 : Contemporary Practices and emerging Perspective on Corporate Governance

2005 - Dec [6] (a) Prepare a draft resolution to be passed by the Board of directors of your company authorising Divakar, a director of your company, to act as representative of your company at the general meeting of Harsha Ltd. in which your company is a shareholder. (4 marks)

Chapter - 14 : Reports of various Committees on Corporate Governance

2005 - Dec [8] (b) What is the Board procedure recommended by Kumar Mangalam Birla Committee on corporate governance and what information must be made available to the Board as per the said Committee's recommendations? (10 marks)

Chapter - 15 : International Dimensions of Company Law

2005 - Dec [8] (a) Discuss the role of auditors in corporate management in Japan. (6 marks)

Chapter - 16 : Other Emerging and Contemporary Issues and Practices in Company Law

2005 - Dec [4] (a) Give a list of businesses to be transacted by a listed company only through postal ballot. (4 marks)

2005 - Dec [5] (a) Highlight any five major changes contemplated by the concept paper seeking amendments in company law. (5 marks)

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

Chapter - 1 : Industrial Policy and Development

2005 - Dec [1] {C} (c) Taja Beverages Ltd. was registered as a medium scale industry. It received cash subsidy from the State government. After two years, due to the change in the definition of small scale unit under the Industries

(Development and Regulation) Act, 1951, the company had become SSI unit. The State government demanded back the subsidy granted to the company on the ground that it was no more a medium scale unit. Advise whether Taja Beverages Ltd. should refund the subsidy in the light of decided case law.

(5 marks)

(d) What are the incentives available for setting-up, industries in backward districts?

(5 marks)

Chapter - 2 : Foreign Exchange Management and Regulation

2005 - Dec [2] (a) What are the restrictions, if any, under the Foreign Exchange Management Act, 1999 —

(i) for making remittance abroad out of the profits of business set-up in India by persons resident outside India; and (4 marks)

(ii) for making remittances of surplus remaining on completion of a project in India by a person resident outside India? (4 marks)

2005 - Dec [4] (c) Explain in brief the provisions of the Foreign Exchange Management Act, 1999 relating to export of goods. (5 marks)

Chapter - 3 : Competition Law and Procedure

2005 - Dec [1] {C} (a) Ratan purchased books from Sudhir Publishers wherein a sticker with enhanced price was fixed on the books. Ratan filed a complaint before the Consumer Disputes Redressal Forum. Whether fixing of stickers of enhanced price on books amounts to an unfair trade practice? Will Ratan be able to get refund of excess price charged? Comment in the light of decided case law. (5 marks)

(b) Curewell Surgical Gloves Pvt. Ltd. borrowed money from a public financial institution for importing a plant for manufacture of surgical gloves. After one year, the government introduced a legislation for payment of interest tax, which became an additional liability for the financial institution. According to their policy, they charged this extra interest tax on Curewell Surgical Gloves Pvt. Ltd. Is this an unfair trade practice? Explain. (5 marks)

2005 - Dec [3] (c) Mention in brief the reasons for proposed repeal of the Monopolies and Restrictive Trade Practices Act, 1969 and its replacement with the Competition Act, 2002. (5 marks)

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

2005 - Dec [3] (b) State the procedure to be followed for making a complaint before the Consumer Disputes Redressal Forum in case of a dispute relating to defect in goods. (5 marks)

Chapter - 5 : Law relating to Infrastructure Development

2005 - Dec [4] (a) Describe the government guidelines for private sector participation in ports. (5 marks)

(b) Discuss the new telecom policy along with its framework and private sector participation in value added services. (5 marks)

Chapter - 6 : Environmental Policy and Legislation

2005 - Dec [2] (b) Discuss briefly the procedure for obtaining environmental clearance under the Environmental Impact Assessment Notification, 1994.
(7 marks)

2005 - Dec [3] (a) What procedure is specified under the Environment (Protection) Act, 1986 for taking samples of air, water, soil or other substances?
(5 marks)

Chapter - 7 : General Principles of Drafting and Conveyancing

2005 - Dec [7] (b) Write short notes on the following:
(ii) Fowler's five rules of drafting. (3 marks)

Chapter - 9 : Drafting of Contracts

2005 - Dec [5] {C} (c) Draw up a specimen of bank guarantee on behalf of a contractor in lieu of the earnest money. (8 marks)

Chapter - 10 : Drafting of Orders

2005 - Dec [6] (a) Charlie, the purchase manager of Guzzle Ltd., has been found guilty by the investigating team of gross negligence resulting in heavy financial losses to the company. Draft an order of dismissal of Charlie.
(7 marks)

Chapter - 11 : Awards and Reports

2005 - Dec [5] {C} (a) You, as an executive of Green Co. Ltd. have been appointed as arbitrator for resolving a dispute on inter-company transfer of goods for sale between Blue Co.(P) Ltd. and Yellow Co. (P) Ltd., subsidiaries of Green Co. Ltd. Assuming the facts of the dispute, draft an arbitration award after completion of arbitration hearings. (6 marks)

2005 - Dec [6] (b) Write short notes on the following:
(ii) Components of an award. (4 marks)

Chapter - 13 : Deeds of Mortgages, Charges and Pledges

2005 - Dec [7] (a) Draft a specimen of agreement of pledge of movables.
(6 marks)

Chapter - 15 : Hire-Purchase Deeds

2005 - Dec [6] (b) Write short notes on the following:
(i) Important clauses of hire purchase agreement. (4 marks)

Chapter - 18 : Deeds of Assignment

2005 - Dec [8] (b) Draft a specimen 'deed of assignment' of copyright of a book. (5 marks)

Chapter - 19 : Partnership Deeds

2005 - Dec [8] (c) Draft a specimen 'deed of dissolution of partnership'.
(5 marks)

Chapter - 20 : Deeds of Power of Attorney

2005 - Dec [5] {C} (b) Whether a proxy lodged with the company under Section 176 of the Companies Act, 1956 is a 'power of attorney'? Does it require registration? Draft a specimen form of proxy. (6 marks)

Chapter - 21 : Drafting of other Documents, Petitions and Applications

2005 - Dec [8] (a) What are the rules and guiding principles that should be kept in mind while drawing up an affidavit? (5 marks)

2005 - Dec [7] (b) Write short notes on the following:

- (i) Writ of habeas corpus. (3 marks)
- (iii) Special Leave Petition. (3 marks)

Paper - 3**Secretarial Management & Systems Audit****Chapter - 1 : Company Secretary in Practice**

2005 - Dec [1] (a) Comment on the following:

- (i) Under the Company Secretaries Act, 1980, 'the Council of the Institute of Company Secretaries of India (ICSI) has ultimate and absolute authority with regard to misconduct'. (4 marks)
- (ii) Bhushan was adjudged as an insolvent, but was subsequently discharged of the insolvency. He has applied for membership of the ICSI. Bhushan is otherwise qualified and eligible for membership. (2 marks)

Chapter - 3 : Setting up of Professional Practice

2005 - Dec [1] (b) The Company Secretary in Practice should have the attributes of an entrepreneur. (6 marks)

Chapter - 4 : Secretarial Audit & Auditors

2005 - Dec [2] (b) A Company Secretary in Practice has been appointed as an authority to investigate into the compliance of the SEBI (Prohibition of Insider Trading) Regulations, 1992. Discuss the audit procedure and the audit points to be scrutinised by the Company Secretary in Practice. (8 marks)

2005 - Dec [3] (a) In what way can the secretarial audit be used as a tool for good governance of companies? (8 marks)

Chapter - 6 : Pre-certification of Documents

2005 - Dec [2] (a) A public limited company has assigned you, as the Company Secretary in Practice, the work of pre-certification of documents. The following events have taken place. Draft check-lists for the purpose:

- (i) A special resolution has been passed at an annual general meeting for amendment in the articles of association.
- (ii) Certain properties of the company are mortgaged to secure a series of debentures. (6 marks each)

Chapter - 8 : Securities Audit

2005 - Dec [1] (c) (ii) The Board of directors of a listed company has proposed a bonus issue in the following prevalent conditions:

- the company defaulted in the payment of principal amount and interest to the holders of fixed deposits; and

- consequent to the bonus issue the subscribed and paid-up capital will exceed the authorised capital. (3 marks)

Chapter - 9 : Due Diligence of Pre-Capital Issue Work

- 2005 - Dec [1]** (c) (i) Offer prices of shares issued on preferential basis are left to the discretion of the Board of directors of a listed company. (3 marks)

Chapter - 10 : Due Diligence of Post-Capital Issue Work

- 2005 - Dec [1]** (c) (iii) The Lead Merchant Banker has accepted to act as a Registrar to an issue and to handle the post-issue responsibilities. (2 marks)

Chapter - 11 : Share Transfer Audit

- 2005 - Dec [3]** (b) Explain briefly the salient points to be checked for certification of securities transfers in compliance with the directives of the stock exchanges in respect of the following:

- Clause 3C; and
- Clause 16 of the listing agreement. (6 marks)

Chapter - 12 : Internal Audit of Depository Participants

- 2005 - Dec [3]** (c) Prepare a check-list of audit points during the course of internal audit of depository participants' records in regard to rematerialisation of securities. (6 marks)

Chapter - 14 : Management Audit

- 2005 - Dec [4]** (a) "Management audit is a vague concept and serves no material purpose and a review of past managerial actions and decisions would stifle the initiative and dynamism of managers." Discuss with reference to the nature, scope and coverage of management audit. (10 marks)

Chapter - 16 : Internal Audit

- 2005 - Dec [5]** (a) What observations the auditors are required to make under the Companies (Auditor's Report) Order, 2003, as amended, in respect of related party transactions'? (5 marks)

- 2005 - Dec [6]** (b) State the meaning of 'efficiency audit' and elaborate as to how it is useful in preventing sickness in an industry. (10 marks)

Chapter - 17 : Internal Control

- 2005 - Dec [7] {C}** (b) Write notes on the following:
(iii) Asset safeguarding objectives (4 marks)

Chapter - 18 : Review of Internal Control

- 2005 - Dec [4]** (b) Suggest the remedial measures to be taken in respect of the following deficiencies:

- (i) Strategies for the department are vague if not non-existent and there is no systematic planning in regard to purchase and materials management.
- (ii) Reliable and timely data is not made available to the management and adequate reports, returns are not generated and made available regarding capacity utilisation, lead times in production, quality control, scrap, wastage, salvage, etc. (5 marks each)

2005 - Dec [6] (a) "The management's task of developing an effective workforce is dependent upon good personnel administration". Explain the important points to be kept in mind for review of personnel policies of a company. (10 marks)

Chapter - 19 : Cost Audit

2005 - Dec [5] (b) What are the objectives of cost audit when it is being taken up on behalf of the management? (5 marks)

(c) "Excess-inventories are termed as graveyards of business". Is it correct? Support your answer with necessary justifications. (5 marks)

(d) Differentiate between 'cost audit' and 'management audit'. (5 marks)

Chapter - 20 : Systems Audit

2005 - Dec [7] {C} (a) "Information systems audit is an evaluation of adequacy of control in computerised environment". Comment. (8 marks)

(b) Write notes on the following:

- (i) Effect of computerised accounting on auditing (4 marks)
- (ii) Changes to evidence evaluation due to computerisation (4 marks)
- (iv) System efficiency objectives. (4 marks)

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