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TEST-5

CA INTERMEDIATE

CORPORATE AND OTHER LAWS

Topics Covered:

1. The General Clause Act, 1897
2. Interpretation of Statutes
3. Accounts of Companies

QUESTION PAPER BOOKLET NO. 5012023

(29-01-2023 3:00 P.M. TO 6:00 P.M)

Roll No594213.....

Time allowed: 3 hours

Total No. of Printed Pages: 11

Maximum Marks: 100

GENERAL INSTRUCTIONS TO CANDIDATES

1. The Question Paper comprises two parts, Part I & Part II
2. Part I comprises Multiple choice Questions
3. Part II comprises questions which require descriptive type answers
4. Working notes should form part of the answer.

PART I

(30 marks)

MCQ (Multiple Choice Questions)

Each question consists of 1 mark

Q.1 The registered office of A Ltd. is situated at Mumbai. It has a branch office at Kolkata. It is desired by the Board of directors of A Ltd. to keep the books of Kolkata office at Delhi. As per the Companies Act, 2013, A Ltd. is authorized to keep the books of account of Kolkata office at –

- (a) Mumbai only
- (b) Kolkata only
- (c) Mumbai or/and Kolkata
- (d) Mumbai or / and Kolkata or / and Delhi

Q.2 As per Regulation 89 of Table F, a member of a company (not being a director) shall have a right to inspect books of account if he is so authorized by –

- (a) The law
- (b) The Board
- (c) The general meeting
- (d) The law or the Board or the general meeting

Q.3 Mr. Polite is a director of Courteous Ltd. Courteous Ltd. has a branch situated at USA. Mr. Polite requires some detailed information relating to assets and liabilities of USA Branch. He authorizes Mr. Straightforward to obtain such detailed financial information from Courteous Ltd. Mr. Straightforward requests Courteous Ltd. to furnish him the required financial information. Courteous Ltd. is bound to furnish to Mr. Straightforward the required financial information –

- (a) No
- (b) Yes, if a power of attorney is executed by Mr. Polite in favour of Mr. Straightforward
- (c) Yes, if the articles of Courteous Ltd. so provide
- (d) Yes, if Mr. Straightforward submits an undertaking that he shall not use such financial information for passing on to any rival of the company

Q.4 Where the books of account and other relevant papers are kept in electronic mode, the company shall intimate to the Registrar on _____ basis, the name and internet protocol of the service provider, the location of the service provider (wherever applicable), where the books of account and other books and papers are maintained on cloud and such address as provided by the service provider.

- (a) Monthly basis
- (b) Quarterly basis
- (c) Annual basis
- (d) None of these

Q.5 All or any of the books of account and other relevant papers may be kept at such place in India, other than the registered office, as the Board of directors may decide. In such a case, the company shall within _____ of the decision of the Board, file with the Registrar, a notice in writing.

- (a) 7 days (b) 14 days
(c) 15 days (d) 30 days

Q.6 Every company shall preserve in good order the books of account together with the relevant vouchers. The time period of preservation shall be not less than _____ financial years immediately preceding the relevant financial year.

- (a) 5 (b) 7
(c) 8 (d) 10

Q.7 _____ are responsible for compliance with the provisions relating to maintenance of proper books of account.

- (a) Managing director
(b) Whole-time director in charge of finance
(c) Chief Financial Officer
(d) All of these

Q.8 The books of account etc. maintained within India shall be open for inspection by _____.

- (a) Any director
(b) Managing director and whole time director
(c) Any director other than managing director or whole time director
(d) None of these

Q.9 The term _____ means 'of the same class or species', i.e. 'of the same kind'.

- (a) Noscitur A Sociis
(b) 'Ejusdem Generis'
(c) Expressio Unius Est Exclusio Alterius
(d) Contemporanea Expositio

Q.10 If the _____ used in a Statute make it clear that a _____ sense is intended, the Rule of Ejusdem Generis shall not apply.

- (a) Specific words; narrow (b) Specific words; wider
(c) General words; narrow (d) General words; wider

Q.11 If two provisions are joined by the conjunction ‘and’, requirements of both the provisions should be satisfied. If two provisions are separated by the word ‘or’, satisfying the requirements of any of the two provisions would be sufficient. However, at times, these words may be read as *vice-versa* to give effect to the intention of the legislature. This is as per _____.

- (a) Rule of literal interpretation
- (b) Rule of Eiusdem Generis
- (c) Rule of Exceptional Construction
- (d) Noscitur A Sociis

Q.12 Generally, full effect must be given to every word contained in a Statute. However, words in a Statute may be eliminated if no sensible meaning can be drawn. This is as per _____.

- (a) Rule of literal interpretation
- (b) Rule of Eiusdem Generis
- (c) Rule of Exceptional Construction
- (d) Noscitur A Sociis

Q.13 _____ is not a secondary rule of interpretation.

- (a) Noscitur A Sociis
- (b) ‘Eiusdem Generis’
- (c) Expressio Unius Est Exclusio Alterius
- (d) Contemporanea Expositio

Q.14 The meaning of a word is derived from its associate words, i.e. the meaning of a word is to be judged by the company it keeps. This is as per _____.

- (a) Noscitur A Sociis
- (b) ‘Eiusdem Generis’
- (c) Expressio Unius Est Exclusio Alterius
- (d) Contemporanea Expositio

Q.15 Where the words are clear, the language is plain, and only one meaning can be derived, it would mean that the language used speaks the mind of the Parliament and there is no need to look somewhere else to discover the true intention and meaning of the words used. The interpretation in such a case shall be _____.

- (a) Reasonable interpretation
- (b) Harmonious interpretation
- (c) Literal interpretation
- (d) Exceptional interpretation

Q.16 _____ is the process of ascertaining the true meaning of the words used in a Statute.

- (a) Interpretation
- (b) Construction
- (c) Both (a) and (b)
- (d) Evaluation

Q.17 If there is a conflict between two or more clauses of the same document, an effort must be made to resolve the conflict by interpreting the clauses so that all the clauses are given effect to. However, if it is not possible to give effect to all of them, then _____.

- (a) The earlier clause shall over-ride latter one
- (b) The latter clause shall over-ride the earlier one
- (c) Both such clauses shall be void
- (d) The entire document shall be void

Q.18 An Act by which the operation of a previous Act comes to an end, is called as _____.

- (a) The Repealing Act
- (b) The Consolidating Act
- (c) The Amending Act
- (d) Analogous Act

Q.19 The maxim _____ means that a Statute should be interpreted in such a way that is makes sense, rather than making it void.

- (a) 'Optima legum interpres est consuetude'
- (b) 'Expressio Unius Est Exclusio Alterius'
- (c) 'Ut res magis valeat quam pereat'
- (d) 'Contemporanea Expositio'

Q.20 The maxim _____ that express mention of one thing implies the exclusion of another.

- (a) 'Optima legum interpres est consuetude'
- (b) 'Expressio Unius Est Exclusio Alterius'
- (c) 'Ut res magis valeat quam pereat'
- (d) 'Contemporanea Expositio'

Q.21 As per _____, the best way to interpret a Statute or document is to read it as it would have been read when it was enacted or made.

- (a) 'Optima legum interpres est consuetude'
- (b) 'Expressio Unius Est Exclusio Alterius'
- (c) 'Ut res magis valeat quam pereat'
- (d) 'Contemporanea Expositio'

Q.22 Section _____ of the Act defines certain words and expressions.

- (a) 2
- (b) 3
- (c) 4
- (d) 5

Q.23 Where an Act of Parliament does not expressly specify any particular day as to the day of coming into operation of such Act, then it shall come into operation on the day on which _____.

- (a) It receives the assent of the President
- (b) It receives the assent of the Governor General
- (c) It is notified in the Official Gazette
- (d) None of these

Q.24 In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, for the purpose of _____ the first in a series of days or any other period of time, to use the word 'from', and for the purpose of _____ the last in a series of days or any other period of time, to use the word 'to'.

- (a) Including; excluding
- (b) Excluding; including
- (c) Including; including
- (d) Excluding; excluding

Q.25 Where, by any Central Act or Regulation made after the commencement of this Act, any act or proceeding is directed or allowed to be done or taken in any Court or office on a certain day or within a prescribed period, then, if the Court or office is closed on that day or the last day of the prescribed period, the act or proceeding shall be considered as done or taken in due time if it is done or taken on _____.

- (a) The next day afterwards on which the Court or office is open
- (b) The next day
- (c) Such day as the Court directs
- (d) None of these

Q.26 In the measurement of any distance, for the purpose of any Central Act or Regulation made after the commencement of this Act, that distance shall, unless a different intention appears, be measure _____.

- (a) As per the map approved by the Government
- (b) As per the map approved by the Court
- (c) In a straight line on a horizontal plane
- (d) None of these

Q.27 Where, be any enactment now in force or hereafter to be in force, any duty of customs or excise, or in the nature thereof, is leviable on any given quantity, by weight, measure or value of any goods or merchandise, then a like duty is leviable according to the same rate on any _____.

- (a) Greater quantity
- (b) Lesser quantity
- (c) Either (a) or (b)
- (d) None of these

Q.28 Statement (1): In all Central Acts and Regulations, any words which denote the masculine gender shall also be taken to include females, and vice versa.

Statement (2). In all Central Acts and Regulations, words in the singular shall include the plural, but not vice versa.

- (a) One Statement (1) is correct
- (b) Only Statement (2) is correct
- (c) Both the Statements are correct
- (d) None of the Statements is correct

Q.29 Where a power to appoint any person to fill any office or execute any function is conferred, then, such appointment may be made _____.

- (a) By name
- (b) By virtue of office
- (c) Either (a) or (b)
- (d) None of these

Q.30 Where, by any Central Act or Regulation, a power to issue any notification, order, scheme, rule, form, or bye-law is conferred, then expressions used in the notification, order, scheme, rule, form, or bye-law, shall, unless there is anything repugnant in the subject or context, have the same respective meaning as in _____.

- (a) The General Clauses Act, 1897
- (b) The Act or Regulation conferring the power
- (c) The former enactment
- (d) None of these

Part – II**(70 marks)****Descriptive Questions**

Note: Question no. 1 is compulsory. Answer any three questions from the rest.

Q.1(a) X owned a land with fifty tamarind trees. He sold his land and the timber (obtained after cutting the fifty trees) to Y. X wants to know whether the sale of timber tantamounts to sale of immovable property. Advise him with reference to provisions of General Clauses Act 1897? **(4 Marks)**

Q.1(b) The registered office of the Bharat Ltd. is situated in a classified backward area of Maharashtra. The Board wants to keep its books of account at its corporate office in Mumbai which is conveniently located. The Board seeks your advice about the feasibility of maintaining the accounting records at a place other than the registered office of the company. Please advise. **(5 Marks)**

Q.1(c) Define Grammatical interpretation. What are the exceptions to grammatical interpretation? **(6 Marks)**

Q.1(d) The Board of Director of Vishwakarma Electronics Limited consists of Mr. Ghanshyam (Director), Mr. Hyder (Director) and Mr. Indersen (Managing Director). The company has also employed a full time Secretary.

The profit and Loss Account and Balance Sheet of the company were signed by Mr. Ghanshyam and Mr. Hyder. Examine whether the authentication of financial statements of the company was in accordance with the provisions of the Companies Act, 2013? **(4 Marks)**

Q.2(a) Differentiate Mandatory Provision from a Directory Provision. What factors decide whether a provision is directory or mandatory? **(6 Marks)**

Q.2(b) Explain various provisions applicable to rules or bye-laws being made after previous publications as enumerated in section 23 of the General Clauses Act, 1897. **(6 Marks)**

Q.2(c) What do you understand by the term 'Good Faith'. Explain it as per the provisions of the General Clauses Act, 1897. Mr. X purchased a watch from Mr. Y carelessly without proper enquiry. Whether the purchase made could be said to be made in good faith. **(5 Marks)**

Q.3(a) A Housing Finance Ltd. is a housing finance company having a paid up share capital of ₹ 11 crores and a turnover of ₹ 145 crores during the financial year 2017-18. Explain with reference to the relevant provisions and rules, whether it is necessary for A Housing Finance Ltd. to file its financial statement in XBRL mode. **(5 Marks)**

Q.3(b) Explain 'Mischieve Rule' for interpretation of statute. Also, give four matters it considers in construing an Act. **(6 Marks)**

Q.3(c) (i) Ravi Limited maintained its books of accounts under Single Entry System of Accounting. Is it permitted under the provisions of the Companies Act, 2013?

(ii) State the persons responsible for complying with the provisions regarding maintenance of Books of Accounts of a Company.

(iii) Whether a Company can keep books of Accounts in electronic mode accessible only outside India?

(6 Marks)

Q.4(a) Write short note on:

(i) Proviso

(ii) Explanation, with reference to interpretation of Statutes, Deeds and Documents.

(6 Marks)

Q.4(b) What is the meaning of service by post as per provisions of the General Clauses Act, 1897? **(3 Marks)**

Q.4(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? **(4 Marks)**

Q.4(d) Super Real Estate Limited, a listed company has made the following profits, the profits reflect eligible profits under the relevant section of the Companies Act, 2013.

Financial year Amount (Rs. In crores)

2011-12 Rs. 20

2012-13 Rs. 40

2013-14 Rs. 30

2014-15 Rs. 70

2015-16 Rs. 50

(i) Calculate the amount that the company has to spend towards CSR.

(ii) Give the composition of the CSR committee of a listed and unlisted company.

(iii) Will the company suffer penalties if they fail to provide for or incur expenditure for CSR?

(iv) List only two activities that are expressly prohibited from being considered as CSR activities. **(4 Marks)**

Q.5(a) The Government of India is holding 51% of the paid-up equity share capital of Sun Ltd. The Audited financial statements of Sun Ltd. for the financial year 2017-18 were placed at its annual general meeting held

on 31st August, 2018. However, pending the comments of the Comptroller and Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts. On receipt of CAG comments on the accounts, the adjourned annual general meeting was held on 15th October, 2018 whereat the accounts were adopted. Thereafter, Sun Ltd. filed its financial statements relevant to the financial year 2017-18 with the Registrar of Companies on 12th November, 2018. Examine, with reference to the applicable provisions of the Companies Act, 2013, whether Sun Ltd. has complied with the statutory requirement regarding filing of accounts with the Registrar? **(6 Marks)**

Q.5(b) The Income Tax Authorities in the current financial year 2019-20 observed, during the assessment proceedings, a need to re-open the accounts of Chetan Ltd. for the financial year 2008-09 and, therefore, filed an application before the National Company Law Tribunal (NCLT) to issue the order to Chetan Ltd. for re-opening of its accounts and recasting the financial statements for the financial year 2008-09. Examine the validity of the application filed by the Income Tax Authorities to NCLT. **(5 Marks)**

Q.5(c) There are several provisions under the, Companies Act, 2013 which start with the words 'notwithstanding' and 'without prejudice'. Explain the nature and significance thereof, applying the principles of Statutory Interpretation. **(6 Marks)**

SPACE FOR ROUGH WORK