

Free of Cost

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SCANNER™ Appendix

PCC Gr. I
May - 2010

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PAPER'S

Paper - 1 : Advanced Accounting

Chapter-1 : Preparation and Presentation of Financial Statements

2010 - May [1] Answer all questions :

- (i) The closing capital of Mr. B as on 31.3.2010 was Rs. 4,00,000. On 1.4.2009 his capital was Rs. 3,50,000. His net profit for the year ended 31.3.2010 was Rs. 1,00,000. He introduced Rs. 30,000 as additional capital in February, 2010. Find out the amount drawn by Mr. B for his domestic expenses. (2 marks)

Chapter-2 : Accounting Standards

2010 - May [1] Answer all questions :

- (ii) A Machinery costing Rs. 20 lakhs has useful life for 5 years. At the end of 5 years its scrap value would be Rs. 2 lakhs. How much depreciation is to be charged in the books of the company as per Accounting Standard-6 ? (2 marks)
- (vi) Goverdhan Ltd. has equity capital of Rs. 20,00,000 consisting of fully paid equity shares of Rs. 10 each. The net profit for the year 2009-10 was Rs. 30,00,000. It has also issued 18,000, 10% convertible debentures of Rs. 50 each. Each debenture is convertible into five equity shares. The tax rate applicable is 30%. Compute the diluted earnings.. (2 marks)

- (viii) The Maduri Municipal Corporation replaces part of its existing Water Mains with larger Mains at the cost of Rs. 1,50,00,000. The Original Cost of laying the old main was Rs. 30,00,000 and the present cost of laying those Mains would be three times the original cost. Calculate the amount to be capitalized. (2 marks)

2010 - May [6] (a) A Ltd. purchased fixed assets costing Rs. 6,000 lakhs on 1.1.2009. This was financed by foreign currency loan (U.S. Dollars) payable in three annual equal instalments. Exchange rates were 1 Dollar = Rs. 40 and Rs. 45 as on 1.1.2009 31.12.2009 respectively. First instalment was paid on 31. 12.2009.

You are required to state, how these transactions would be accounted for?

(4 marks)

2010 - May [6] (b) X Limited has provided depreciation as per accounting records of Rs. 8,00,000 and as per tax records same is Rs. 14,00,000. Unamortised preliminary expenses as per tax records is Rs. 11,200. There is adequate evidence of future profit sufficiency. How much deferred tax asset/liability should be recognised. Tax rate is 40%. (4 marks)

2010 - May [6] (c) X Ltd. has its financial year ended 31.3.2009, fifteen Law suits outstanding, none of which has been settled by the time the accounts are approved by the directors. The directors have estimated that the probable outcomes as below:

| Result | Probability | Amount of Loss Rs. |
|----------------------------|-------------|-----------------------|
| For first ten cases : | | |
| Win | 0.6 | — |
| Lose-low damages | 0.3 | 90,000 |
| Lose-high damages | 0.1 | 2,00,000 |
| For remaining five cases : | | |
| Win | 0.5 | — |
| Lose-low damages | 0.3 | 60,000 |
| Lose-high damages | 0.2 | 1,00,000 |

The directors believe that the outcome of each case is independent of the outcome of all the others.

Estimate the amount of contingent loss and state the accounting treatment of such contingent loss. (4 marks)

Chapter-3 : Company Accounts-Preparation of Financial Statements

2010 - May [1] Answer the questions :

- (iv) In Raj Co. Ltd., theft of cash of Rs. 2 lakhs by the Cashier in January, 2010 was detected in May, 2010. The accounts of the company were not yet approved by the Board of Directors of the company.

Whether the theft of cash has to be adjusted in the accounts of the company for the year ended 31.3.2010. Decide. (2 marks)

Chapter-4 : Cash Flow Statement

2010 - May [5] (b) From the following information, prepare cash flow statement for A (P) Ltd. as at 31st March, 2010 by using indirect method :

Balance Sheet

| Liabilities | 2009 Rs. | 2010 Rs. |
|----------------------|------------------|------------------|
| Share capital | 12,00,000 | 12,00,000 |
| Profit & Loss A/c | 8,50,000 | 10,00,000 |
| Long Term Loans | 10,00,000 | 10,60,000 |
| Creditors | <u>3,50,000</u> | <u>4,00,000</u> |
| | <u>34,00,000</u> | <u>36,60,000</u> |
| Assets | | |
| Fixed Assets | 17,00,000 | 20,00,000 |
| Investment in shares | 2,00,000 | 2,00,000 |
| Stock | 6,80,000 | 7,00,000 |
| Debtors | 7,20,000 | 6,60,000 |
| Cash | 60,000 | 70,000 |
| Bills Receivable | <u>40,000</u> | <u>30,000</u> |
| | <u>34,00,000</u> | <u>36,60,000</u> |

Income Statement for the year ended 31st March, 2010

| | | |
|---|-----------------|------------------|
| Sales | | 40,80,000 |
| Less : Cost of sales | | <u>27,20,000</u> |
| Gross Profit | | 13,60,000 |
| Less : Operating expenses | | |
| Administrative expenses | 4,60,000 | |
| Depreciation | <u>2,20,000</u> | |
| | <u>6,80,000</u> | <u>6,80,000</u> |
| Operating Profit | | 6,80,000 |
| Add : Non-operating incomes (dividend received) | | <u>50,000</u> |
| | | 7,30,000 |
| Less : Interest paid | | <u>1,40,000</u> |
| | | 5,90,000 |
| Less : Income-tax | | <u>2,60,000</u> |
| Profit after tax | | <u>3,30,000</u> |

Statement of Retained Earnings

| | Rs. | |
|----------------------|------------------|-----------|
| Opening balance | 8,50,000 | |
| Add : Profit | <u>3,30,000</u> | |
| | 11,80,000 | |
| Less : Dividend paid | <u>1,80,000</u> | |
| Closing balance | <u>10,00,000</u> | (8 marks) |

Chapter-6 : Underwriting of Shares and Debentures

2010 - May [1] Answer the questions :

- (v) What do you mean by the term Firm underwriting ?. (2 marks)

Chapter-8 : Amalgamation and Reconstruction

2010 - May [1] Answer the questions :

- (x) X Ltd. was incorporated on 1.8.2009 to take over the running business of M/s Kumar Bros. with assets from 1.4.2009. The accounts of the company were closed on 31.3.2010.

The average monthly Sales during the first four months of the year (2009-10) was twice the average monthly sales during each of the remaining eight months..

Calculate Time Ratio and Sales Ratio. (2 marks)

2010 - May [2] ABC Ltd. took over a running business with effect from 1st April, 2009. The company was incorporated on 1st August, 2009. The following P & L A/c has been prepared for the year ended 31.3.2010 :

| Dr. | Rs. Cr. | Rs. |
|---------------------------------|-----------------|--------------------------|
| To Salaries | 48,000 | By Gross profit 3,20,000 |
| To Stationery | 4,800 | |
| To Travelling expenses | 16,800 | |
| To Advertisement | 16,000 | |
| To Misc. trade exp. | 37,800 | |
| To Rent (office buildings) | 26,400 | |
| To Electricity charges | 4,200 | |
| To Director's fees | 11,200 | |
| To Bad debts | 3,200 | |
| To Commission to selling Agents | 16,000 | |
| To Audit fees | 6,000 | |
| To Debenture interest | 3,000 | |
| To Int. paid to vendors | 4,200 | |
| To Selling expenses | 25,200 | |
| To Depreciation on fixed assets | 9,600 | |
| To net profit | <u>87,600</u> | |
| | <u>3,20,000</u> | <u>3,20,000</u> |

Additional information :

- (a) Total sales for the year, which amounted to Rs. 19,20,000 arose evenly upto the date of 30.9.2009. Thereafter they spurted to record an increase of two-third during the rest of the year.
- (b) Rent of office building was paid @ Rs. 2,000 per month upto September, 2009 and thereafter it was increased by Rs. 400 per month.
- (c) Travelling expenses include Rs. 4,800 towards sales promotion.
- (d) Depreciation include Rs. 600 for assets acquired in the post incorporation period.

- (e) Purchase consideration was discharged by the company on 30th September, 2009 by issuing equity shares of Rs. 10 each.

Prepare the P & L A/c in columnar form showing distinctly the allocation of expenses between pre and post incorporation periods.

(16 marks)

Chapter-9 : Liquidation of Companies

2010 - May [1] Answer all questions :

- (vii) The liquidator of a company is entitled to a remuneration of 2% on assets realized and 3% on the amount distributed to unsecured creditors. The assets realized Rs. 10,00,000. Amount available for distribution to unsecured creditors before paying liquidator's remuneration is Rs. 4,12,000. Calculate liquidator's remuneration if the surplus is insufficient to pay off unsecured creditors in toto..

(2 marks)

Chapter-10 : Financial Statements of Banking Companies

2010 - May [6] (d) From the following information find out the amount of provision to be shown in the Profit and Loss account of a Commercial Bank :

| Assets | Rs. in lakhs |
|--|--------------|
| Standard | 4,000 |
| Sub-standard | 2,000 |
| Doubtful upto one year | 900 |
| Doubtful more than one year but upto three years | 400 |
| Doubtful more than three years | 300 |
| Loss assets | 500 |

Doubtful assets are considered as fully secured.

(4 marks)

Chapter-11 : Financial Statements of Insurance Companies

2010 - May [1] Answer the questions :

- (ix) The life fund of a life assurance company was Rs. 8,64,80,000 as on 31.3.2010. The interim bonus paid during the intervaluation period was Rs. 14,80,000. The periodical actuarial valuation determined the net liability at Rs. 7,42,50,000. Surplus brought forward from the previous valuation was Rs. 85,00,000. Calculate the net profit for the Valuation period.

(2 marks)

Chapter-12 : Financial Statements of Electricity Companies

2010 - May [3] The following balances have been extracted at the end of March, 2010, from the books of an electricity company :

| | Rs. | | Rs. |
|---------------|--------------|----------------------|-------------|
| Share capital | 4,00,00,000 | Consumer deposit | 1,60,00,000 |
| Fixed assets | 10,00,00,000 | Tariffs and dividend | |

| | | | |
|---|-------------|--|-------------|
| Depreciation reserve on fixed assets | 1,20,00,000 | (control reserve) | 40,00,000 |
| Reserve fund (invested in 8% government securities) (at par) | 2,40,00,000 | Development reserve | 32,00,000 |
| Contingency reserve invested in 7% state loan | 48,00,000 | 12% debenture | 80,00,000 |
| Amount (Contributed by consumers towards cost of fixed asset) | 8,00,000 | Loan from State Electricity Board | 1,00,00,000 |
| | | Intangible assets (monthly average) | 32,00,000 |
| | | Current assets (monthly average) | 60,00,000 |

The company earned a profit of Rs. 1,12,00,000 (after tax in 2009-2010). Show how the profits have to be dealt with by the company assuming the bank rate was 10%. All workings should form part of your answers. (16 marks)

Chapter-20 : Departmental Accounts

2010 - May [4] Siva Ltd. has two departments X and Y. From the following particulars prepare departmental trading accounts and general profit and loss account for the year ending 31st March, 2009 :

| | Dept. X Rs. | Dept. Y Rs. |
|-----------------------------|----------------|----------------|
| Opening stock (at cost) | 80,000 | 48,000 |
| Purchases | 3,68,000 | 2,72,000 |
| Carriage inward | 8,000 | 8,000 |
| Wages | 48,000 | 32,000 |
| Sales | 5,60,000 | 4,48,000 |
| Purchased goods transferred | | |
| By Dept. Y to X | 40,000 | — |
| By Dept. X to Y | — | 32,000 |
| Finished goods transferred | | |
| By Dept. Y to X | 1,40,000 | — |
| By Dept. X to Y | — | 1,60,000 |
| Return of finished goods | | |
| By Dept. Y to X | 40,000 | — |
| By Dept. X to Y | — | 28,000 |
| Closing stock | | |
| Purchased goods | 18,000 | 24,000 |
| Finished goods | 96,000 | 56,000 |

Purchased goods have been transferred mutually at their respective departmental purchase cost and finished goods at departmental market price and that 25% of the closing finished stock with each department represents finished goods received from the other department. (16 marks)

Chapter-24 : Dissolution of Partnership firms

2010 - May [1] Answer all questions :

- (iii) A, B and C are partners A became insolvent on 15.4.2010. The capital account balance of partner B is on the debit side. Partner B is solvent. Should partner B bear the loss arising on account of the insolvency of partner A ? (2 marks)

2010 - May [5] (a) Amar, Akbar and Antony are in partnership. The following is their Balance Sheet as at March 31, 2010 on which date they dissolve partnership. The share Profit in the ratio of 5 : 3 : 2 :

| Liabilities | Rs. | Assets | Rs. |
|--------------------|-----------------|---------------------|-----------------|
| Creditors | 80,000 | Plant and machinery | 60,000 |
| Loan A/c – Amar | 20,000 | Premises | 80,000 |
| Capital A/c – Amar | 1,00,000 | Stock | 60,000 |
| Akbar | 30,000 | Debtors | 1,20,000 |
| Antony | <u>90,000</u> | | |
| | <u>3,20,000</u> | | <u>3,20,000</u> |

It was agreed to repay the amounts due to the partners as and when the assets were realised, viz.

April 15, 2010 Rs. 60,000

May 1, 2010 Rs. 1,46,000

May 31, 2010 Rs. 94,000

Prepare a statement showing how the distribution should be made under maximum loss method and write up the Cash account and Partner's capital account. (8 marks)

Paper - 2 : Auditing and Assurance

Chapter - 1 : Nature of Auditing

2010 - May [1] State with reasons (in short) whether the following statements are True or False :

- (ii) The auditor compares entries in the books of accounts with vouchers and if two agrees, his work is done. (2 marks)
- (vi) When an auditor identifies a Misstatement resulting from fraud, it is his responsibility to communicate it to the regulatory and enforcement authorities apart from those charged with governance. (2 marks)

Chapter - 2 : Basic Concepts in Auditing

2010 - May [1] State with reasons (in short) whether the following statements are True or False :

- (iii) Confirmations received by the auditor directly from third parties are conclusive evidence in support of a transaction. (2 marks)

2010 - May [8] Write short notes on the following :

- (a) Substantive Procedures (5 marks)

Chapter - 3 : Preparation for an Audit

2010 - May [8] Write short notes on the following :

- (b) Audit Working Papers. (5 marks)

Chapter - 4 : Internal Control (Including EDP Environment)

2010 - May [6] (a) 'Doing the audit in EDP environment is simpler since Trial Balance always tallies.'

Analyse the statement critically. (5 marks)

Chapter - 7 : Cash Receipts

2010 - May [7] How would you vouch/verify the following ?

- (b) Receipt of Capital subsidy. (5 marks)

Chapter - 9 : Audit of Trading Transactions and Purchases

2010 - May [3] A trader is worried that inspite of substantial increase in sales compared to earlier year, there is considerable fall in Gross Profit after satisfying himself that sales and expenses are correctly recorded and that the valuation of inventories is on consistent basis, he wants to ensure that purchases have been truthfully recorded.

How will you proceed with this assignment ? (10 marks)

Chapter - 13 : Depreciation and Reserves

2010 - May [1] State with reasons (in short) whether the following statements are True or False :

- (v) A company can not declare dividends without providing for depreciation. (2 marks)

Chapter - 17 : Company Auditor

2010 - May [1] State with reasons (in short) whether the following statements are True or False :

- (vii) The auditor should study the Memorandum and Articles of Association to see the validity of his appointment. (2 marks)
- (x) The company in which 15% of subscribed capital is held by State Financial Corporation and 10% of Subscribed capital is held by General Insurance Co., the appointment of auditor can be done by passing a general resolution at annual general meeting. (2 marks)

2010 - May [2] Comment on the following situations :

- (a) Mr. Y was appointed as an auditor of PQR Ltd. for the year ended 31.3.2009 at Annual General Meeting held on 16.08.2008. Mr. Y has been indebted to the company for sum of Rs. 10,000 as on 1.4.2008, the opening date of accounting year which has been subject to his audit. However, Mr. Y having come to know that he might be appointed as auditor, he repaid the amount on 10.8.2008. One of the shareholders, complains that the appointment of Mr. Y as an auditor was invalid

because he incurred disqualification u/s 226 of the Companies Act, 1956.
(6 marks)

Chapter - 18 : Powers & Duties of Auditors, Audit Report and Various Audits

2010 - May [2] Comment on the following situations :

- (b) XYZ (Pvt.) Ltd. has paid up Capital and Reserves of Rs. 60 lacs and secured Loans of Nationalised Banks having sanctioned limit of Rs. 28 lacs and outstanding balance of Rs. 23 lacs. The turnover of the company is 5.10 crores for the year ended 31.3.2009. A customer returns goods worth 40 lacs on 2.4.2009, out of sales made during the year ended 31.3.2009. The management of CO. is of the opinion that CARO, 2003 is not applicable to the company. (6 marks)

2010 - May [2] Comment on the following situations :

- (c) C Ltd. declared dividend amounting to Rs. 5 lacs out of Profits for the year ended 31.3.2009.

Subsequently, it was noticed that company had failed to make provisions for Outstanding expenses of Rs. 7.80 lacs and Closing stock was also over valued, which was not reported by auditors of the company. Management of C Ltd. holds auditors responsible for this situation.

(8 marks)

2010 - May [4] (b) Differentiate between 'Qualified report' and 'Adverse report'.

(5 marks)

2010 - May [6] (b) 'A Joint Auditor is not bound by the views of the majority of the joint auditors regarding matters to be covered in the report.'

Justify this statement in the light of responsibilities of Joint Auditors under AAS 12.

(5 marks)

Chapter - 19 : The Company Audit

2010 - May [1] State with reasons (in short) whether the following statements are True or False :

- (iv) Audit Committee is to be formed by each and every company and the auditor has no compulsion to attend the meeting of the Audit Committee. (2 marks)
- (viii) A special resolution is required by company to authorise issue of shares at discount. (2 marks)
- (ix) The Investments made by the company in Government Securities like NSC, Government Bonds, etc. should be kept in personal custody of Financial Controller of the Company. (2 marks)

2010 - May [7] How would you vouch/verify the following ?

- (a) Reduction in Share Capital (5 marks)

Chapter - 20 : Government Audit and Audit of Local Bodiess

2010 - May [1] State with reasons (in short) whether the following statements are True or False :

- (i) While conducting audit of Government Companies, the auditors are paid their Professional Fees as prescribed by the Government.

(2 marks)

2010 - May [5] (a) Draft an audit programme for conducting audit of accounts of a Local Body. (5 marks)

Chapter - 23 : AAS, AS and Guidance Notes

2010 - May [5] (b) 'The extent of audit procedure performed on corresponding figure is less compared to audit of current period figures', reporting. Justify the statement with regard to auditor's duties for reporting of comparatives under AAS 25. (5 marks)

Paper - 3A : Business Laws

Chapter - 3 : Other Essential Elements of Contract

2010 - May [1] (c) Pick out the correct answer from the following and give reasons :

- (i) X sells the goodwill of his retail store to Y for Rs. 5 lac and promises not to carry on the same business forever and anywhere in India. Is the agreement.

1. valid
2. void
3. voidable
4. illegal.

(1 mark)

Chapter - 7 : Quasi Contract

2010 - May [1] (a) Z rent out his house situated at Mumbai to W for a rent of Rs. 10,000 per month. A sum of Rs. 5 lac, the house tax payable by Z to the Municipal Corporation being in arrears, his house is advertised for sale by the corporation. W pays the corporation, the sum due from Z to avoid legal consequences. Referring to the provisions of the Indian Contract Act, 1872 decide whether W is entitled to get the reimbursement of the said amount from Z. (5 marks)

Chapter - 10 : Agency

2010 - May [1] (b) State with reasons whether the following statements are correct or incorrect :

- (ii) Ratification of agency is valid even if knowledge of the principal is materially defective. (1 mark)

2010 - May [1] (c) Pick out the correct answer from the following and give reasons :

- (ii) A without B's authority let out B's flat to C. Afterwards B accepts rent of the flat from C. It is an agency by :
1. holding out
 2. estoppel
 3. ratification
 4. necessity. (1 mark)

Chapter - 11 : The Negotiable Instruments Act, 1881

2010 - May [1] (c) Pick out the correct answer from the following and give reasons :

- (iii) P, obtains a cheque drawn by M by way of gift. Here P is a :
1. holder in due course
 2. holder for value
 3. holder
 4. None of the above. (1 mark)

2010 - May [3] J accepted a bill of exchange and gave it to K for the purpose of getting it discounted and handing over the proceeds to J.K having failed to discount it returned the bill to J. J tore the bill in two pieces with the intention of cancelling it and threw the pieces in the street. K picked up the pieces and pasted the two pieces together, in such manner that the bill seemed to have been folded for safe custody, rather than cancelled. K put it into circulation and it ultimately reached L, who took it in good faith and for value. Is J liable to pay the bill under the provisions of the Negotiable Instruments Act. 1881.

(5 marks)

Chapter - 12 : The Payment of Bonus Act, 1965

2010 - May [1] (b) State with reasons whether the following statements are correct or incorrect :

- (i) Employees can relinquish their right to receive minimum bonus by an agreement with employer. (1 mark)

2010 - May [4] In 2009, the Electronics Corporation, a Public Sector establishment under the Department of Science and Technology, Government of Rajasthan starts to sell mobile sets manufactured by it, in addition to T.V. sets, so as to compete with private sector establishments of mobile sets in the market. The income from sale of mobile sets is 30 percent of the gross income of the Corporation. The employees of the Corporation went to strike for demand of Bonus. Decide, whether the demand of the employees is tenable under the provisions of the of the Payment of Bonus Act, 1965. Would your answer be different if the income from sale of mobile sets is only 10 percent of the gross income of the Corporation. (5 marks)

Chapter - 13 : The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

2010 - May [5] R, a 57 years old district judge was appointed by the Central Government as Presiding Officer of the Employee's Provident Funds Appellate Tribunal for a period of five years. After three years, he (R) resigns from his office and ceases to work with immediate effect without handing over the charge to his successor, who was not appointed by the Government till that date. Examine the validity of R's action to cease work under the provisions of the Employee's Provident Funds and Miscellaneous Provisions Act, 1952.

(5 marks)

Chapter - 14 : The Payment of Gratuity Act, 1972

2010 - May [6] S is employed in Golden ice-cream factory, a seasonal establishment. The factory was in operation for four months only during the financial year 2009-10. S was not in continuous service during this period. However, he has worked only for sixty days. Referring to the provisions of the payment of Gratuity Act, 1972 decide whether S is entitled to gratuity payable under the Act. Would your answer be the same in case S works for 100 days ?

(5 marks)

Chapter - 16 : Memorandum of Association & Articles of Association

2010 - May [8] The object clause of the Memorandum of Association of RST Limited authorises it to publish and sell text-books for students. The company, however, entered into an agreement with Q to supply 100 laptops of worth Rs. 5 lac for resale purposes. Subsequently, the company refused to make payment on the ground that the transaction was ultravires the company. Examine the validity of the company's refusal for payment to Q under the provisions of the Companies Act, 1956.

(5 marks)

Chapter - 17 : Preliminary & Provisional Contracts

2010 - May [2] (c) Pick out the correct answer from the following and give reasons :

- (i) Contracts entered into by a company after its incorporation and before it is entitled to commence business are called :
1. provisional contracts
 2. pre-incorporation contracts
 3. both 1 and 2
 4. None of the above.

(1 mark)

Chapter - 20 : Allotment of Shares

2010 - May [2] (c) Pick out the correct answer from the following and give reasons :

- (ii) The underwriting commission on shares must not exceed :

1. 2.0 percent of the issued price of shares
2. 2.5 percent of the issued price of shares
3. 5.0 percent of the issued price of shares
4. 5.5 percent of the issued price of shares (1 mark)

Chapter - 23 : Share Certificate & Share Warrant

2010 - May [7] J held 100 partly paid up shares of LKM Limited. The company asked him to pay the final call money on the shares. Due to some unavoidable circumstances he was unable to pay the amount of call money to the company. At a general meeting of the shareholders, the chairman disallowed him to cast his vote on the ground that the articles do not permit a shareholder to vote if he has not paid the calls on the shares held by him. J contested the decision of the Chairman. Referring to the provisions of the Companies Act, 1956 decide whether the contention of J is valid. (5 marks)

Chapter - 24 : Transfer & Transmission of Shares

2010 - May [2] (a) UMC Limited has only 7 shareholders having fully paid-up shares. On 30th April; 2009, all the shares of X (a shareholder of the company) are sold to Y (another shareholder of the company) in an auction by the order of the court. Z, (a shareholder of the company) was in USA for a business trip from January and thus he was not aware of the developments. The company continues to carry on its business thereafter. In December, 2009, the company borrowed a sum of Rs. 5 lac from the Unique Bank. Later, the company was wound up and the Assets of the company were not sufficient for the payment of its Liabilities. The Bank filed a suit against Y and Z for recovery of the said loan from them. Decide the Liabilities of Y and Z under the provisions of Companies Act, 1956. Would your answer be the same, if the said loan was taken in the month of March, 2009 ? (5 marks)

Chapter - 26 : Bonus Shares and Debentures

2010 - May [2] (b) State with reasons whether the following statements are correct or incorrect :

- (i) Issue of debentures with voting rights is not permissible. (1 mark)

Chapter - 28 : Meetings

2010 - May [2] (b) State with reasons whether the following statements are correct or incorrect :

- (ii) A private company is required to hold the statutory meeting (1 mark)

2010 - May [2] (c) Pick out the correct answer from the following and give reasons :

- (iii) Which one of the following required ordinary resolution ?
 1. to change the name of the company

2. to alter the articles of association
3. to reduce the share capital
4. to declare dividends. (1 mark)

2010 - May [9] K, a member of MNO Limited, appoints L as his proxy to attend the general meeting of the company. Later he (K) also attends the meeting. Both K (the member) and L (the proxy) voted on a particular resolution in the meeting. K's vote was declared invalid by the chairman stating that since he has appointed the proxy and L's vote has been considered as valid. K objects to the decision of the Chairman. Decide, under the provisions of the Companies Act, 1956 whether K's objection shall be taxable. (5 marks)

Chapter - 29 : Company Law in a Computerised Environment

2010 - May [10] Explain the 'MCA 21 Program' introduced by the Government of India to develop computerized environment for company law. How does it serve the interest of all the stakeholders of a company, corporate professionals and the public at large ? (5 marks)

Paper - 3B : Ethics

Chapter - 2 : Corporate Governance and Corporate Social Responsibility

2010 - May [11] (a) What is meant by Corporate Governance ? Explain the benefits of Good Corporate Governance. (5 marks)

2010 - May [13] State with reasons whether the following statements are correct or incorrect :

- (i) Corporate Social Responsibility is closely linked with the principles of sustainable development. (2.5 marks)

Chapter - 4 : Environment Issues

2010 - May [11] (b) Explain the concept of Green Accounting system. (5 marks)

2010 - May [13] State with reasons whether the following statements are correct or incorrect :

- (ii) A good environmental practice improves corporate performance. (2.5 marks)

Chapter - 6 : Ethics in Accounting and Finance

2010 - May [12] Explain the various safeguards that should be adopted for overcoming threats faced by an accounting and finance professional. (5 marks)

Paper - 3C : Communication

Chapter - 2 : Interpersonal Communication Skills

2010 - May [14] (a) Explain the functions of interpersonal communication.
(5 marks)

Chapter - 6 : Communication in Business Environment

2010 - May [14] (b) The statutory meeting of PQR Limited was held on 20th January, 2010 at its registered office at Kolkata. As a secretary of the company, draft the minutes of the statutory meeting of the shareholders of the company.
(5 marks)

Chapter - 7 : Legal Deeds and Documents

2010 - May [15] The Board of Directors of RSP Limited agrees with X to hire his (X's) flat at NOIDA on lease for ten years @ Rs. 20,000 per month for marketing office of the company. You are a senior executive of the Board and the board asks you to prepare the lease deed for the agreement. Draft a lease deed.
(5 marks)

2010 - May [16] State the contents that are required for drafting an Annual Report of a Company.
(5 marks)

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