



Arjun Chhabra Tutorial

Education Gives You The Wings To FLY

Arjun Chhabra (CS LLB LLM)

What's App/Call: 62 62 62 143 8 / 9552 52 143 8

Click here to visit [ACT website](#)

Click here to connect with [Arjun Sir's Insta Handle](#)

CMA Inter Law – Dec 24 – Exam Oriented Marathons

1. **Starting from: 23rd Oct 2024 (Wednesday)**
2. **Platform: Arjun Chhabra Tutorial YT Channel (Click here to land on YT Channel) (No Back up – only live stream in YT)**
3. **Timing: 04:00 PM onwards (Roughly 3 hours daily)**

Features of Exam Oriented Marathons

1. **Comprehensive coverage of entire syllabus of Law in least possible time.**
2. **Covering all Important questions of Commercial Laws, Corporate Laws, Industrial Laws and Ethics.**
3. **MCQ Practice from ICAI MCQ Bank – 30 Marks Coverage Click here to get MCQ Bank**
4. **Last attempt (June 24) 100 % paper was from ACT's Material: [Click here to watch](#)**
5. **Covering all Past exam paper | Model Question Paper | MTP | RTP | Postal Test Paper**
6. **Telegram group to stay connected with Arjun Sir: [Click here to Join Group](#)**

Schedule of Exam Oriented Marathons

Date	Topic	Coverage	Link	Timing
23/10	Contract	16 Marks	YT Link	04:00 PM Onwards
24/10	Soga Partnership Nego LLP	14 Marks	YT Link	04:00 PM Onwards
25/10	Director & Constitution of India	25 Marks	YT Link	04:00 PM Onwards
26 /10	Companies Act Auditor	15 Marks	YT Link	04:00 PM Onwards
27/10	Industrial Law	15 Marks	YT Link	04:00 PM Onwards
-	MCQ Practice	30 Marks	YT Link	-
-	Ethics	15 Marks	YT Link	-

How to Avail Notes

1. **Download Arjun Chhabra Tutorial App from this link: <https://play.google.com/store/apps/details?id=co.shield.yewkp>**
2. **Click on this link to know complete procedure to get the notes: https://youtu.be/z-_DAQD7eKs**
3. **One wrong step may lead to non-availability of notes, so please watch the above video very carefully.**

Any other query?

 **Live Chat: <https://wa.me/message/6SUNMJBOTE5YM1>**

 **Call: +91 62 62 62 143 8 / 95525 2 143 8**

 **Website: <https://www.arjunchhabratutorial.com/>**

 **Whats app channel Link:**

<https://whatsapp.com/channel/0029Va6BwXACHq6JiPHwx30y>

Don't forget to check out our CMA Courses

[For CMA Final Law Lectures or books Click Here](#)

[For CMA Foundation Law Lectures Click Here](#)

Arjun Chhabra (CS LLB LLM)

Question 1:

Mr. X was appointed as a partner of an LLP but after just 3 months he was declared undischarged insolvent. Can he continue as a partner because he was solvent when he was appointed as a partner? Justify your answer with reference to the relevant provisions of the applicable Act. **[Model Paper – Set 1 – June 23 – 7 Marks]**

Answer:

Section 5 of LLP Act 2008 provides that any individual or body corporate may be a partner in a LLP.

An individual shall not be capable of becoming a partner of LLP, if-

- he has been found to be of unsound mind by a Court of competent jurisdiction and the findings is
- in force.
- he is undischarged insolvent; or
- he has applied to be adjudicated as an insolvent and his application is pending.

So, Mr. X cannot continue as a partner because he is undischarged insolvent. As per act he is not capable or eligible a partner of LLP.

Question 2:

Demonstrate the procedure relating to winding up of an LLP by the tribunal. **[Model Question Paper Set 1 – Dec 24 – 7 Marks]**

OR

Discuss, in brief, rules for winding up and dissolution of a LLP. **[Dec 17 - 10 Marks (12)]**

OR

Demonstrate the circumstances in which Limited Liability Partnership may be wound up by Tribunal? **[Model Question Paper Set 1 – Dec 23 – 7 Marks]**

Answer:

Winding up of a Limited Liability Partnership (LLP) by a Tribunal can be initiated for several reasons:

1. **Voluntary Winding Up:** The LLP decides to wind up and consents to the process.
2. **Insufficient Number of Partners:** The LLP has fewer than two partners for six months. An LLP requires at least two partners to operate legally.
3. **Inability to Pay Debts:** The LLP is financially insolvent and cannot meet its debt obligations or public order.
4. **Activities against National Interest:** The LLP engages in activities detrimental to the sovereignty, integrity of India, the state's security.
5. **Non-compliance with Statutory Filings:** The LLP fails to file the Statement of Accounts and Solvency or Annual Returns with the Registrar for five consecutive financial years, indicating a lack of operational transparency and regulatory compliance.
6. **Just and Equitable Grounds:** The Tribunal determines that it is just and equitable for the LLP to be wound up. This broad and subjective criterion can encompass various situations the Tribunal deems as warranting winding up for fairness or other reasons.

When a Tribunal initiates the winding-up process for an LLP based on these grounds, it marks the beginning of a formal procedure to dissolve the LLP.

Procedure for winding up of an LLP by a Tribunal: -

The procedure for winding up an LLP by a Tribunal involves several steps to ensure an orderly and fair dissolution of the LLP. Here's an overview of the process:

Step 1: Petition for Winding Up

The process begins with filing a petition for winding up to the Tribunal. This petition can be filed by the LLP itself, creditors, partners, or, in certain cases, by the Registrar or by a person authorized by the Central Government.

Step 2: Tribunal's Decision to Wind Up

Upon receiving the petition, the Tribunal will consider the reasons for winding up. If the Tribunal finds sufficient grounds per the LLP Act's provisions, it will pass a winding-up order.

Step 3: Appointment of Liquidator

Once the winding-up order is passed, the Tribunal will appoint a Liquidator. The role of the Liquidator is crucial, as they are responsible for managing the entire winding-up process, including the liquidation of assets.

Step 4. Public Announcement:

The Liquidator must publicly announce the winding up, inviting claims from creditors and instructing debtors to settle their dues.

Step 5. Settlement of Claims:

The Liquidator will then proceed to settle the claims of creditors as prescribed by the law. This includes verifying the claims and deciding the order for the debts to be paid.

Step 6. Liquidation of Assets:

The Liquidator will liquidate the LLP's assets to generate funds to pay off the LLP's debts. This could involve selling off property, machinery, intellectual property, etc.

Step 7. Distribution of Assets:

After paying off the debts. If there are any remaining assets, they are distributed among the partners of the LLP according to the agreement in the LLP deed or the LLP Act if the deed does not specify the distribution.

Step 8. Dissolution of LLP:

Once all debts have been paid, and the remaining assets have been distributed, the Liquidator will apply to the Tribunal for the dissolution of LLP firm. After ensuring that all procedures have been correctly followed, the Tribunal will pass an order to dissolve the LLP.

Step 9. Filing of Order with Registrar:

The order of dissolution issued by the Tribunal must be filed with the Registrar by the Liquidator within a specified period. The Registrar will then publish a notice declaring the LLP to be dissolved.

Question 3:

A Limited Liability Partnership wants to shift its registered office from Chennai in the State of Tamil Nadu to Bangalore in the State of Karnataka. What procedure the corporate has to follow under Limited Liability Partnership Act, 2008? **[Dec 23 - 8 Marks (16)]**

OR

A limited liability partnership wants to shift its registered office from Mumbai in the State of Maharashtra to Kolkata in the State of West Bengal. What procedure the corporate has to follow under Limited Liability Partnership Act, 2008? **[Dec 18 - 8 Marks (16)] MTP 2016 Jun2023 Set1 – 8M**

Answer:

1. Sec 13 of the LLP Act states that a Limited Liability Partnership may change the place of its registered office and file the notice of such change with the Registrar in form 15 within 30 days.
2. Registered office can be changed from one place to another place in the manner provided in the Partnership Agreement.
3. If the agreement is silent then consent of all partners shall be required for changing the place of registered office of Limited Liability Partnership to another place,
4. where the change in place of registered office is from one State to another State, the Limited Liability Partnership having secured creditors shall also obtain consent of such secured creditors.
5. Where the change in place of registered office is from one state to another state, a general notice, not less than 21 days before filing any notice with Registrar, is required to be published in a
 - daily newspaper published in English and in the principal language of the district in which the registered office of the limited liability partnership is situated and
 - circulating in that district giving notice of change of registered office.
6. However, there is just change in the jurisdiction of one Registrar to the jurisdiction of another Registrar; the Limited Liability Partnership shall file the notice in Form 15 with the Registrar from where the Limited liability partnership proposes to shift its registered office.
7. With a copy thereof for the information to the Registrar under whose Jurisdiction the registered office is proposed to be shifted.
8. Failure to comply with the provision of this section
 - the Limited Liability Partnership and
 - its every partner is liable to be punishable
 - with fine which shall not be less than
 - two thousand rupees but which may extend to twenty-five thousand rupees.

Question 4:

Discuss the procedure for conversion from a firm into an LLP. **[7] MTP 2016 Jun 2020 Set1**

Answer:

Conversion of firm into LLP Para 1(a) of the second schedule defines the term 'firm' as a firm as defined in Section 4 of the Indian Partnership Act, 1932.

Para 1(b) defines the term 'convert' in relation to a firm converting into a LLP as a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and the undertaking of the firm to LLP.

A firm may convert into a LLP on the condition that the partners of the firm shall be bound by the provisions of the second schedule that are applicable to them. A firm may apply to convert into a LLP if and only if the partners of the LLP into which the firm is to be converted, comprise, all the partners of the firm. Except the partners in the partnership no other person will be allowed to be a partner in LLP after its conversion.

A firm may apply to the Registrar by filing-

- A statement by all of its partners in Form No. 17 and accompanied by fee containing the following particulars-
 - the name and registration number, if applicable, of the firm; and
 - the date on which the firm was registered under the Indian Partnership Act, 1932 or under any other law, if applicable; and
 - Incorporation document and statement.

On receipt of the above said documents, **the Registrar shall register the documents and issue a certificate of registration in Form No. 19** as the Registrar may determine stating that the LLP is, on and from the date specified in the certificate, registered under the Act. The Registrar may require the documents to be verified in such manner, as he considers fit. **The LLP shall within 15 days of the date of the registration, inform the concerned Registrar of Firms** with which it was registered under the provisions of Indian Partnership Act about the conversion and the particulars of the LLP.

The Registrar may refuse registration if he is not satisfied with the particulars or other information furnished. In such cases appeal may be filed before the Tribunal.

Question 5:

Discuss the procedure of conversion from unlisted public company into limited liability partnership. **[Dec 22 - 10 Marks (16)]**

Answer:

Para 1(b) of the fourth schedule defines the term 'convert' in relation to a company converting into a LLP, as a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and the undertaking of the company to the LLP in accordance with the provisions of the schedule.

Para 1(c) defines the term 'listed company' as defined in SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI under Section 11 of the SEBI Act, 1992 which defines as a company which has any of its securities offered through an offer document listed on a recognized stock exchange and also includes Public Sector Undertakings whose securities are listed on a recognized stock exchange.

Para 1(d) defines the term unlisted company as a company which is not a listed company. A company may apply to convert into a LLP if and only if-

1. there is **no security interest in its assets subsisting** or in force at the time of application; and
2. the partners of the LLP to which it converts **comprise all the shareholders** of the company and **no one else**.

A company is also to file the following documents-

- A statement by all its shareholders in Form No.18 along with fee containing the following particulars-
 - the name and registration number of the company;
 - the date of which the company was incorporated; and
 - Incorporation document and statement;

On receipt of the above statements the Registrar shall register the documents, subject to the provisions of the Act and the rules made there under. The Registrar may require the documents to be verified as he considers fit. The **Registrar shall issue a certificate of registration in Form No. 19** as the Registrar may determine stating that the LLP is, on and from the date specified in the certificate, registered under the Act.

The LLP shall inform the concerned Registrar of Companies within 15 days of the date of registration about the conversion and the particulars of the LLP. The Registrar, if he is not satisfied with the particulars or other information furnished, may refuse to register. Against this order an appeal may be filed before the Tribunal.

Question 6:

Discuss the procedure of conversion from private limited company into limited liability partnership. **[Dec 19 - 9 Marks (16)]**

Answer:

The procedure of conversion from private limited company into Limited Liability Partnership (LLP) is discussed as under:

Para 1(b) of the third schedule defines the term 'convert' in relation to a private company converting into a LLP, as a transfer of the property, assets, interests, rights, privileges,

liabilities, obligations and the undertaking of the private company to the LLP in accordance with the third schedule.

A company may apply to convert itself into a LLP if and only if -

- there is no security interest in its assets subsisting or in force at the time of application; and
- the partners of the LLP to which it converts comprise all the shareholders of the company and no one else.

Upon the conversion of a private company into an LLP, the company and its shareholders, the LLP and the partners of the LLP shall be bound by the provisions of this schedule that are applicable to them.

The company has to apply with the Registrar by filing the following documents:

- A statement by all its shareholders in **Form No. 18** and fees containing the following particulars
- The name and registration number of the company;
- The date on which the company was incorporated; and
- incorporation document and statement;

On the receipt of the above said documents, the Registrar shall register the documents subject to the provisions of the Act and the rules made there under. The Registrar may require the documents to be verified as he considers fit. The Registrar shall issue a certificate of registration in Form No. 19 as the Registrar may determine stating that the LLP is, on and from the date specified in the certificate.

The LLP shall inform the concerned Registrar of Companies within 15 days of the date of registration about the conversion and of the particulars of LLP in Form along with the fees. If the Registrar is not satisfied with the particulars or other information furnished the Registrar may refused to register. Against this order appeal may be made before the Tribunal.

Question 7:

Explain provisions relating to unlimited liability in case of fraud under LLP Act. **[June 17 - 7 Marks (12)]**

1. In case of fraud:

- In the event of an act carried out by a LLP, or any of its partners,
- with intent to defraud creditors of the LLP or any other person, or for any fraudulent purpose,
- the liability of the LLP and partners who acted with intent to defraud creditors or for any fraudulent purpose
- shall be unlimited for all or any of the debts or other liabilities of the LLP.

However, in case any such act is carried out by a partner, the LLP is liable to the same extent as the partner unless it is established by the LLP that such act was without the knowledge or the authority of the LLP.

2. Where any business is carried on with such intent or for such purpose as mentioned in sub-section (1), every person who was knowingly a party to the carrying on of the business in the manner aforesaid shall be punishable with
 - imprisonment for a term which may extend to five years and
 - with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 5 Lakhs.

3. Where a LLP or any partner or designated partner or employee of such LLP has conducted the affairs of the LLP in a fraudulent manner, then without prejudice to any criminal proceedings which may arise under any law for the time being in force, the LLP and any such partner or designated partner or employee shall be liable to pay compensation to any person who has suffered any loss or damage by reason of such conduct.

However, such LLP shall not be liable if any such partner or designated partner or employee has acted fraudulently without knowledge of the LLP.